



New York City Campaign Finance Board
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Via C-Access
 September 30, 2016

Geoffrey Longmore
 Johnson NYC 2013
 270 Saint Nicholas Avenue, #5C
 New York, NY 10027

Dear Geoffrey Longmore:

Please find attached the New York City Campaign Finance Board’s (“CFB” or “Board”) Final Audit Report for the 2013 campaign of Daryl L. Johnson (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 10, 2015 (attached). The report concludes that the Campaign did not fully demonstrate compliance with the requirements of the Campaign Finance Act (the “Act”) and Board Rules (the “Rules”).

As detailed in the attached Final Board Determination, the Campaign must repay the following:

CATEGORY	AMOUNT
Public Funds Repayment	\$21,254.00
Penalties Assessed	\$681.00
Amount previously paid	(\$291.52)
Total Owed	\$21,643.48

The full amount owed must be paid no later than **October 31, 2016**. Please send a check in the amount of \$21,643.48, 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 **October 31, 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@nyccfb.info with any questions about the enclosed report.

Sincerely,



Sauda S. Chapman
Director of Auditing and Accounting

c: Daryl L. Johnson



Johnson NYC 2013



Attachments



EC2013 Final Audit Report

Johnson NYC 2013

September 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 Daryl L. Johnson (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 advance purchases (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 disclose in-kind contributions received (see Finding #3).

Expenditure Findings

Campaigns participating in the Campaign Finance Program are required to comply with the spending limit. All campaigns are required to properly disclose and document expenditures and disburse funds in accordance with the Act and Rules. Findings in this section relate to the Campaign’s failure to comply with the Act and Rules related to its spending.

- The Campaign did not provide requested documentation related to reported expenditures (see Finding #4).

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 #5).

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: Daryl L. Johnson	Contribution Limit:
ID: 1279	\$2,750
Office Sought: City Council	
District: 16	Expenditure Limit:
	2010–2012: N/A
Committee Name: Johnson NYC 2013	2013 Primary: \$168,000
Classification: Participant	2013 General: N/A
Certification Date: May 14, 2013	
	Public Funds:
Ballot Status: Primary	Received: \$35,112.00
Primary Election Date: September 10, 2013	Returned: \$2,684.74
Party: Democratic	Campaign Finance Summary:
	http://bit.ly/1yRZGE5

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.

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 September 10, 2015. The Board's actions are summarized as a part of each Finding in the Audit Results section. The finding numbers and exhibit numbers, as well as the number of transactions included in the findings, may have changed from the Draft Audit Report to the Final Audit Report.

AUDIT RESULTS

Disclosure Findings

1. Financial Disclosure Reporting - Discrepancies

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

The Campaign provided the following bank statements:

BANK	ACCOUNT #	ACCOUNT TYPE	STATEMENT PERIOD
Wells Fargo	XXXXXX9193	Checking	Jan 2013 – Jan 2014
Wells Fargo	XXXXXX9201	Savings	Jan 2013 – Nov 2013; Jan 2014
Wells Fargo	XXXXXX1991	Merchant	Apr 2013 - Aug 2013; Oct 2013

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 provide the bank and merchant statements listed below:

BANK	ACCOUNT #	STATEMENT PERIOD	NOTE
Wells Fargo	XXXXXX9201	Dec 2013	(1)
Wells Fargo	XXXXXX1991	Mar 2013 and Sep 2013	

(1) The Campaign failed to provide pages 2 and 4 of this statement.

b) The Campaign did not report the transactions listed on Exhibit I that appear on its bank statements.

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

NAME	CHECK NO./ TRANSACTION	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT	NOTE
Robinson, Michael	1092	12/F/R0000829	09/10/13	\$75.00	(1)
Staples, Luvenia	1104	12/F/R0000852	09/10/13	\$100.00	(2)
Total				\$175.00	

(1) See also Finding #4a.

(2) See also Finding #1b.

d) The Campaign did not provide copies of the itemized deposit slips listed below:

DATE OF DEPOSIT	DOLLAR AMOUNT
05/06/13	\$1,275.00
06/24/13	\$1,050.00
12/01/13 – Present	Unknown

e) A review of the Campaign’s deposit slips revealed the following discrepancy:¹

TOTAL REPORTED CASH RECEIPTS	TOTAL CASH PER DEPOSIT SLIPS	DOLLAR VARIANCE	PERCENT VARIANCE
\$5,482.00	\$4,757.00	\$725.00	13.23%

See also Finding d) above.

Previously Provided Recommendation

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

b) The Campaign must amend its disclosure statements to report these transactions. The Campaign must also provide documentation for each transaction. Because bank statements

¹ The percentage variance is determined by subtracting the Total Cash Per Deposit Slips from the Total Reported Cash Receipts, and then dividing by the Total Reported Cash Receipts. A positive variance indicates that the Total Reported Cash Receipts exceeds the Total Cash Per Deposit Slips. A negative variance indicates that the Total Reported Cash Receipts is less than the Total Cash Per Deposit Slips.

provide limited information about a transaction, the Campaign should review invoices or other records to obtain all of the information necessary to properly report the transaction.

c) 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.

d) The Campaign must provide copies of the requested itemized deposit slips.

e) To resolve the listed discrepancies, the Campaign must compare the cash receipts reported in its financial disclosure statements to supporting documentation, including deposit slips, bank statements, and any documentation not previously submitted. The Campaign should also review documentation to ensure that it correctly characterized the instrument type (i.e., Cash, Credit Card, Check, etc.) of each receipt it reported. The Campaign may need to amend its disclosure statements as a result.

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 16.²

Campaign's Response

a) In its response to the Draft Audit Report, the Campaign stated that all of its accounts were closed and that it did not have additional statements to provide. However, the Campaign failed to provide the bank and merchant statements requested and documentation showing the accounts have been closed.

² If the Campaign amends its reporting with the CFB, it must also submit amendments to the New York State Board of Elections.

In its responses to the Notice of Alleged Violations and Recommended Penalties, the Campaign provided statements for the accounts ending in 9193 and 9201. However, the Campaign did not submit pages 2 and 4 of the December 2013 bank statement for the account ending in 9201. The Campaign also provided statements for its merchant account, but it did not submit statements for March 2013 and September 2013.

b) In its response to the Draft Audit Report, the Campaign described the unreported transactions, but it failed to submit amendments to report these transactions.

c) In its response to the Draft Audit Report, the Campaign stated that the check written to Michael Robinson was lost and subsequently reissued. However, the Campaign did not delete the expenditure and did not demonstrate that it was a duplicate transaction. The only other expenditure to Michael Robinson was Transaction ID 16/F/R0000920 for \$100.00, which does not match the uncleared transaction for \$75.00. The Campaign stated that the check written to Luvenia Staples expired before cashing so the Campaign issued an additional check. However, the Campaign failed to delete the initial transaction.

d) In its response to the Draft Audit Report, the Campaign submitted a checking account update email dated August 9, 2013 from Wells Fargo for the account ending in 9193 and not the requested itemized deposit slips.

e) In its response to the Draft Audit Report, the Campaign stated that the deposit slips were previously provided to the CFB. However, the deposit slips were not previously submitted by the Campaign. The cash discrepancy was not resolved with the Campaign's response.

Board Action

a) The Board found the Campaign in violation and assessed \$400 in penalties.

b – d) 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.

e) The Board found the Campaign in violation and assessed \$181 in penalties.

2. Disclosure – Advances

For each advance, campaigns are required to report the name and address of the person making the purchase (the advancer), the amount, and the name of the vendor from whom the purchase was made. *See* Admin. Code §§ 3-703(1)(g), 3-708(8); Rule 3-03(c)(3).

a) The Campaign did not properly report the names of vendors for the transactions listed below:

ADVANCER NAME	VENDOR NAME	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT	NOTE
Kaufman, Stephen B	Kaufman, Stephen B	7/P/R0000034	02/22/13	\$54.25	
Johnson, Daryl L	Johnson, Daryl L	9/P/R0000464	07/03/13	\$162.52	(1)
Total				\$216.77	

(1) See also Finding #4a.

b) The Campaign provided an advance repayment form for the transaction listed below, but failed to report the transaction:

ADVANCER NAME	VENDOR NAME	ITEM DESCRIPTION	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT	NOTE
Brooks, William A	Planet Wings	Rice	Unreported	08/03/13	\$20.00	(1)

(1) See Exhibit II.

c) The Campaign reported duplicate advance purchases as listed below:

ADVANCER NAME	VENDOR NAME	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT	DUPLICATE REPORTED AMOUNT
Johnson, Daryl L	Global Rose LLC	9/P/R0000471	05/03/13	\$89.00	
Global Rose LLC	Global Rose LLC	8/P/R0000409	05/03/13		\$89.00

Previously Provided Recommendation

a) For each advance purchase listed, the Campaign must amend its disclosure statements to report the name and address of each vendor from whom the purchase was made.

b) The Campaign must amend its disclosure statement to report this advance purchase.

c) The Campaign must delete the duplicate transaction in C-SMART and submit an amended disclosure statement. If the transaction is not a duplicate, the Campaign must provide an explanation and supporting documentation. The Campaign may also need to amend its disclosure statements if it did not report transactions accurately.

Campaign's Response

a) In its response to the Draft Audit Report, the Campaign stated that the vendor names were listed on advance documentation previously provided to the CFB. The Campaign did not submit any documentation for the advance purchase made by Stephen Kaufman. Based on the previously submitted documentation, the \$162.52 advance purchase made by Daryl Johnson was for an expenditure to Signazon. However, the Campaign did not amend its disclosure statements to report the name and address of each vendor from whom the purchase was made.

b) In its response to the Draft Audit Report, the Campaign stated the transaction is "reported in C-Smart under advancer name/comments field." However, the Campaign only reported an advance purchase and repayment to William A. Brooks for a total of \$82.59 (Transaction ID 11/P/R/0000751), when the advance repayment voucher indicates that the total advanced was \$102.59. The Campaign did not amend its disclosure statement to report this additional advance purchase.

c) In its response to the Draft Audit Report, the Campaign stated that the duplicate advance purchase was a data entry error. However, the Campaign did not amend its disclosure statement to delete the duplicate transaction in C-SMART.

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.

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 and the source of the in-kind contributions could not be substantiated.

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT
Dhruv Nanda	9/D/R0000441	04/13/13	\$150.00
Lewis, Nadeian	9/D/R0000446	06/29/13	\$60.00
Brooks, William A	9/D/R0000449	06/30/13	\$50.00
Cisse, Djenabou	9/D/R0000442	07/09/13	\$40.00

Previously Provided Recommendation

The Campaign must provide supporting documentation for each in-kind contribution 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 its response to the Draft Audit Report, the Campaign stated that the in-kind contributions from Dhruv Nanda (Transaction ID 9/D/R0000441), Nadeian Lewis (Transaction ID 9/D/R0000446), and William A. Brooks (Transaction ID 9/D/R0000449) were actually expenditures by the Campaign that were canceled due to services not received. However, if services were not provided, these are not considered in-kind contributions. The Campaign did not delete the erroneously reported transactions and did not provide documentation or contemporaneous contact records demonstrating that services were not received. Additionally, the Campaign stated that the in-kind contribution from Djenabou Cisse (Transaction ID 9/D/R0000442) was actually a canceled payment, which was reissued in the correct payee's name. However, a cancelled payment is not an in-kind contribution. The Campaign did not delete the erroneously reported transaction.

In its response to the Notice of Alleged Violations and Recommended Penalties regarding Dhruv Nanda, the Campaign stated it was unable to obtain documentation to support its response, “Due to [a] contentious mutual relationship between campaign/vendor.”

Board Action

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

Expenditure Findings

4. 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.

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

NAME	TRANSACTION TYPE	STATEMENT/ SCHEDULE/ TRANSACTION	PURCHASE/ REFUND DATE	AMOUNT	NOTE
Johnson, Daryl L	Advance Purchase	9/P/R0000464	07/03/13	\$162.52	(1)
Vistaprint	Advance Purchase	9/P/R0000466	07/04/13	\$110.06	
Robinson, Michael	Expenditure Refund	16/L/R0000918	10/04/13	\$75.00	(2)

(1) *See* also Finding #2a.

(2) *See* also Finding #1c.

b) The Campaign provided Employment Agreements for Stephen B. Kaufman and Johnny Wong, dated February 12, 2013 and February 15, 2013, respectively. The agreements list rates of pay, position titles, and duties. However, the agreements do not list the length of employment for either individual. As a result, it is not possible to determine the total compensation due to these individuals. For each employee, the Campaign must provide a signed amendment to the contract and/or affirmation from the employee describing the scope of work and period covered, pursuant to Rule 4-01(a).

Previously Provided Recommendation

a – b) The Campaign must submit documentation, or explanations as indicated, for each listed transaction.

Campaign's Response

a) In its response to the Draft Audit Report, the Campaign did not provide documentation for Transaction IDs 9/P/R0000464 and 9/P/R0000466. The Campaign stated that the Michael Robinson expenditure refund (Transaction ID 16/L/R0000918) was a lost payment that was reissued. The lost payment to Michael Robinson was reported as Transaction ID 12/F/R0000829 for \$75.00 (see Finding #1c) and the only other reported expenditure to Michael Robinson is Transaction ID 16/F/R0000920 for \$100.00. The Campaign did not provide an explanation for the different payment amounts if the \$100.00 expenditure is in fact the payment intended to replace the lost payment of \$75.00.

b) In its response to the Draft Audit Report, the Campaign stated that Stephen B. Kaufman and Johnny Wong worked on a month-to-month basis. The Campaign did not provide a signed amendment to the contract and/or affirmation from the employee describing the scope of work and period covered, pursuant to Rule 4-01(a).

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.

Public Matching Funds Findings

5. 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 \$32,719 in public funds for the 2013 elections.³ 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 \$11,464.84 in qualified expenditures.

If the Campaign does not document an additional \$21,254 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

³ The Campaign received \$35,112.00 in public funds and repaid \$2,393.22, for a net public funds payment of \$32,718.78. The net amount of public funds received is rounded up to the nearest whole dollar, for a net public funds payment of \$32,719.00 as listed above.

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

The Campaign did not respond to this finding in its response to the Draft Audit Report.

In its responses to the Notice of Alleged Violations and Recommended Penalties, the Campaign submitted additional documentation that reduced the amount the Campaign must return to the Fund to \$21,254.16.

Board Action

In order to document broadcast and media expenditures as qualified expenditures, the CFB requires that campaigns provide detailed broadcast records, invoices, and proof of payment for the associated expenditures. In its responses to the Notice of Alleged Violations and Recommended Penalties, the Campaign submitted a cashier's check and order form for the \$3,752.00 expenditure to Cablevision (Transaction ID 11/F/R0000728). Although the Campaign did not submit a finalized broadcast record, the Board determined that there were enough details in the sum of documentation provided to qualify the expenditure. However, the CFB reiterates the importance of providing broadcast records in order to qualify broadcast and media expenditures.

The Board determined that the Campaign must repay \$21,254⁴ to the Public Fund (\$32,719.00 in public funds received less \$11,464.84 in documented qualified expenditures). The Committee is responsible for repaying \$6,876 in public funds, and the Candidate is jointly and severally responsible for repaying \$14,378 of this amount.

On September 10, 2015, CFB staff received a cashier's check for \$291.52 from the Candidate, which reduced the Candidate's liability to \$14,086.48.

⁴ The net amount of public funds owed by the Campaign is rounded down to the nearest whole dollar, for a net public funds repayment amount of \$21,254.00.

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,



Sauda S. Chapman

Director of Auditing and Accounting

Date: September 30, 2016

Staff: Danielle Willemin, CFE

Kevin Ramnaraine

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

Candidate: Johnson, Daryl L (ID:1279-P)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$6,457.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$300.00
5. Total unitemized in-kind contributions		\$0.00
6. Total other receipts (Sch E - excluding CFB payments)		\$4.88
7. Total unitemized other receipts		\$1.01
8. Total itemized expenditures (Sch F)		\$39,133.52
Expenditure payments	\$38,420.80	
Advance repayments	\$712.72	
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)		\$2,700.00
13. Total loan repayments (Sch J)		\$2,700.00
14. Total loans forgiven (Sch K)		\$0.00
15. Total liabilities forgiven (Sch K)		\$300.00
16. Total expenditures refunded (Sch L)		\$75.00
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$0.00
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		\$32,428.00
Total public funds payment	\$35,112.00	
Total public funds returned	(\$2,684.00)	
21. Total Valid Matchable Claims		\$5,852.00
22. Total Invalid Matchable Claims		N/A
23. Total Amount of Penalties Assessed		\$681.00
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00

Exhibit I
Johnson NYC 2013
Unreported Transactions
(see Finding #1b)

Account Number	Payee	Check No./ Transaction	Date	Amount	Notes
XXXXX9193	KALL8 CORPORATION	Debit	03/07/13	\$10.00	
XXXXX9193	Wells Fargo	Debit	03/08/13	\$3.00	
XXXXX9201	Wells Fargo	Debit	03/29/13	\$6.00	
XXXXX9201	Wells Fargo	Debit	04/30/13	\$6.00	
XXXXX9201	Wells Fargo	Debit	05/31/13	\$6.00	
XXXXX9201	Wells Fargo	Debit	06/28/13	\$6.00	
XXXXX9201	Wells Fargo	Debit	07/31/13	\$6.00	
XXXXX9201	Wells Fargo	Debit	08/30/13	\$6.00	
XXXXX9193	McDonalds	Debit	09/04/13	\$8.70	
XXXXX9193	Staples, Luvenia	1117	09/23/13	\$100.00	(1)
XXXXX9201	Wells Fargo	Debit	09/30/13	\$6.00	
XXXXX9201	Wells Fargo	Debit	10/31/13	\$6.00	
XXXXX9201	Wells Fargo	Debit	11/29/13	\$6.00	
XXXXX9201	Wells Fargo	Debit	12/13	\$6.00	(2)
Total				<u>\$181.70</u>	

Notes:

- (1) In its response to the Draft Audit Report, the Campaign stated that this expenditure was made to replace a check (check #1104) which expired before it was cashed. *See* also Finding #1c.
- (2) The Campaign did not submit pages 2 and 4 of the December 2013 bank statement so the exact date of this transaction cannot be determined. *See* also Finding #1a.

Exhibit II
Johnson NYC 2013
Advances
(see Finding #2b)

ADVANCE REPAYMENT VOUCHER

TOTTENSON NY 2013
 Enter Committee Name
 (Committee Name)

Advancer's Name: WILLIAM BROCK

Advancer's Address: _____

PURCHASES

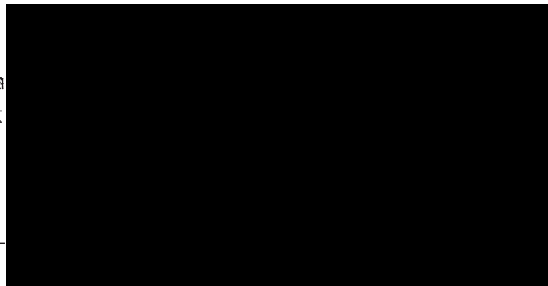
Date	Vendor Name & Address	Item Description	Paid by:	Amount
8/10	CLAMPARA EVENT SUPPLIES	CHEESE	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Check <input type="checkbox"/> Credit Card	\$20.70
8/10	CLAMPARA EVENT SUPPLIES	VEGGIES	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Check <input type="checkbox"/> Credit Card	\$11.53
8/10	CLAMPARA EVENT SUPPLIES	RICE	<input checked="" type="checkbox"/> Cash <input type="checkbox"/> Check <input type="checkbox"/> Credit Card	\$20.00
Total Amount Advanced				\$52.59

8/10 HIGHLAND PARK EVENT

REPAYMENT

Date	Committee Check Number	Amount
8/23/13	Check (# <u>1073</u>)	\$52.59
	Check (# _____)	
Total Amount Repaid		\$52.59

Please attach the front and back of the cancelled repayment check made.



8/23/13

Date