



**New York City Campaign Finance Board**

100 Church Street, 12<sup>th</sup> Floor, New York, NY 10007  
212.409.1800 | www.nycffb.info

**Rose Gill Hearn**  
Chair

**Art Chang**  
**Richard J. Davis**  
**Courtney C. Hall**  
**Mark S. Piazza**  
Members

**Amy M. Loprest**  
Executive Director

**Sue Ellen Dodell**  
General Counsel

Via C-Access  
December 8, 2015

Andrew P. Ronan  
Dromm for NYC



Dear Andrew P. Ronan:

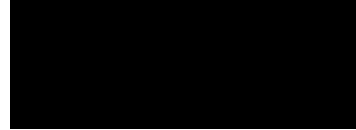
Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of Daniel P. Dromm (the "Campaign"). CFB staff prepared the report based on a review of the Campaign's financial disclosure statements and documentation submitted by the Campaign.

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.

The January 15, 2014 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2013 elections. The Campaign is required to maintain its records for six years after the election, and the CFB may require the Campaign to demonstrate ongoing compliance. *See* Rules 3-02(b)(3), 4-01(a), and 4-03. In addition, please contact the New York State Board of Elections for information concerning its filing requirements.

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

Sincerely, signature on original



Jonnathon Kline, CFE  
Director of Auditing and Accounting

c: Daniel P. Dromm



Dromm for NYC



Attachments



# **EC2013 Final Audit Report**

## **Dromm for NYC**

December 2015

**Table of Contents**

Table of Contents ..... 2

RESULTS IN BRIEF ..... 3

    Disclosure Findings ..... 3

    Contribution Findings..... 3

BACKGROUND ..... 4

SCOPE AND METHODOLOGY ..... 5

AUDIT RESULTS ..... 8

    Disclosure Findings ..... 8

        1. Financial Disclosure Reporting – Discrepancies..... 8

    Contribution Findings..... 9

        2. Prohibited Contributions – Contributions Over the Limit..... 9

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

        4. Intermediary Statements .....11

## **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 Daniel P. Dromm (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. 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 \$2,750 contribution limit for the 2013 election cycle (see Finding #2).
- The Campaign accepted contributions from prohibited sources (see Finding #3).
- The Campaign did not report that contributions were received through intermediaries (see Finding #4).

## BACKGROUND

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

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

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

The table below provides detailed information about the Campaign:

|   |   |
|---|---|
| Name: Daniel P. Dromm                     | Contribution Limit:                                       |
| ID: 1075                                  | \$2,750   |
| Office Sought: City Council               |   |
| District: 25                              | Expenditure Limit:  |
|   | 2010–2012: N/A  |
| Committee Name: Dromm for NYC             | 2013 Primary: N/A   |
| Classification: Non-Participant           | 2013 General: N/A   |
| Filer Registration Date: July 8, 2010     |   |
|   | Public Funds:   |
| Ballot Status: General                    | Received: N/A   |
| Primary Election Date: September 10, 2013 | Returned: N/A   |
| General Election Date: November 5, 2013   |   |
| Party: Democratic, Working Families       | Campaign Finance Summary:                                 |
|   | <a href="http://bit.ly/1rkcxwg">http://bit.ly/1rkcxwg</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.

Prior to the election, we performed preliminary reviews of the Campaign's compliance with the Act and Rules. 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.

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.

Finally, we determined if the Campaign submitted timely responses to post-election audit requests sent by the CFB.

Following an election, campaigns 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. After reviewing the Campaign's response(s), CFB staff determined that the total recommended penalties for the Campaign's violations did not exceed \$500, and as a result the staff did not recommend enforcement action to the Board. The Board's determinations 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 finding, 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 Filer Registration. *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 and merchant account statements:

| BANK                    | ACCOUNT #  | ACCOUNT TYPE     | STATEMENT PERIOD    |
|-------------------------|------------|------------------|---------------------|
| Astoria Federal Savings | XXXXXX7034 | Checking         | Feb 2010 – Oct 2014 |
| Litle & Co.             | XXXXXX7658 | Merchant Account | Dec 2012 – 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.

a) The Campaign did not report the following transactions that appear on its bank statements:

| ACCOUNT #    | NAME    | CHECK NO./<br>TRANSACTION | PAID<br>DATE | AMOUNT          |
|--------------|---------|---------------------------|--------------|-----------------|
| XXXXXX7034   | Unknown | Unknown                   | 01/11/12     | \$35.00         |
| XXXXXX7034   | Unknown | 1296                      | 06/03/13     | \$750.00        |
| <b>Total</b> |         |                           |              | <b>\$785.00</b> |

b) The Campaign reported duplicate transactions as listed below:

| NAME                  | CHECK NO./<br>TRANSACTION | STATEMENT/<br>SCHEDULE/<br>TRANSACTION | PAID<br>DATE | AMOUNT  | DUPLICATE<br>REPORTED<br>AMOUNT |
|-----------------------|---------------------------|--|--------------|---------|---------------------------------|
| I Contact Corporation | Debit                     | 16/F/R0003802                          | 01/08/14     | \$80.57 |                                 |
| I Contact Corporation | Debit                     | 16/F/R0003909                          | 01/08/14     |         | \$80.57                         |

### **Previously Provided Recommendation**

a – b) This finding was identified as a result of the Campaign’s response to the Draft Audit Report dated December 3, 2014.

### **Campaign’s Response**

a – b) This finding was identified as a result of the Campaign’s response to the Draft Audit Report dated December 3, 2014.

### **Board Action**

a – 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.

### ***Contribution Findings***

## **2. 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).

Prior to the election, the Campaign accepted contributions in excess of the contribution limit in the following instance. After notification from the CFB the Campaign refunded the amount in excess of the limit.

**PREVIOUSLY REFUNDED CONTRIBUTIONS OVER THE LIMIT**

| NAME                  | STATEMENT/<br>SCHEDULE/<br>TRANSACTION | TRANSACTION TYPE      | INCURRED/<br>RECEIVED/<br>REFUNDED<br>DATE | AMOUNT    |
|-----------------------|--|-----------------------|--|-----------|
| Van Ameringen, Henry  | 2/ABC/R0001056                         | Monetary Contribution | 10/31/10                                   | \$1,000   |
| Van Ameringen, Henry  | 4/ABC/R0001849                         | Monetary Contribution | 03/10/09                                   | \$1,000   |
| Van Ameringen, Henry  | 5/ABC/R0002245                         | Monetary Contribution | 12/11/09                                   | \$1,000   |
| Van Ameringen, Henry  | 11/M/R0003676                          | Contribution Refund   | 08/19/13                                   | (\$250)   |
|                       |  |                       |  | \$2,750   |
| Office Limit          |  |                       |  | (\$2,750) |
| Amount Over-the-Limit |  |                       |  | \$0       |

### **Previously Provided Recommendation**

The Campaign previously resolved this contribution limit finding by issuing and documenting refunds, and no further response is necessary at this time. However, the finding may still be subject to penalty. 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.

### **Campaign's Response**

The Campaign stated only that it previously resolved this finding.

### **Board Action**

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

### **3. 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).

Prior to the election, the Campaign accepted a contribution from an entity listed on the New York State Department of State's website as corporations, partnerships, and/or LLCs in the following instance. After notification from the CFB, the Campaign refunded the contribution.

| PREVIOUSLY REFUNDED CONTRIBUTIONS FROM PROHIBITED SOURCES |  |  |            |      |
|---|--|--|------------|------|
| NAME  | STATEMENT/<br>SCHEDULE/<br>TRANSACTION | INCURRED/<br>RECEIVED/<br>REFUNDED<br>DATE | AMOUNT     | NOTE |
| Rombom, Howard  | 4/ABC/R0002016                         | 10/10/11                                   | \$100.00   | (1)  |
| Rombom, Howard  | 5/M/R0002138                           | 06/18/12                                   | (\$100.00) |      |

(1) Although the Campaign reported the contribution as shown, the documentation provided indicates that this contribution was from Howard Rombom PHD PC.

### Previously Provided Recommendation

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

### Campaign's Response

The Campaign stated only that it previously resolved this finding.

### Board Action

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

## 4. Intermediary Statements

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

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

TRANSACTIONS APPEARING ON AN INTERMEDIARY STATEMENT THAT WERE NOT REPORTED AS INTERMEDIATED

| INTERMEDIARY<br>ID | INTERMEDIARY NAME | STATEMENT/<br>SCHEDULE/<br>TRANSACTION | CONTRIBUTOR NAME | AMOUNT   |
|--------------------|-------------------|--|------------------|----------|
| 1                  | Garcia, Raul      | 4/ABC/R0001994                         | Munoz, Sandra    | \$100.00 |

### Previously Provided Recommendation

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

### Campaign's Response

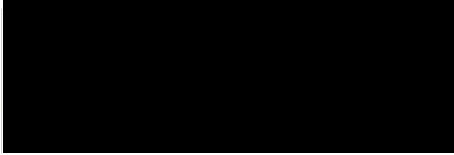
In response to the Draft Audit Report, the Campaign stated that the listed transaction was erroneously reported as intermediated and that it made a correction in its reporting. However, the contribution was never reported as intermediated, and according to the intermediary statement signed by Raul Garcia, it should have been reported as such. The Campaign's amendment failed to designate the contribution from Ms. Munoz as intermediated by Mr. Garcia. The finding remains unresolved.

### 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



Jonnathon Kline, CFE

Director of Auditing and Accounting

Date: December 8, 2015

Staff: Melody Lee  
Joel Babb

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

**Candidate:** Dromm, Daniel (ID:1075-NP)**Office:** 5 (City Council)**Election:** 2013

---

|  |              |              |
|--|--------------|--------------|
| 1. Opening cash balance (All committees)                             |              | \$0.00       |
| 2. Total itemized monetary contributions (Sch ABC)                   |              | \$125,680.00 |
| 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)                               |              | \$118,901.91 |
| Expenditure payments   | \$117,741.88 |              |
| Advance repayments   | \$1,160.03   |              |
| 9. Total unitemized expenditures                                     |              | \$0.00       |
| 10. Total transfers-In (Sch G)                                       |              | \$0.00       |
| Type 1   | \$0.00       |              |
| Type 2a  | \$0.00       |              |
| Type 2b  | \$0.00       |              |
| 11. Total transfers-out (Sch H)                                      |              | \$0.00       |
| Type 1   | \$0.00       |              |
| Type 2a  | \$0.00       |              |
| Type 2b  | \$0.00       |              |
| 12. Total loans received (Sch I)                                     |              | \$0.00       |
| 13. Total loan repayments (Sch J)                                    |              | \$0.00       |
| 14. Total loans forgiven (Sch K)                                     |              | \$0.00       |
| 15. Total liabilities forgiven (Sch K)                               |              | \$0.00       |
| 16. Total expenditures refunded (Sch L)                              |              | \$0.00       |
| 17. Total receipts adjustment (Sch M - excluding CFB repayments)     |              | \$3,875.00   |
| 18. Total outstanding liabilities (Sch N - last statement submitted) |              | \$200.50     |
| Outstanding Bills  | \$200.50     |              |
| Outstanding Advances   | \$0.00       |              |
| 19. Total advanced amount (Sch X)                                    |              | \$0.00       |
| 20. Net public fund payments from CFB                                |              | \$0.00       |
| Total public funds payment   | \$0.00       |              |
| Total public funds returned  | \$0.00       |              |
| 21. Total Valid Matchable Claims                                     |              | N/A          |
| 22. Total Invalid Matchable Claims                                   |              | N/A          |
| 23. Total Amount of Penalties Assessed                               |              | N/A          |
| 24. Total Amount of Penalty Payments                                 |              | \$0.00       |
| 25. Total Amount of Penalties Withheld                               |              | \$0.00       |