



New York City Campaign Finance Board

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212.409.1800 | www.nycffb.info

Rose Gill Hearn
Chair

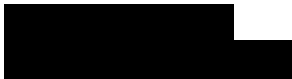
Art Chang
Richard J. Davis
Courtney C. Hall
Mark S. Piazza
Members

Amy M. Loprest
Executive Director

Sue Ellen Dodell
General Counsel

Via C-Access
December 8, 2015

Marie R. Carmody-LaFrancesca
Oddo for Staten Island



Dear Marie Carmody-LaFrancesca:

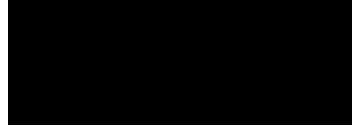
Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of James S. Oddo (the "Campaign"). CFB staff prepared the report based on a review of the Campaign's financial disclosure statements and documentation submitted by the Campaign.

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 with any questions about the enclosed report.

Sincerely,



Jonnathon Kline, CFE
Director of Auditing and Accounting

c: James S. Oddo
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Oddo for Staten Island
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Attachments



EC2013 Final Audit Report

Oddo for Staten Island

December 2015

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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 James S. Oddo (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 file the required daily disclosure statements during the two weeks preceding the 2013 general election (see Finding #1).

Contribution Findings

All campaigns are required to abide by contribution limits and adhere to the ban on contributions from prohibited sources. Further, campaigns are required to properly disclose and document all contributions. Findings in this section relate to the Campaign’s failure to comply with the requirements for contributions under the Act and Rules.

- The Campaign accepted aggregate contributions exceeding the \$3,850 contribution limit for the 2013 election cycle (see Finding #2).
- The Campaign accepted contributions from prohibited sources (see Finding #3).
- The Campaign did not provide requested documentation for reported contributions (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: James S. Oddo	Contribution Limit:
ID: 214	\$3,850
Office Sought: Borough President	
Borough: Staten Island	Expenditure Limit:
	2010–2012: \$135,000
Committee Name: Oddo for Staten Island	2013 Primary: N/A
Classification: Participant	2013 General: \$1,446,000
Certification Date: June 6, 2013	
	Public Funds:
Ballot Status: General	Received: \$186,342
General Election Date: November 5, 2013	Returned: \$43,367.44
Party: Conservative, Independence, Republican	
	Campaign Finance Summary:
	http://bit.ly/1rkOnS7

SCOPE AND METHODOLOGY

Pursuant to Admin. Code § 3-710(1), the CFB conducted this audit to determine whether the Campaign complied with the Act and Rules. Specifically, we evaluated whether the Campaign:

1. Accurately reported financial transactions and maintained adequate books and records.
2. Adhered to contribution limits and prohibitions.
3. Disbursed funds in accordance with the Act and Rules.
4. Complied with expenditure limits.
5. Received the correct amount of public funds, or whether additional funds are due to the Campaign or must be returned.

Prior to the election, we performed preliminary reviews of the Campaign's compliance with the Act and Rules. We evaluated the eligibility of each contribution for which the Campaign claimed matching funds, based on the Campaign's reporting and supporting documentation. We also determined the Candidate's eligibility for public funds by ensuring the Candidate was on the ballot for an election, was opposed by another candidate on the ballot, and met the two-part threshold for receiving public funds. In January of 2013, we requested all bank statements to date from the Campaign and reconciled the activity on the statements provided to the Campaign's reporting. We then provided the results of this preliminary bank reconciliation to the Campaign on April 19, 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.

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 given the opportunity to respond. The Campaign responded and the CFB evaluated any additional information provided by the Campaign. After reviewing the Campaign's response, CFB staff established that the total recommended penalties for the Campaign's alleged violations did not exceed \$500, and as a result the staff withdrew its recommendation of enforcement action to the Board. The Board's actions are summarized as a part of each Finding in the Audit Results section. The finding 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. Daily Pre-Election Disclosure – Statements of Contributions/Expenditures

During the 14 days preceding an election, if a candidate: (1) accepts a loan, contribution, or contributions from a single source in excess of \$1,000; or (2) makes aggregate expenditures to a single vendor in excess of \$20,000, the candidate shall report such contributions, loans, and expenditures to the Board in a disclosure, received by the Board within 24 hours of the reportable transaction. See Rule 3-02(e). This includes additional payments of any amount to vendors who have received aggregate payments in excess of \$20,000 during the course of the election cycle. These contributions and expenditures must also be reported in the Campaign’s next disclosure statement.

The Campaign did not file the required daily disclosures to report the following transactions:

EXPENDITURES:

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	DATE INCURRED	AMOUNT	NOTE
Prompt Direct	15/F/R0004298	10/25/13	\$4,761.54	(1)
Prompt Direct	15/F/R0004300	10/25/13	\$18,292.31	(1)
H & H Graphic Printing Communications	15/F/R0004335	10/31/13	\$4,750.00	(2)

(1) These expenditures were made within the 14 days preceding the election and, in aggregate, exceed the \$20,000 threshold at which a campaign must file a daily disclosure.

(2) The Campaign made aggregate expenditures totaling \$29,650.00 to H & H Graphic Printing Communications within the 14 days preceding the election. On 10/31/13, the Campaign disclosed a \$24,900.00 expenditure, but failed to disclose the expenditure listed above.

Previously Provided Recommendation

If the Campaign believes it filed the required daily disclosures timely, as part of its response it must submit the C-SMART disclosure statement confirmation email as proof of the submission. The Campaign may provide an explanation if it believes that its failure to file the daily disclosures is not a violation, but it cannot file daily pre-election disclosures now.

Campaign’s Response

In response to the Draft Audit Report, the Campaign explained that it misinterpreted Rule 3-402(e) and believed that individual expenditures exceeding \$20,000 require daily disclosures rather than aggregate expenditures to a single vendor exceeding \$20,000. Further, the Campaign stated that its intent was not deceive the CFB or hide expenditures, noting that it had disclosed a \$24,900 payment to H & H Graphic Printing Communications on 10/31/13.

In response to the Notice of Alleged Violations, the Campaign did not contest 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.

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).

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/ SCHEDULE/ TRANSACTION	TRANSACTION TYPE	INCURRED/ RECEIVED/ REFUNDED DATE	AMOUNT
*Neighborhood Preservation PAC	1/ABC/R0001158	Monetary Contribution	09/13/07	\$3,850.00
Rent Stabilization Ass. PAC	1/ABC/R0001217	Monetary Contribution	09/13/07	\$3,850.00
Rent Stabilization Ass. PAC	7/M/R0002866	Contribution Refund	01/14/13	(\$3,850.00)
				\$3,850.00
		Office Limit		(\$3,850.00)
		Amount Over-the-Limit		\$0.00

* Neighborhood Preservation PAC shares office space and a Board of Directors with Rent Stabilization Association PAC.

Previously Provided Recommendation

The Campaign previously resolved this contribution limit finding by issuing and documenting a refund, 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

In response to the Draft Audit Report, the Campaign stated that although it believed the two entities were separate and their contributions should not be aggregated, it had refunded the over the limit portion of the contribution. In its response to the Notice of Alleged Violations and Recommended Penalties, the Campaign documented that it timely refunded the contribution on March 14, 2013, prior to the CFB deadline.

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 contributions from entities listed on the New York State Department of State’s website as corporations, partnerships, and/or LLCs in the following instances. After notification from the CFB, the Campaign refunded the contributions.

PREVIOUSLY REFUNDED CONTRIBUTIONS FROM PROHIBITED SOURCES				
NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTE
Romagnolo, Joseph	12/ABC/R0003487	08/20/13	\$250.00	(1)
Scollar, Samuel	12/ABC/R0003495	08/20/13	\$100.00	(2)
Mizrahi, William	12/ABC/R0003680	08/28/13	\$250.00	(3)

(1) Although the Campaign reported the contribution as shown, the documentation provided indicates that this contribution was from the Law Office of Joseph A. Romagnolo, LLP.

(2) Although the Campaign reported the contribution as shown, the documentation provided indicates that this contribution was from Samuel L. Scollar, P.C.

(3) Although the Campaign reported the contribution as shown, the documentation provided indicates that this contribution was from William W. Mizrahi, PLLC.

Previously Provided Recommendation

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

Campaign's Response

In response to the Draft Audit Report, the Campaign stated that the contributors affirmatively stated that the checks were not being drawn on a corporate account. The Campaign did not contest this finding in response to its Notice of Alleged Violations and Recommended Penalties.

Board Action

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

4. Undocumented Transactions

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

The Campaign must provide supporting documentation for the reported transactions listed on Exhibit I.¹

Previously Provided Recommendation

The Campaign must submit documentation for each transaction listed on Exhibit I.

Campaign's Response

In response to the Draft Audit Report, the Campaign failed to document a check from Jennifer Nelson on 11/10/10 for \$100 (Transaction ID 2/M/R0002405) which was returned due to insufficient funds. The Campaign documented all other returned and refunded checks.

¹ 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.

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,



Jonnathon Kline, CFE

Director of Auditing and Accounting

Date: December 8, 2015

Staff: Hannah Golden

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

Candidate: Oddo, James S (ID:214-P)**Office:** 4 (Boro President)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$447,840.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$15,484.62
5. Total unitemized in-kind contributions		\$0.00
6. Total other receipts (Sch E - excluding CFB payments)		\$4,027.65
7. Total unitemized other receipts		\$0.00
8. Total itemized expenditures (Sch F)		\$578,219.78
Expenditure payments	\$559,329.90	
Advance repayments	\$18,889.88	
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)		\$7,300.00
Type 1	\$7,300.00	
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)		\$11,050.01
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$16,805.00
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		\$142,975.00
Total public funds payment	\$186,342.00	
Total public funds returned	(\$43,367.00)	
21. Total Valid Matchable Claims		\$117,440.00
22. Total Invalid Matchable Claims		\$665.00
23. Total Amount of Penalties Assessed		N/A
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00

Exhibit I
Oddo for Staten Island
Undocumented Transactions
 (see Finding #4)

Name	Statement/ Schedule/ Transaction ID	Transaction Type	Incurred/ Received/ Refunded Date	Amount	Notes
Nelson, Jennifer	2/M/R0002405	Returned Check	11/10/10	(\$100.00)	(1)
Total				(\$100.00)	

Notes:

- (1) The Campaign must document the return of these contributions. This includes a copy of the bank or certified check used to issue the refund or documentation from the bank identifying a bounced check.