



**New York City Campaign Finance Board**  
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Via C-Access  
 July 18, 2016

Darrell L. Paster  
 People for Debra Cooper



Dear Darrell Paster:

Please find attached the New York City Campaign Finance Board’s (“CFB” or “Board”) Final Audit Report for the 2013 campaign of Debra Cooper (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 May 12, 2016 (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	\$0
Penalties Assessed	\$600
<b>Total Owed</b>	<b>\$600</b>

The full amount owed must be paid no later than **August 17, 2016**. Please send a check in the amount of \$600, 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 **August 17, 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

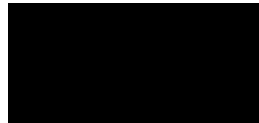
for any future election until the full amount is paid. Further information regarding liability for this debt can be found in the attached Final Board Determination.

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: Debra Cooper



People for Debra Cooper



Attachments



# **EC2013 Final Audit Report**

People for Debra Cooper

July 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 Debra Cooper (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 must disclose payments made by its vendors to subcontractors (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 accepted aggregate contributions exceeding the contribution limit for the 2013 election cycle (see Finding #3).
- The Campaign accepted contributions from prohibited sources (see Finding #4).
- The Campaign accepted a contribution from an unregistered political committee (see Finding #5).
- The Campaign did not disclose in-kind contributions received (see Finding #6).
- The Campaign did not provide requested documentation related to reported contributions (see Finding #7).

### ***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 #8).

***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 #9).

**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: Debra Cooper	Contribution Limit:
ID: 1596	\$2,750
Office Sought: City Council	
District: 06	Expenditure Limit:
	2010–2012: \$45,000
Committee Name: People for Debra Cooper	2013 Primary: \$168,000
Classification: Participant	2013 General: N/A
Certification Date: June 7, 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/1k8BESb">http://bit.ly/1k8BESb</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 10, 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 to contest the CFB staff recommendations. The Campaign appeared before the Board on May 12, 2016. 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
Citibank	XXXXX4645	Checking	Aug 2012 – Nov 22, 2013
First Data	XXXXX6885	Merchant	Aug 2012 – Nov 2013
Litle & Co.	XXXXX7655	Merchant	Jan 2013 – Dec 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
Citibank	XXXXX4645	Nov 23, 2013 - Present
ActBlue	XXXXX3312	Inception - Present

b) The Campaign reported the following transactions that do not appear on its bank statements:

NAME	CHECK NO./ TRANSACTION	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT
NGP VAN Inc.	Debit	16/F/R0001264	11/06/13	\$70.00
NGP VAN Inc.	Debit	16/F/R0001266	11/06/13	\$165.00
<b>Total</b>				<b>\$235.00</b>

c) The Campaign reported duplicate transactions as listed on Exhibit I.

### **Previously Provided Recommendation**

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

b) 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.

c) For duplicate transactions, the Campaign must delete the duplicate transactions in C-SMART and submit amended disclosure statements. If the transactions are not duplicates, the Campaign must explain why the transactions are not duplicates, and provide supporting documentation. The Campaign may also need to amend its disclosure statements if it did not report transactions accurately.

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**

a) In its response to the Notice of Alleged Violations and Recommended Penalties, the Campaign provided a narrative explaining that it is unable to provide the requested Citibank bank statement despite attempts to receive a replacement copy from the bank. The Campaign provided a screenshot of its Citibank account apparently showing a request for the November 2013 bank statement. In addition, the Campaign states that it never received an original copy of the

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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.

November 23 – December 20, 2013 statement from the bank, and that Mr. Paster stated that there was no financial activity during this month. However, the fact remains that the Campaign has failed to provide this bank statement.

b) In response to the Draft Audit Report, the Campaign submitted a narrative for the uncleared transaction (Transaction ID R0001264), explaining that it was made in error and should be deleted from its reporting. However, the Campaign failed to delete the transaction.

The Campaign wrote a note indicating that it amended its statements to delete Transaction IDs R0001266 and R0001262. It deleted only R0001262; Transaction ID R0001266 now appears to be an uncleared transaction rather than a duplicated transaction.

In its Notice of Alleged Violations and Recommended Penalties response, the Campaign provided documentation to demonstrate that the two uncleared transactions, Transaction IDs R0001266 and R0001264, are partial duplicate transactions of a single cleared transaction, Transaction ID R0001254. However, Transaction ID 1243 is \$90 more than the sum of the other two transactions.

c) In response to the Draft Audit Report, the Campaign modified the amount of Transaction ID R000919 rather than deleting the transaction; it is now a duplicate of TIDs R0000879 and R00001260. Transaction ID R000919 is no longer a duplicate of Transaction IDs R0000875.

The Campaign wrote a note indicating that it amended its statements to delete Transaction IDs R0001266 and R0001262. It deleted only Transaction ID R0001262; Transaction ID R0001266 now appears to be an uncleared transaction rather than a duplicated transaction.

### **Board Action**

a – 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.

## **2. Disclosure – Possible Subcontractors**

Subcontractors are vendors that a campaign’s vendor hires to supply goods/services. If a vendor hired by a campaign pays a subcontractor more than \$5,000, the campaign must report the vendor, the name and address of the subcontractor, the amounts paid to the subcontractor, and the purpose of the subcontracted goods/services. *See* Rule 3-03(e)(3).

The vendors listed below received large payments and may have subcontracted goods and services. However, the Campaign did not report subcontractors used by these vendors:

<u>PAYEE</u>	<u>AMOUNT PAID</u>
Morningside Solutions, Inc.	\$12,756.42

## **Previously Provided Recommendation**

The Campaign must contact the vendors, who must verify whether subcontractors were used. The Campaign may provide the vendor with a copy of the Subcontractor Form (available on the CFB website at [http://www.nyccfb.info/PDF/forms/subcontractor\\_disclosure\\_form.pdf](http://www.nyccfb.info/PDF/forms/subcontractor_disclosure_form.pdf)) for this purpose, and submit the completed form with the Campaign's response. In addition, if subcontractors were used and paid more than \$5,000, the Campaign must amend its disclosure statements to report subcontractor information. If the vendor does not complete the Subcontractor Form, the Campaign should submit documentation of its attempts to obtain this information, including copies of certified mail receipts and the letters sent to the vendors.

## **Campaign's Response**

The Campaign did not provide a subcontractor form from Morningside Solutions, Inc., but provided a letter documenting its attempts to reach the vendor.

## **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. Prohibited Contributions – Contributions Over the Limit**

Campaigns may not accept contributions, either directly or by transfer, from any single source in excess of the applicable contribution limit for the entire election cycle. A single source includes, but is not limited to, any person or entity who or which establishes, maintains, or controls another entity and every entity so established, maintained, or controlled. *See* Rule 1-04(h). Cumulative contributions from a single source may include monetary contributions, in-kind contributions, and outstanding loans or advances, etc.

Candidates participating in the Program may contribute up to three times the contribution limit to their own campaign. *See* Admin. Code § 3-703(1)(h). Non-participating candidates are not limited in the amount they can contribute to their own campaign from their own money. *See* Admin. Code § 3-719(2)(b).

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

The Campaign accepted contributions in excess of the contribution limit in the instance detailed in Exhibit II.

### **Previously Provided Recommendation**

The Campaign must address each outstanding contribution limit violation:

- The Campaign must refund the over-the-limit portion of each contribution by bank or certified check and provide the CFB with copies of the refund check or pay the New York City Election Campaign Fund (the “Public Fund”) an amount equal to the amount of the overage.
- If the Campaign disagrees with this finding, it must provide an explanation and documentation to demonstrate that it did not accept contributions in excess of the limit.
- For loans, the Campaign may provide copies of the front and back of cancelled loan repayment checks showing that the Campaign repaid the loan before the date of the election.

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

### **Campaign’s Response**

In its Draft Audit Report response, the Campaign provided documented demonstrating that it repaid the Candidate’s loan on December 23, 2013, after the election. Loans not repaid by the day of the election are considered contributions. Therefore, the loan amount is aggregated with the other contributions made by the Candidate.

In its Notice of Alleged Violations and Recommended Penalties response, the Campaign provided copies of loan documentation for two \$1,000 loans, given on March 11, from the Candidate to the Campaign and a copy of the cancelled check repaying both loans on April 1, 2013. However, the Campaign failed to address the \$1,000.00 loan, Transaction ID 16/LR0001267, made on March 11, 2013, and not repaid until December 23, 2013; the refund date is documented by the copy of the cancelled refund check previously provided to the CFB. Because the Campaign repaid the loan after the election, the original loan is a Candidate contribution and the refund of the loan is considered a contribution refund.

### **Board Action**

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

#### 4. Prohibited Contributions – Corporate/Partnership/LLC

Campaigns may not accept, either directly or by transfer, any contribution, loan, guarantee, or other security for a loan from any corporation. This prohibition also applies to contributions received after December 31, 2007 from any partnership, limited liability partnership (LLP), or limited liability company (LLC). See New York City Charter §1052(a)(13); Admin. Code §§ 3-703(1)(l), 3-719(d); Rules 1-04(c), (e).

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

CONTRIBUTIONS FROM PROHIBITED SOURCES				
NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTE
MSL – Teleservices Inc.	11/F/R0001022	8/20/13	\$115.00	(1)
MSL – Teleservices Inc.	11/F/R0001024	8/21/13	\$17.50	(1)

(1) See also Finding #6.

#### 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 showing that the contribution was not from a prohibited entity.

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

#### Campaign's Response

In response to the Draft Audit Report, the Campaign stated that it believes the MSL – Teleservices Inc. discounts are routinely given out by the vendor to gain new business and were not sought by the Campaign.

In its response to the Notice of Alleged Violations and Recommended Penalties, the Campaign provided a copy of an email apparently sent from the Director of MSL Teleservices, Mark Liebman, which stated that all discounts listed are routinely given to political consultants with whom they work, including Campaign staff member Richard Fife. The vendor did not state that



discounts are regularly available to the general public, but rather only to political entities. Additionally, the invoice was billed to and directly paid for by 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.

### **5. Prohibited Contributions – Unregistered Political Committees**

Participating campaigns may not, either directly or by transfer, accept any contribution, loan, guarantee, or other security for a loan from any political committee, unless it is registered with the CFB, or registers within ten days of receipt of the contribution. *See* Admin. Code §§ 3-703(1)(k), 3-707; Rule 1-04(d).

A list of registered political committees can be viewed on the CFB's website, [www.nycffb.info](http://www.nycffb.info). Political committees are often required to register with governmental agencies other than the CFB; however, registering with those agencies does not register them with the CFB.

Prior to the election, the Campaign accepted a contribution from an unregistered political committee in the following instance. After notification from the CFB, the Campaign refunded the contribution.

CONTRIBUTION FROM AN UNREGISTERED POLITICAL COMMITTEE  
WHOSE CONTRIBUTION WAS REFUNDED

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT
Gwen Moore for Congress	9/ABC/R0000934	05/14/13	\$500.00

### **Previously Provided Recommendation**

The Campaign previously resolved 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.

### **Campaign's Response**

In response to the Draft Audit Report, the Campaign explained the circumstances surrounding the original contribution and agreed with the finding.

In its response to the Notice of Alleged Violations and Recommended Penalties, the Campaign explained further. The Campaign stated that it was aware that the political committee was not registered when it accepted the contribution. It chose to accept the contribution based on the committee’s intent to register, but the committee subsequently decided not to do so.

### Board Action

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

## 6. 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 expenditures 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
MSL – Teleservices Inc.	11/F/R0001022	08/20/13	\$1,352.00	\$115.00	(1)
MSL – Teleservices Inc.	11/F/R0001024	08/21/13	\$194.23	\$17.50	(2)
<b>Total</b>				<b>\$132.50</b>	

(1) *See* Exhibit IIIa. *See* also Finding #4.

(2) *See* Exhibit IIIb. *See* also Finding #4.

## 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 and submit an amendment to Statement 16. 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 Draft Audit Report response, the Campaign responded to this finding with a narrative stating that the discounts were not sought by the Campaign and that the Campaign did not benefit from them. The Campaign did not provide any documentation from the vendor to verify its statements.

In its response to the Notice of Alleged Violations and Recommended Penalties, the Campaign provided a copy of an email—apparently sent from the Director of MSL Teleservices, Mark Liebman—which stated that all discounts listed are routinely given to the political consultants with whom they work, including Campaign staff member Richard Fife. The vendor did not state that discounts are regularly available to the general public, but rather only to political entities. Additionally, the invoice was billed to and directly paid for by 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. *See* also Finding #4.

## 7. Contribution 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); and Rule 4-01.

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

NAME	TRANSACTION TYPE	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED/ PAID DATE	AMOUNT
Cooper, Debra	Loan Received	16/I/R0001267	03/11/13	\$1,000.00

## Previously Provided Recommendation

The Campaign must submit documentation for each transaction listed above.

## Campaign's Response

In its Draft Audit Report response, the Campaign did not provide the original loan agreement for the listed transaction. The Campaign provided a copy of a cancelled loan repayment check and stated that all other documentation had been submitted in response to the Initial Documentation Request.

In its response to the Notice of Alleged Violations and Recommended Penalties, the Campaign provided a loan agreement for a different loan which it previously provided, but not for the listed transaction, as requested.

## Board Action

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

## Expenditure Findings

### 8. 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:

NAME	TRANSACTION TYPE	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT	NOTE
Fife, Richard J	Expenditure	16/F/R0001238	09/27/13	\$2,000	(1)

(1) The Campaign provided a contract that specified that Mr. Fife would be paid \$2,000 per month for duties performed 07/23/13-09/10/13, for a total of \$30,000 [\$10,000 pre-election payment plus \$2,000 monthly for ten months]. The Campaign paid a total of \$32,000 to this vendor, \$2,000 more than contracted. This payment is not part of the contract and the Campaign did not provide documentation for this payment; therefore, it appears to be a bonus for work previously performed.

## **Previously Provided Recommendation**

This finding was identified as a result of the Campaign's response to the Notice of Alleged Violations and Recommended Penalties.

## **Campaign's Response**

This finding was identified as a result of the Campaign's response to the Notice of Alleged Violations and Recommended Penalties.

In response to the March 14, 2016 Staff Recommendation to the Board, the Campaign submitted a memorandum written by Richard Fife. In the memorandum, Mr. Fife states that the contract incorrectly ended before August 2013 and, consequently, he was not scheduled to be paid for a month of work he did perform. Therefore, he states that the \$2,000 payment after the date of the primary election was in compensation for work performed during the primary. However, this is in direct contradiction to the contract provided by the Campaign between itself and Richard Fife. The contract does not state that the Campaign will pay the consultant a monthly salary; rather it states that the Campaign will pay the consultant a total sum of \$30,000 for the entire primary period, at scheduled intervals. With this additional post-election payment, the consultant was actually paid \$32,000. The memorandum also states that Mr. Fife performed post-election work for the Campaign; however, the Campaign did not provide any supporting documentation or work-product to verify that such work occurred. Additionally, the Campaign did not provide a contemporaneous contract, demonstrating an agreed-upon rate for work to be performed in excess of its contract from July 23, 2012 through September 10, 2013. Overall, this memorandum fails to address the inconsistency between a contract stating a \$30,000 payment for all work performed and an actual payment of \$32,000 in total.

## **Board Action**

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

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

### **9. 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 \$2,444.91, according to the Campaign's November 22, 2013 bank statement. Based on the activity reported by the Campaign and additional information obtained and reviewed in the course of this audit, the Campaign must return \$2,444.91 to the Public Fund as its final bank balance. As of October 22, 2104, the Campaign had a bank balance of \$160.47.

### **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**

The Campaign provided bank statements which indicate the final bank balance is \$160.47 as of October 22, 2014.

At the Board Meeting on May 12, 2016, the Candidate stated that she does not have access to the Campaign's account. The Board determined that due to the recurring monthly service charge of \$19.00 over 19 months, from September 2014 to May 2016, the Campaign's account would have an additional \$361.00 in bank fees. Therefore, the Final Bank Balance is estimated to be \$0.00 and no repayment is due.

### **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.

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: July 18, 2016

Staff: Hannah Golden

Christopher Cruzcosa, CFE

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

**Candidate:** Cooper, Debra (ID:1596-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)		\$112,715.50
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)		\$202,983.29
Expenditure payments	\$202,305.21	
Advance repayments	\$678.08	
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)		\$6,000.00
13. Total loan repayments (Sch J)		\$6,000.00
14. Total loans forgiven (Sch K)		\$0.00
15. Total liabilities forgiven (Sch K)		\$0.00
16. Total expenditures refunded (Sch L)		\$429.01
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$2,475.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$1,090.47
Outstanding Bills	\$1,090.44	
Outstanding Advances	\$0.03	
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		\$22,147.00
22. Total Invalid Matchable Claims		\$2,900.00
23. Total Amount of Penalties Assessed		\$600.00
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00



**Exhibit I**  
**People for Debra Cooper**  
**Duplicate Transactions**  
 (see Finding #1c)

<b>Transaction ID</b>	<b>Payee</b>	<b>Account</b>	<b>Check No./ Transaction</b>	<b>Date</b>	<b>Amount</b>		<b>Duplicate Amount</b>
R0000879	NGP VAN Inc.	4645	Debit	05/15/13	\$	95.00	\$ -
R0001260	NGP VAN Inc.	4645	Debit	05/15/13	\$	10.00	\$ -
R0000919	NGP VAN Inc.	4645	Debit	05/20/13	\$	105.00	\$ 105.00
<b>Total</b>							<b><u>\$105.00</u></b>

**Exhibit II**  
**People for Debra Cooper**  
**Refunded Contributions Over the Limit**  
**(see Finding #3)**

Name	Statement/ Schedule/ Transaction ID	Transaction Type	Incurred/ Received/ Refunded Date	Amount
Cooper, Debra	6/ABC/R0000577	Contribution	01/02/13	\$2,000.00
Cooper, Debra	6/ABC/R0000545	Contribution	01/10/13	\$2,000.00
Cooper, Debra	6/ABC/R0000552	Contribution	01/11/13	\$1,750.00
Cooper, Debra	6/ABC/R0000558	Contribution	01/11/13	\$500.00
Cooper, Debra	6/ABC/R0000572	Contribution	01/11/13	\$750.00
Cooper, Debra	6/ABC/R0000565	Contribution	01/11/13	\$1,250.00
Cooper, Debra	16/I/R0001267	Loan Received	03/11/13	\$1,000.00
Cooper, Debra	16/J/R0001269	Loan Repayment	12/23/13	(\$1,000.00)
			Total	\$8,250.00
			Office Limit	<u>\$8,250.00</u>
			<b>Amount Over the Limit</b>	<b><u>\$0.00</u></b>

**Exhibit IIIa**  
**People for Debra Cooper**  
**Undocumented or Unreported In-Kind Contributions**  
**(see Finding #6)**


MSL - TeleServices, Inc.

Audio PostCard  
 85 Camp Avenue - Suite 15F  
 Stamford, CT 06907

1021/1022

**Invoice**

Date	Invoice #
8/20/2013	2932

<b>Bill To</b>
Darrell Pastur People For Debra Cooper 

**PAID**

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
17,713	Robo Poll - 17713 dials (5 question poll) - mesage for answering machines	0.06984	1,237.00
	Recording Service N/C		0.00
	50% off - 230.00 (\$115.00)	115.00	115.00
	Payment Received (cc)	-1,352.00	-1,352.00
<b>Total</b>			<b>\$0.00</b>


**Exhibit IIIb**  
**People for Debra Cooper**  
**Undocumented or Unreported In-Kind Contributions**  
**(see Finding #6)**

MSL - TeleServices, Inc.  
 Audio PostCard  
 85 Camp Avenue - Suite 15F  
 Stamford, CT 06907

*TID 1023*

# Invoice

Date	Invoice #
8/21/2013	2933

<b>Bill To</b>
Darrell Pastur People For Debra Cooper 

**PAID**

P.O. No.	Terms	Project

Quantity	Description	Rate	Amount
17,673	Robo Poll - 17713 dials (1 additional question) @\$0.01/dial	0.01	176.73
	Recording Service N/C		0.00
1	50% off - 35.00 (\$17.50)	17.50	17.50
	Payment Received (cc)	-194.23	-194.23
<b>Total</b>			\$0.00