



**New York City Campaign Finance Board**  
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Via C-Access  
 June 22, 2016

Joseph V. Kulhanek  
 Cliff Stanton for Council



Dear Joseph V. Kulhanek:

Please find attached the New York City Campaign Finance Board’s (“CFB” or “Board”) Final Audit Report for the 2013 campaign of Cliff Stanton (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 August 13, 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 must repay the following:

| CATEGORY               | AMOUNT          |
|------------------------|-----------------|
| Public Funds Repayment | \$153.61        |
| Penalties Assessed     | \$691.00        |
| <b>Total Owed</b>      | <b>\$844.61</b> |

The full amount owed must be paid no later than **July 22, 2016**. Please send a check in the amount of \$844.61, 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 **July 22, 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

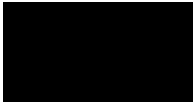
future election until the full amount is paid. Further information regarding liability for this debt can be found in the attached Final Board Determination.

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. 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.

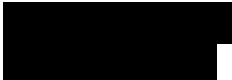
Sincerely,



Signature on original

Sauda S. Chapman  
Director of Auditing and Accounting

c: Cliff Stanton



Cliff Stanton for Council



Attachments



# **EC2013 Final Audit Report**

## Cliff Stanton for Council

June 2016

**Table of Contents**

Table of Contents ..... 2

RESULTS IN BRIEF ..... 3

    Disclosure Findings ..... 3

    Contribution Findings..... 3

    Expenditure Findings..... 3

    Public Matching Funds Findings ..... 4

BACKGROUND ..... 5

SCOPE AND METHODOLOGY ..... 6

AUDIT RESULTS ..... 9

    Disclosure Findings ..... 9

        1. Financial Disclosure Reporting - Discrepancies ..... 9

    Contribution Findings..... 10

        2. Prohibited Contributions – Corporate/Partnership/LLC ..... 10

        3. Undocumented or Unreported In-Kind Contributions ..... 12

    Expenditure Findings..... 13

        4. Expenditures – Not In Furtherance of the Campaign ..... 13

        5. Expenditures – Improper Post-Election ..... 15

    Public Matching Funds Findings ..... 15

        6. Return of Final Bank Balance ..... 15

## **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 Cliff Stanton (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 document the fair market value of in-kind contributions received and did not disclose in-kind contributions received (see Finding #3).

### ***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 made expenditures that were not in furtherance of the Campaign (see Finding #4).
- The Campaign made post-election expenditures that are not permissible (see Finding #5).

***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 #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: Cliff Stanton                       | Contribution Limit:                                       |
| ID: 1531                                  | \$2,750   |
| Office Sought: City Council               |   |
| District: 11                              | Expenditure Limit:  |
|   | 2010–2012: \$45,000                                       |
| Committee Name: Cliff Stanton for Council | 2013 Primary: \$168,000                                   |
| Classification: Participant               | 2013 General: N/A   |
| Certification Date: June 5, 2013          |   |
|   | Public Funds:   |
| Ballot Status: Primary                    | Received: \$92,400  |
| Primary Election Date: September 10, 2013 | Returned: \$0   |
|   |   |
| Party: Democratic                         | Campaign Finance Summary:                                 |
|   | <a href="http://bit.ly/1yS6hOI">http://bit.ly/1yS6hOI</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 17, 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. Because the Campaign reported that more than 25% of the dollar amount of its total contributions were in the form of credit card contributions—or had a variance between the total credit card contributions reported and the credits on its merchant account statements of more than 4%—we reconciled the transfers on the submitted merchant account statements to the deposits on the bank account 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. CFB staff recommended that the Board find that the Campaign must repay public funds and committed violations subject to penalty. 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. 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    |
|-----------------|-----------|--------------|---------------------|
| Bank of America | XXXXX6060 | Checking     | Jan 2012 – May 2015 |
| Bank of America | XXXXX5883 | Merchant     | Feb 2012 – Oct 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.

The Campaign reported the following transaction that does not appear on its bank statements:

| NAME          | CHECK NO./<br>TRANSACTION | STATEMENT/<br>SCHEDULE/<br>TRANSACTION | PAID<br>DATE | AMOUNT  |
|---------------|---------------------------|--|--------------|---------|
| Authorize.Net | Debit                     | 8/F/R0000829                           | 04/02/13     | \$26.15 |

#### Previously Provided Recommendation

For each transaction reported in the Campaign's disclosure statements that does not appear on the Campaign's bank statements, the Campaign must provide evidence to show that the transaction cleared the bank (i.e., a copy of the front and back of the check, and the bank statement showing the payment). Alternatively, the Campaign may provide evidence that the transaction was reported in error, or amend the Campaign's disclosure statement to void the check. For each voided check, the Campaign must either issue a replacement check or forgive the expenditure payment. Any forgiven liabilities will be considered in-kind contributions, which could result in

contribution limit violations, or be considered contributions from a prohibited source. The Campaign may need to contact the payee to determine why the transaction did not clear.

Please note that any newly entered transactions that occurred during the election cycle (01/12/10—01/11/14) will appear as new transactions in an amendment to Disclosure Statement 16, even if the transaction dates are from earlier periods. Any transactions dated after the election cycle will appear in disclosure statements filed with the New York State Board of Elections. 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, the Campaign should run the Modified Statements Report in C-SMART to identify the statements for which the Campaign must submit amendments. The C-SMART draft and final submission screens also display the statement numbers for which the Campaign should file amendments. If the Campaign added any new transactions, it must submit an amendment to Disclosure Statement 16.<sup>1</sup>

### **Campaign's Response**

The Campaign submitted a Transaction Details page from Bank of America for Transaction ID 8/F/R0000829. However, the transaction does not appear on the April 2013 bank statement that the Campaign provided to the CFB. From the date of the reported expenditure, the total “Withdrawals/Debits” amount in the statement summary versus the total of the debits seen on the statement, and the appearance of the statement itself, it is possible that this transaction was cut off the bottom of a page when it was copied and sent to the CFB.

### **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.

### ***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).

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<sup>1</sup> If the Campaign amends its reporting with the CFB, it must also submit amendments to the New York State Board of Elections.

The Campaign accepted contributions from entities listed on the New York State Department of State's website as corporations, partnerships, and/or LLCs in the following instances:

| CONTRIBUTIONS FROM PROHIBITED SOURCES |  |                  |            |                      |      |
|---------------------------------------|--|------------------|------------|----------------------|------|
| NAME                                  | STATEMENT/<br>SCHEDULE/<br>TRANSACTION | RECEIVED<br>DATE | AMOUNT     | DISCOUNTED<br>AMOUNT | NOTE |
| F. Petrovic Co., Inc.                 | 10/F/R0001156                          | 08/05/13         | \$601.96   | \$200.00             | (1)  |
| Riverdale Press                       | 12/F/R0001244                          | 08/27/13         | \$1,500.00 | \$881.50             | (2)  |

(1) The invoice for the expenditure indicates that the Campaign received a discount of \$200 in connection with the goods/services being provided. This is considered an in-kind contribution from a prohibited source.

(2) Publicly available information obtained by Board staff indicated that the rate for a one-time full-page display ad in the Riverdale Press was \$2,381.50 at the time that the Campaign's ad was printed. The Campaign provided an invoice for \$1,500 from the vendor, a difference of \$881.50 from the publicly advertised rate. This is considered an in-kind contribution from a prohibited source.

### 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

After notification by the CFB in the Campaign's Draft Audit Report, the Campaign submitted copies of cashier's checks for the respective amounts of both corporate in-kind contributions. The Campaign did not contest this finding in its response to the Notice of Alleged Violations and Recommended Penalties.

### Board Action

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)(f).

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).

a) According to the Consulting Agreement dated July 25, 2013, the Campaign agreed to pay Robert Giuffre a total of \$3,000 for services provided between July 25, 2013 and September 10, 2013. The Campaign reported two payments totaling \$1,500 (Transaction IDs 10/F/R0001144 and 10/F/R0001120) to Mr. Giuffre. The Campaign did not fulfill the agreed upon compensation, nor are they reported as outstanding liabilities, therefore, the unpaid \$1,500 (\$3,000 - \$1,500) described in the agreement is considered an in-kind contribution. The Campaign’s reporting and documentation indicate that a third party paid for these transactions, or that the services were provided by the reported payee for free.

b) In response to the Draft Audit Report, the Campaign deleted the transaction listed below without providing an adequate explanation:

| NAME          | STATEMENT/<br>SCHEDULE/<br>TRANSACTION | CHECK NO./<br>TRANSACTION | PAID<br>DATE | AMOUNT  | NOTE |
|---------------|--|---------------------------|--------------|---------|------|
| Medina, Ariel | 9/F/R0001079                           | 1045                      | 06/18/13     | \$70.00 | (1)  |

(1) In its response to the Draft Audit Report, the Campaign stated, “This transaction was entered in error. The check has been voided and the transaction deleted.” However, the Campaign’s response does not explain why a check was written to this individual and why the transaction was originally reported if the work had not occurred.

### **Previously Provided Recommendation**

a) The Campaign must provide a written explanation describing how the good or service was purchased, or provided, and who paid for it. If the Campaign paid the expenditure, it must provide evidence to show that the transaction cleared the bank (i.e., a copy of the front and back of the check, and the bank statement showing the payment). Alternatively, the Campaign may provide evidence that the transaction was reported in error. If the reported payee donated the goods or services, or they were purchased or donated by a third party, the Campaign must submit an in-kind contribution form completed by the contributor, and report the item as an in-kind contribution by submitting an amendment to Statement 16.

b) This finding was identified as a result of the Campaign's response to the Draft Audit Report.

### **Campaign's Response**

a) In its response to the Draft Audit Report, the Campaign stated that Robert Giuffre left in August 2013 to work on another city council campaign. As a result, the Campaign did not pay the remaining \$1,500.00 owed to Robert Giuffre per the consulting agreement. The Campaign failed to provide documentation to support its response, such as a contemporaneous letter of termination or a signed statement from Robert Giuffre confirming that he left the Campaign in August 2013.

The Campaign did not contest this finding in its response to the Notice of Alleged Violations and Recommended Penalties.

b) This finding was identified as a result of the Campaign's response to the Draft Audit Report.

### **Board Action**

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

### ***Expenditure Findings***

#### **4. 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 the expenditure listed below which—based on the reporting and/or documentation—is non-campaign related:

| NAME           | STATEMENT/<br>SCHEDULE/<br>TRANSACTION | PAID DATE | AMOUNT   | NOTE |
|----------------|--|-----------|----------|------|
| Sierra, Marcos | 7/F/R0000727                           | 02/18/13  | \$450.00 | (1)  |

(1) The Campaign had previously reported two in-kind contributions from the Candidate totaling \$450.00 that it stated was payment to Marcus Sierra for consulting services. In its response to the Draft Audit Report, the Campaign stated that the Candidate prepaid Marcus Sierra with personal funds as an in-kind contribution before services were rendered and that after receiving payment, Marcus Sierra "disappeared" and never worked for the Campaign. The Campaign deleted the in-kind contributions (Transaction IDs 8/D/R0000866 and 8/D/R0000867) with its response because it stated that it did not use campaign funds for this expenditure and no work was performed. However, the Campaign had also previously reported an expenditure to "Marcos Sierra" in the same amount of \$450.00. The Campaign submitted exact copies of the consulting agreement between the Campaign and Marcus Sierra for the in-kind contributions and the expenditure. The Campaign also submitted a copy of the check to Marcus Sierra, which shows the funds coming from the Campaign's bank account. Although it is unclear whether the in-kind contributions from the Candidate were in addition to this expenditure or were previously reported in error, the Campaign's response indicates that Mr. Sierra was paid \$450.00 with Campaign funds, yet did not provide any services that were in furtherance of the Campaign.

### **Previously Provided Recommendation**

This finding was identified as a result of the Campaign's response to the Draft Audit Report.

### **Campaign's Response**

The Campaign did not contest this finding in its response to the Notice of Alleged Violations and Recommended Penalties.

### **Board Action**

The Board found the Campaign in violation and assessed \$112 in penalties.



## **5. Expenditures – Improper Post-Election**

After the election, campaigns may only make disbursements for the preceding election, or for limited, routine activities of nominal cost associated with winding up a campaign and responding to the post-election audit. Campaigns have the burden of demonstrating that post-election expenditures were for the preceding election or the limited and routine activities described in the law. *See* Admin. Code § 3-710(2)(c); Rule 5-03(e)(2).

Each expenditure listed on Exhibit I is an improper post-election expenditure due to the timing, amount and/or purpose reported by the Campaign or identified from a review of Campaign bank statements and/or documentation.

### **Previously Provided Recommendation**

In the Notice of Alleged Violations, the Campaign was notified that it may be able to reduce the penalty by demonstrating that these expenditures were for routine activities involving nominal cost associated with winding up the campaign and responding to the post-election audit.

### **Campaign's Response**

The Campaign did not contest this finding in its response to the Notice of Alleged Violations and Recommended Penalties.

### **Board Action**

The Board found the Campaign in violation and assessed \$229 in penalties.

### ***Public Matching Funds Findings***

## **6. 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 \$153.61 according to the Campaign's May 2015 bank statement. The Campaign must return \$153.61 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**

In its responses to the Draft Audit Report and the Post-Election Repayment Notice, the Campaign submitted bank statements through May 2015.

### **Board Action**

The Board determined that the Campaign must repay \$153.61 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,



Signature on original

Sauda S. Chapman

Director of Auditing and Accounting

Date: June 22, 2016

Staff: Danielle Willemin, CFE

Kevin Ramnaraine

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

**Candidate:** Stanton, Cliff I (ID:1531-P)**Office:** 5 (City Council)**Election:** 2013

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|  |              |              |
|--|--------------|--------------|
| 1. Opening cash balance (All committees)                             |              | \$0.00       |
| 2. Total itemized monetary contributions (Sch ABC)                   |              | \$60,381.18  |
| 3. Total unitemized monetary contributions                           |              | \$0.00       |
| 4. Total in-kind contributions (Sch D)                               |              | \$4,738.94   |
| 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)                               |              | \$150,693.35 |
| Expenditure payments   | \$149,850.65 |              |
| Advance repayments   | \$842.70     |              |
| 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)                              |              | \$1,554.00   |
| 17. Total receipts adjustment (Sch M - excluding CFB repayments)     |              | \$400.00     |
| 18. Total outstanding liabilities (Sch N - last statement submitted) |              | \$2,116.50   |
| Outstanding Bills  | \$2,116.50   |              |
| 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                                     |              | \$21,315.00  |
| 22. Total Invalid Matchable Claims                                   |              | \$75.00      |
| 23. Total Amount of Penalties Assessed                               |              | \$691.00     |
| 24. Total Amount of Penalty Payments                                 |              | \$0.00       |
| 25. Total Amount of Penalties Withheld                               |              | \$0.00       |

**Exhibit I**  
**Cliff Stanton for Council**  
**Improper Post-Election Expenditures**  
**(see Finding #5)**

| <b>Name</b>     | <b>Statement/<br/>Schedule/<br/>Transaction ID</b> | <b>Purpose Code</b> | <b>Invoice Date</b> | <b>Paid Date</b> | <b>Amount</b>          | <b>Notes</b> |
|-----------------|--|---------------------|---------------------|------------------|------------------------|--------------|
| Bank Of America | 16/F/R0001472                                      | OTHER               | 12/31/13            | 01/02/14         | \$44.95                |              |
| Authorize.Net   | 16/F/R0001474                                      | OTHER               | 01/01/14            | 01/03/14         | \$20.00                | (1)          |
| Bank Of America | BOE  | OTHER               |                     | 02/03/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 02/04/14         | \$20.00                |              |
| Bank Of America | BOE  | OTHER               |                     | 03/03/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 03/04/14         | \$20.00                |              |
| Ring Central    | BOE  | OFFCE               |                     | 03/12/14         | \$163.63               |              |
| Bank Of America | BOE  | OTHER               |                     | 04/02/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 04/02/14         | \$20.00                |              |
| Bank Of America | BOE  | OTHER               |                     | 05/02/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 05/02/14         | \$20.00                |              |
| Bank Of America | BOE  | OTHER               |                     | 06/02/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 06/03/14         | \$20.00                |              |
| Bank Of America | BOE  | OTHER               |                     | 07/02/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 07/02/14         | \$20.00                |              |
| Bank Of America | BOE  | OTHER               |                     | 08/04/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 08/04/14         | \$20.00                |              |
| Bank Of America | BOE  | OTHER               |                     | 09/02/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 09/03/14         | \$20.00                |              |
| Bank Of America | BOE  | OTHER               |                     | 10/02/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 10/02/14         | \$20.00                |              |
| Bank Of America | BOE  | OTHER               |                     | 11/03/14         | \$40.00                |              |
| Bank Of America | BOE  | OTHER               |                     | 11/03/14         | \$44.95                |              |
| Authorize.Net   | BOE  | OTHER               |                     | 11/04/14         | \$20.00                |              |
| <b>Total</b>    |  |                     |                     |                  | <b><u>\$918.08</u></b> |              |

**Notes:**

- (1) In its response to the Draft Audit Report, the Campaign stated that it needed to keep its merchant account open in order to access reports for the post-election audit. However, campaigns are required to close their merchant accounts shortly after the election in order to avoid unnecessary charges. Additionally, the Campaign did not accept any contributions during this time so it does not appear that it was raising money to pay any outstanding liabilities.