



**New York City Campaign Finance Board**

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Via C-Access  
May 25, 2016

Michael Mays  
Greg Mays 2013



Dear Michael Mays:

Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of Gregory Mays (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 demonstrated substantial compliance with the Campaign Finance Act (the "Act") and the Board Rules (the "Rules").

As detailed in the attached Final Board Determination, the Campaign was required to return public funds in the amount of \$9,835.40. The Campaign previously paid this amount. 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 call the Audit Unit at 212-409-1800 with any questions regarding specific findings in the report.

Sincerely,

A black rectangular redaction box covering the signature of Souda S. Chapman.

Signature on original

Souda S. Chapman  
Director of Auditing and Accounting

c: Greg Mays 2013

A black rectangular redaction box covering the name of the recipient.

Attachments



# **EC2013 Final Audit Report**

Greg Mays 2013

May 2016

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## **RESULTS IN BRIEF**

The results of the New York City Campaign Finance Board's ("CFB" or "Board") review of the reporting and documentation of the 2013 campaign of Gregory Mays (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 file, by the due dates, financial disclosure statements required by the Board (see Finding #2).

### ***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 #3).

### ***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 #4).

### ***Other Findings***

- The Campaign commingled 2013 election cycle receipts and expenditures with receipts and expenditures from another entity (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: Gregory Mays	Contribution Limit:
ID: 1746	\$2,750
Office Sought: City Council	
District: 27	Expenditure Limit:
	2010–2012: N/A
Committee Name: Greg Mays 2013	2013 Primary: \$168,000
Classification: Participant	2013 General: N/A
Certification Date: June 10, 2013	
	Public Funds:
Ballot Status: Primary	Received: \$55,800.00
Primary Election Date: September 10, 2013	Returned: \$9,835.40
Party: Democratic	Campaign Finance Summary:
	<a href="http://bit.ly/1yS2QaX">http://bit.ly/1yS2QaX</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 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. Based on various criteria, we also selected the Campaign for an onsite review, and visited the Campaign's location to observe its activity and review its recordkeeping. After the election, we performed an audit of all financial disclosure statements submitted for the election (see summary of activity reported in these statements at Appendix #1).

To verify that the Campaign accurately reported and documented all financial transactions, we requested all of the Campaign's bank statements and reconciled the financial activity on the bank statements to the financial activity reported on the Campaign's disclosure statements. We identified unreported, misreported, and duplicate disbursements, as well as reported disbursements that did not appear on the Campaign's bank statements. We also calculated debit and credit variances by comparing the total reported debits and credits to the total debits and credits amounts appearing on the bank statements. Because the Campaign reported that more than 10% of the dollar amount of its total contributions were in the form of cash contributions, we compared the total cash contributions reported to the total of cash deposits on itemized deposit slips. Because the Campaign reported that more than 25% of the dollar amount of its total contributions were in the form of credit card contributions—or had a variance between the total credit card contributions reported and the credits on its merchant account statements of more than 4%—we reconciled the transfers on the submitted merchant account statements to the deposits on the bank account statements.

As part of our reconciliation of reported activity to the bank statements the Campaign provided, we determined whether the Campaign properly disclosed all bank accounts. We also determined if the Campaign filed disclosure statements timely and reported required activity daily during the

two weeks before the election. Finally, we reviewed the Campaign's reporting to ensure it disclosed required information related to contribution and expenditure transactions, such as intermediaries and subcontractors.

To determine if the Campaign adhered to contribution limits and prohibitions, we conducted a comprehensive review of the financial transactions reported in the Campaign's disclosure statements. Based on the Campaign's reported contributions, we assessed the total amount contributed by any one source and determined if it exceeded the applicable limit. We also determined if any of the contribution sources were prohibited. We reviewed literature and other documentation to determine if the Campaign accounted for joint activity with other campaigns.

To ensure that the Campaign disbursed funds in accordance with the Act and Rules, we reviewed the Campaign's reported expenditures and obtained documentation to assess whether funds were spent in furtherance of the Candidate's nomination or election. We also reviewed information from the New York State Board of Elections and the Federal Election Commission to determine if the Candidate had other political committees active during the 2013 election cycle. We determined if the Campaign properly disclosed these committees, and considered all relevant expenditures made by such committees in the assessment of the Campaign's total expenditures.

We requested records necessary to verify that the Campaign's disbursement of public funds was in accordance with the Act and Rules. Our review ensured that the Campaign maintained and submitted sufficiently detailed records for expenditures made in the election year that furthered the Candidate's nomination and election, or "qualified expenditures" for which public funds may be used. We specifically omitted expenditures made by the Campaign that are not qualified as defined by the Campaign Finance Act § 3-704.

We also reviewed the Campaign's activity to ensure that it complied with the applicable expenditure limits. We reviewed reporting and documentation to ensure that all expenditures—including those not reported, or misreported—were attributed to the period in which the good or service was received, used, or rendered. We also reviewed expenditures made after the election to determine if they were for routine activities involving nominal costs associated with winding up a campaign and responding to the post-election audit.

To ensure that the Campaign received the correct amount of public funds, and to determine if the Campaign must return public funds or was due additional public funds, we reviewed the Campaign's eligibility for public matching funds, and ensured that all contributions claimed for match by the Campaign were in compliance with the Act and Rules. We determined if the Campaign's activity subsequent to the pre-election reviews affected its eligibility for payment. We also compared the amount of valid matching claims to the amount of public funds paid pre-election and determined if the Campaign was overpaid, or if it had sufficient matching claims, qualified expenditures, and outstanding liabilities to receive a post-election payment. As part of this review, we identified any deductions from public funds required under Rule 5-01(n).



We determined if the Campaign met its mandatory training requirement based on records of training attendance kept throughout the 2013 election cycle. Finally, we determined if the Campaign submitted timely responses to post-election audit requests sent by the CFB.

Following an election, campaigns may only make limited winding up expenditures and are not going concerns. Because the activity occurring after the post-election audit is extremely limited, the audit focused on substantive testing of the entire universe of past transactions. The results of the substantive testing served to establish the existence and efficacy of internal controls. The CFB also publishes and provides to all campaigns guidance regarding best practices for internal controls.

To determine if contributors were prohibited sources, we compared them to entities listed in the New York State Department of State's Corporation/Business Entity Database. Because this was the only source of such information, because it was neither practical nor cost effective to test the completeness of the information, and because candidates could provide information to dispute the Department of State data, we did not perform data reliability testing. To determine if reported addresses were residential or commercially zoned within New York City, we compared them to a database of addresses maintained by the New York City Department of Finance. Because this was the only source of such data available, because it was not cost effective to test the completeness of the information, and because campaigns had the opportunity to dispute residential/commercial designations by providing documentation, we did not perform data reliability testing.

In the course of our reviews, we determined that during the 2013 election cycle a programming error affected C-SMART, the application created and maintained by the CFB for campaigns to disclose their activity. Although the error was subsequently fixed, we determined that certain specific data had been inadvertently deleted when campaigns amended their disclosure statements and was not subsequently restored after the error was corrected. We were able to identify these instances and did not cite exceptions that were the result of the missing data or recommend violations to the Board. The possibility exists, however, that we were unable to identify all data deleted as a result of this error.

The CFB's Special Compliance Unit investigated any complaints filed against the Campaign that alleged a specific violation of the Act or Rules. The Campaign was sent a copy of all formal complaints made against it, as well as relevant informal complaints, and was given an opportunity to submit a response.

The Campaign was provided with a preliminary draft of this audit report and was asked to provide a response to the findings. The Campaign responded, and the CFB evaluated any additional documentation provided and/or amendments to reporting made by the Campaign in response. After reviewing the Campaign's response, 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 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
Chase	XXXXXX4004	Checking	Apr 2013 – Jun 2015
Litle & Co.	XXXXXX3352	Merchant	May 2013 – Oct 2013

Below are the discrepancies as identified by a comparison of the records provided and the activity reported by the Campaign on its disclosure statements.

A review of the Campaign's deposit slips revealed the following discrepancy:<sup>1</sup>

TOTAL REPORTED CASH RECEIPTS	TOTAL CASH PER DEPOSIT SLIPS	DOLLAR VARIANCE	PERCENT VARIANCE
\$3,315.00	\$4,080.00	(\$765.00)	-23.08%

#### Previously Provided Recommendation

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

<sup>1</sup> 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.

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.

### **Campaign Response**

In response to the Draft Audit Report, the Campaign stated that it was unable to determine the cause of its cash variance and believe that it may have mistakenly deposited cash funds from a business account into its campaign account. Because the Campaign has a very low receipts variance, the cash variance is most likely not caused by funds from another account, but rather misreporting of contribution types (i.e. cash, check, or credit card).

### **Board Action**

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

## **2. Failure to File and Late Filings**

Campaigns are required to file disclosure statements on scheduled dates. *See* New York City Charter §1052(a)(8), Admin. Code §§ 3-703(6) and 3-708(8), and Rules 1-09(a) and 3-02.

The Campaign failed to file the following disclosure statements by the due date:

STATEMENT #	DUE DATE	DATE FILED	# DAYS LATE
9	07/15/13	07/16/13	1
12	09/20/13	09/21/13	1

### **Previously Provided Recommendation**

The Campaign may explain the lateness of the statements listed above. The Campaign may also provide documentation to support its explanation.

### **Campaign Response**

In response to the Draft Audit Report, the Campaign stated, "As with this audit, filing disclosure statements simply took more time than anticipated. Having never run for office before, we did not have an accurate sense of the time it would take to accomplish certain tasks; The '# of Days Late' should not suggest any gross negligence on our behalf."

## Board Action

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

### *Expenditure Findings*

### 3. Expenditures – Improper Post-Election

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

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

PAYEE	STATEMENT/ SCHEDULE/ TRANSACTION	PURPOSE CODE	INVOICE DATE	DATE PAID	AMOUNT
USA Diner	12/F/R0001065	OTHER	09/12/13	09/16/13	\$17.15
Paul Evans Caterers	Unreported	N/A	06/26/13	06/26/13	\$399.00
<b>Total</b>					<b>\$416.15</b>

### Previously Provided Recommendation

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

### Campaign Response

In response to the Draft Audit Report, the Campaign provided explanations and expenditure documentation for each of the expenditures cited in the Draft Audit Report. However, two expenditures remained. The Campaign stated that the USA Diner expenditure was for a "Post-Primary meal/discussion with primary opponent Sandra Pope to discuss the possibility of supporting her in the general election." The Campaign also submitted a receipt from USA Diner,

which lists the amount reported to CFB. However, this expenditure is not a routine activity associated with winding up the campaign.

With regard to the expenditure made to Paul Evans Caterers, the Campaign stated that it made an “unrelated business invoice paid out of [the] Campaign account.” The Campaign provided an invoice for the transaction, and a bank statement showing that the Candidate reimbursed the Campaign for the expenditure. However, the Campaign used Campaign funds to pay for a private event. *See* also Finding #5).

### **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 #5.

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

#### **4. 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).

In response to the Notice of Recommended Public Funds Repayment, the Campaign repaid its final bank balance of \$9,835.40.

### **Previously Provided Recommendation**

The Campaign must respond to all findings in this Final 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 Response**

In response to the Notice of Recommended Public Funds Repayment, the Campaign repaid its final bank balance of \$9,835.40.

## **Board Action**

The Board determined that the Campaign must repay \$9,835.40 to the Public Fund. The Campaign fulfilled its repayment obligation with a check in the amount of \$9,835.40, dated July 24, 2015.

## *Preliminary Other Findings*

### **5. Commingling of Funds**

All campaign receipts must be deposited into an account listed on the candidate's Certification and receipts accepted for one election may not be commingled with receipts accepted for any other election. *See* Rules 1-03(a)(2) and 2-06(b).

In response to the Draft Audit Report, the Campaign submitted narratives and documentation indicating that it made an expenditure for the Candidate's business using Public Funds, which is considered commingling of Campaign and personal funds. In its response to Finding #2b of the Draft Audit Report, the Campaign stated, "Paul Evans Catering mistakenly paid from campaign account. Reimbursed from "a Better Jamaica" and place onto "Other Receipts". In its response to Finding #6 of the Draft Audit Report, the Campaign also stated (concerning Paul Evans Caterers), "Unrelated business invoice mistakenly paid out of campaign account. Campaign reimbursed". The Campaign provided a check indicating that the Campaign was reimbursed from the Candidate's business account on September 23, 2013.

## **Previously Provided Recommendation**

This finding was identified as a result of the Campaign's response to the Draft Audit Report dated February 2, 2015.

### **Campaign Response**

This finding was identified as a result of the Campaign's response to the Draft Audit Report dated February 2, 2015.

### **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: May 25, 2016

Staff: Melody Lee

Michael Iacono



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

**Candidate:** Mays, Gregory (ID:1746-P)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$15,155.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$45.76
5. Total unitemized in-kind contributions		\$0.00
6. Total other receipts (Sch E - excluding CFB payments)		\$399.00
7. Total unitemized other receipts		\$0.00
8. Total itemized expenditures (Sch F)		\$62,649.29
Expenditure payments	\$61,790.75	
Advance repayments	\$858.54	
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)		\$5,200.00
13. Total loan repayments (Sch J)		\$5,200.00
14. Total loans forgiven (Sch K)		\$0.00
15. Total liabilities forgiven (Sch K)		\$45.76
16. Total expenditures refunded (Sch L)		\$318.04
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		\$45,965.00
Total public funds payment	\$55,800.00	
Total public funds returned	(\$9,835.00)	
21. Total Valid Matchable Claims		\$9,400.00
22. Total Invalid Matchable Claims		\$1,315.00
23. Total Amount of Penalties Assessed		N/A
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00