



**New York City Campaign Finance Board**

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Chair

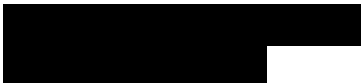
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Via C-Access  
May 9, 2016

Jodia Nesbeth  
Vanel 2013



Dear Jodia Nesbeth:

Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of Clyde Vanel (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 September 24, 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 the qualified expenditure deficit of \$1,715.

The full amount owed must be paid no later than **June 8, 2016**. Please send a check in the amount of \$1,715, 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 **June 8, 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.

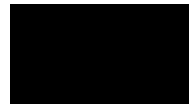
The Campaign may challenge a public funds determination in a petition for Board reconsideration within thirty days of the date of the Final Audit Report as set forth in Board Rule 5-02(a).

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@nycefb.info](mailto:AuditMail@nycefb.info) with any questions about the enclosed report.

Sincerely,



Signature on original

Sauda S. Chapman  
Director of Auditing and Accounting

c: Clyde Vanel



Vanel 2013



Attachments



# **EC2013 Final Audit Report**

Vanel 2013

May 2016

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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 Clyde Vanel (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).
- The Campaign did not properly disclose other authorized committees (see Finding #2).

### ***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 did not document the fair market value of in-kind contributions received and did not disclose in-kind contributions received (see Finding #3).
- The Campaign did not provide requested documentation for a reported contribution refund (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 made post-election expenditures that are not permissible (see Finding #5).
- The Campaign did not provide requested documentation for a reported expenditure refund (see Finding #6).

***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 did not document qualified expenditures equal to the amount of public funds it received (see Finding #7).

## 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: Clyde Vanel	Contribution Limit:
ID: 1282	\$2,750
Office Sought: City Council	
District: 27	Expenditure Limit:
	2010–2012: N/A
Committee Name: Vanel 2013	2013 Primary: \$168,000
Classification: Participant	2013 General: N/A
Certification Date: June 4, 2013	
	Public Funds:
Ballot Status: Primary	Received: \$48,420
Primary Election Date: September 10, 2013	Returned: \$0
Party: Democratic	
	Campaign Finance Summary:
	<a href="http://bit.ly/1yS6Sjp">http://bit.ly/1yS6Sjp</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. 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 10% of the dollar amount of its total contributions were in the form of cash contributions, we compared the total cash contributions reported to the total of cash deposits on itemized deposit slips. 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 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 responses, 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 enforcement action to the Board for these violations. However, CFB staff recommended 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. 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.

**OTHER MATTERS**

During the 2013 election cycle, Clyde Vanel for New York, another committee of Clyde Vanel, made expenditures. As a result, the CFB attributed \$7,600 of the expenditures occurring between February 1, 2013 and May 2, 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) and 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).

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). 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**

*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. 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	XXXXXXXX3722	Checking	May 2013 – May 2014
Bank of America	XXXXXXXX2888	Merchant	Jun 2013 – Jan 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 must provide the bank statements listed below:

BANK	ACCOUNT #	STATEMENT PERIOD
Bank of America	XXXXXXXX2888	Feb 1, 2014 – Feb 6, 2014

**Previously Provided Recommendation**

The Campaign must provide all pages of the requested bank statements.

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**

In response to the Notice of Alleged Violations and Recommended Penalties, the Campaign provided merchant account statements for the Bank of America account ending in 2888 from June 1, 2013 to January 31, 2014. In addition, the Campaign provided a letter from Bank of America that stated the account was closed as of February 6, 2015. However, the Campaign failed to provide a statement for activity from February 1, 2014 to February 6, 2014.

### **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.

## **2. Failure to Disclose an Authorized Committee**

Candidates are required to disclose on their Certification every committee authorized by the candidate that has not been terminated. *See* Admin. Code §§ 3-702(7) and 3-703(1)(e); Board Rules 1-11 and 2-01.

The New York State Board of Elections website indicates that Clyde Vanel for New York and Friends of Clyde Vanel are authorized, active committees. However, the Candidate did not disclose these committees on the Certification.

### **Previously Provided Recommendation**

The Campaign must explain why it failed to disclose Clyde Vanel for New York and Friends of Clyde Vanel to the CFB and amend the Certification to include all authorized committees.

### **Campaign's Response**

The Campaign responded to the Draft Audit Report and stated it is willing to amend its Certification or to address the matter as the Board sees fit. The Campaign failed to amend its Certification to disclose the authorized committees.

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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.

**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*

**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).

The Campaign reported, but failed to adequately document, the following in-kind contributions. Due to the lack of documentation, the fair market value of the in-kind contributions could not be substantiated.

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTE
Vanel, Clyde	9/D/R0000748	06/03/13	\$150.00	(1)
Vanel, Clyde	9/D/R0000750	07/01/13	\$150.00	(1)

(1) The Campaign provided a handwritten note describing the details of the in-kind contribution, however, the Campaign failed to provide documentation substantiating the fair market value of the in-kind contribution.

### **Previously Provided Recommendation**

The Campaign must provide supporting documentation for each in-kind contributions listed. Supporting documentation may include, but is not limited to, invoices, appraisals, and estimates of the fair market value. Documentation must include the name and address of the contributor, provide a detailed description of the goods/services, and explain the cost basis for valuing each in-kind contribution from the reported contributor. If the documentation is from a vendor that the contributor paid, the Campaign must also provide evidence that the reported contributor paid the vendor, e.g., a copy of the cancelled check, or a signed statement from the contributor verifying that she or he made the payment for the in-kind contribution. If the Campaign cannot document the fair market value, the Campaign must explain why it cannot provide adequate documentation.

### **Campaign's Response**

In response to the Draft Audit Report, the Campaign amended its reporting and deleted the in-kind contributions. In response to the Notice of Alleged Violations and Recommended Penalties, the Campaign stated it reported the in-kind contributions in error. The Campaign failed to explain why it initially provided a note indicating that the cell phone purchases should be designated as in-kind contributions and why it reported them as such if they were not related to the Campaign. Further, the Campaign failed to provide documentation to support the value of the in-kind contributions as requested in the Notice of Alleged Violations and Recommended Penalties.

### **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.

## **4. Undocumented Transactions**

Campaigns are required to provide copies of checks, bills, or other documentation to verify all transactions reported in their disclosure statements. *See* Admin. Code §§ 3-703(1)(d), (g); and Rule 4-01.



The Campaign must provide supporting documentation for the reported transaction listed below:

NAME	TRANSACTION TYPE	STATEMENT/ SCHEDULE/ TRANSACTION	INCURRED/RECEIVED/ REFUNDED/PAID DATE	AMOUNT
Vanel, Clyde	Contribution Refund	16/M/R0001197	01/10/14	\$75.00

The Campaign reported a contribution of \$257.95 on January 8, 2014 from Mr. Vanel (Transaction ID 16/ABC/R0001175) that covered a negative balance in the Campaign's bank account. The circumstances of the contribution indicate that it was actually a loan and this contribution refund was a loan repayment.

### **Previously Provided Recommendation**

The Campaign must submit documentation for the transaction listed above.

### **Campaign's Response**

In response to the Draft Audit Report, the Campaign stated that it was still looking for a copy of the check. The Campaign has not provided any additional documentation regarding the contribution refund since its response to the Draft Audit Report.

### **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. 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 below is an improper post-election expenditure due to the timing, amount and/or purpose reported by the Campaign:

PAYEE	STATEMENT/ SCHEDULE/ TRANSACTION	PURPOSE CODE	INVOICE DATE	DATE PAID	AMOUNT
Authnet Gateway	16/F/R0001164	FUNDR	11/04/13	11/04/13	\$20.00
Bank of America	16/F/R0001160	OTHER	11/04/13	11/04/13	\$25.00
Bank of America	16/F/R0001162	OTHER	11/04/13	11/04/13	\$5.00
Bank of America	16/F/R0001178	OTHER	12/02/13	12/02/13	\$119.75
<b>Total</b>					<b>\$169.75</b>

### Previously Provided Recommendation

The Campaign must explain how each expenditure was for the preceding election, or was a routine and nominal expenditure associated with winding up the Campaign, and must provide supporting documentation. Expenditures that are not proper post-election expenditures may increase the amount of public funds that must be repaid.

### Campaign's Response

In response to the Draft Audit Report, the Campaign stated the expenditure made to Authnet Gateway (Transaction 6/F/R0001164) is a fee from Authnet Gateway and two of the expenditures made to Bank of America (Transactions 16/F/R0001160 and 16/F/R0001162) are bank fees. However, the bank statement indicates that these are fees related to the Campaign's Bank of America merchant account. The Campaign did not provide an explanation for Transaction 16/F/R0001178 to Bank of America, although the bank statement indicates that this is also a merchant account fee.

The fees associated with the Campaign's merchant account are considered improper post-election expenditures because the Campaign's merchant account should not have remained open as long as it did. The Campaign should have closed the accounts after the election because it did not report outstanding liabilities that would require it to raise additional funds, and did not accept any credit card contributions after the date of the primary election. The Campaign failed to explain why it needed to keep the account open when the merchant and gateway fees were the only account activity and did not demonstrate that the expenditures were associated with winding up the Campaign.

### 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. Expenditure Documentation**

Campaigns are required to provide copies of checks, bills, or other documentation to verify all transactions reported in their disclosure statements. *See* Admin. Code §§ 3-703(1)(d), (g); Rule 4-01.

The Campaign must provide supporting documentation or an explanation for the reported transactions listed below:

NAME	TRANSACTION TYPE	STATEMENT/ SCHEDULE/ TRANSACTION	INCURRED DATE	AMOUNT
Farmbria Food Center	Expenditure Refund	9/L/R0000397	07/05/13	\$15.39

**Previously Provided Recommendation**

The Campaign must submit documentation, or explanations as indicated, for each listed transaction.

**Campaign’s Response**

In response to the Draft Audit Report, the Campaign stated the expenditure refund from Fambria Food Center was for food for volunteers. The Campaign’s response addressed the purpose for the initial expenditure but did not address the expenditure refund as requested.

**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.

*Public Matching Funds Findings*

**7. Qualified Expenditure Documentation**

Public funds may only be used for “qualified” expenditures by a candidate’s principal committee to further the candidate’s nomination or election during the calendar year in which the election is held. Expenditures that are not considered qualified include, but are not limited to, undocumented or unreported expenditures, payments to the candidate or the candidate’s relatives, payments in

cash, contributions to other candidates, gifts, expenditures for petition defense or litigation, and advances except individual purchases of more than \$250. *See* Admin. Code § 3-704; Rule 1-08(g). Participants must return public funds, or may be limited in the amount of public funds they are eligible to receive post-election if they have not documented sufficient qualified expenditures. *See* Admin. Code § 3-710(2)(b); Rule 5-03(d).

Campaigns are required to obtain and maintain contemporaneous records that enable the CFB to verify that expenditures were qualified. *See* Admin. Code § 3-703(1)(d), (g); Rule 4-01. These records may include cancelled checks (front and back) and bills for goods or services. Bills must include the date the vendor was hired or the date the goods or services were received, the vendor's name and address, a detailed description of the goods or services, and the amount.

The Rules provide guidance for situations where contemporaneous records are either missing or incomplete. *See* Rule 4-01(a). First, a campaign must attempt to obtain a duplicate or more complete record from the vendor. If that is not possible, a campaign may modify an existing record or create a new record which must clearly identify the record as modified or recreated. In addition, any modified or recreated record must be accompanied by a notarized statement explaining the reason for and circumstances surrounding the record. The statement must be from a campaign representative who has firsthand knowledge of the recreated document and must explain why the original document is not available or insufficient. Upon review of the non-contemporaneous record and statement, the CFB may still find the records are not sufficient to adequately document the transaction.

The Campaign received \$48,420.00 in public funds for the 2013 elections. Previously, CFB staff requested documentation to demonstrate that public funds were used for qualified expenditures. Based on all the records submitted, the Campaign has provided sufficient documentation for \$46,704.05 in qualified expenditures.

If the Campaign does not document an additional \$1,715.95 as qualified, the Campaign must repay this amount to the Public Fund.

### **Previously Provided Recommendation**

Any transaction marked with a "Q" is considered a qualified expenditure and no additional documentation or information is required. Transactions marked "NQ" cannot be qualified, for reasons such as a payment to a family member or a payment made in cash, and additional documentation will not make them qualified. If the Campaign disagrees, it must provide an explanation and documentation. All other transactions are marked with a code that explains what is missing or inadequate. The Code Key is located at the end of the list.

The list of transactions is sorted by amount, starting with the largest expenditures (disbursements followed by outstanding liabilities and advances greater than \$250, if applicable). If a transaction has more than one code, the Campaign must address all codes before that expenditure may be considered qualified. The Campaign must provide explanations and/or documentation where requested (copies of bills, detailed invoices, consulting agreements, work contracts, credit card

statements, cancelled checks, etc., or recreated/modified records along with the required statements, as instructed above). In some cases, the Campaign may find it useful to supplement an invoice or other documentation already provided with evidence of work performed and/or a more detailed description of tasks performed or products received. In addition, the Campaign may need to submit amended disclosure statements to correct errors in its reporting of expenditures.

The Campaign must return a copy of the Qualified Expenditure Sample (included in the Draft Audit Report) with its response. All documents submitted to the CFB must be labeled with the corresponding Transaction IDs.

### **Campaign's Response**

In response to the Draft Audit Report and Notice of Recommended Public Funds Repayment, the Campaign amended its reporting and provided additional documentation that reduced the amount the Campaign must return to the Fund to \$1,715.95.

### **Board Action**

The Board determined that the Campaign must repay \$1,715.95 to the Public Fund (\$48,420.00 in public funds received less \$46,704.05 in documented qualified expenditures). The Committee is responsible for repaying the full amount.

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: May 9, 2016

Staff: Danielle Willemin, CFE

Angel Daniels, CFE

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

**Candidate:** Vanel, Clyde (ID:1282-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)		\$12,367.95
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)		\$60,965.08
Expenditure payments	\$60,770.12	
Advance repayments	\$194.96	
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)		\$30,500.00
13. Total loan repayments (Sch J)		\$30,500.00
14. Total loans forgiven (Sch K)		\$0.00
15. Total liabilities forgiven (Sch K)		\$0.00
16. Total expenditures refunded (Sch L)		\$296.33
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$75.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$0.00
Outstanding Bills	\$0.00	
Outstanding Advances	\$0.00	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$48,420.00
Total public funds payment	\$48,420.00	
Total public funds returned	\$0.00	
21. Total Valid Matchable Claims		\$8,568.00
22. Total Invalid Matchable Claims		\$389.00
23. Total Amount of Penalties Assessed		N/A
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00