



New York City Campaign Finance Board

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Via C-Access
January 28, 2016

Aydee Martinez
Friends of Luis Tejada



Dear Aydee Martinez:

Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of Luis M. Tejada (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 was assessed penalties totaling \$256.

The full amount owed must be paid no later than **February 29, 2016**. Please send a check in the amount of \$256, 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 **February 29, 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 January 15, 2014 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2013 elections. If the Campaign raises additional contributions to pay outstanding liabilities, please note that all 2013 election requirements,

including contribution limits, remain in effect. The Campaign is required to maintain its records for six years after the election, and the CFB may require the Campaign to demonstrate ongoing compliance. *See* Rules 3-02(b)(3), 4-01(a), and 4-03. In addition, please contact the New York State Board of Elections for information concerning its filing requirements.

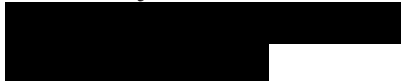
The CFB appreciates the Campaign's cooperation during the 2013 election cycle. Please contact the Audit Unit at 212-409-1800 or AuditMail@nyccfb.info with any questions about the enclosed report.

Sincerely,

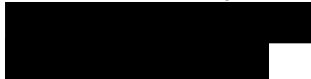
A large black rectangular redaction box covering the signature of Jonnathon Kline.

Jonnathon Kline, CFE
Director of Auditing and Accounting

c: Luis M. Tejada

A black rectangular redaction box covering contact information for Luis M. Tejada.

Friends of Luis Tejada

A black rectangular redaction box covering contact information for Friends of Luis Tejada.

Attachments



EC2013 Final Audit Report

Friends of Luis Tejada

January 2016

Table of Contents

Table of Contents 2

RESULTS IN BRIEF 3

 Disclosure Findings 3

 Contribution Findings..... 3

BACKGROUND 4

SCOPE AND METHODOLOGY 5

AUDIT RESULTS 9

 Disclosure Findings 9

 1. Financial Disclosure Reporting - Discrepancies 9

 Contribution Findings.....13

 2. Prohibited Contributions – Corporate/Partnership/LLC13

 3. Prohibited Contributions – Cash Contributions Greater Than \$10015

 4. Undocumented or Unreported In-Kind Contributions16

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 Luis M. Tejada (the "Campaign") indicate findings of non-compliance with the Campaign Finance Act (the "Act") and Board Rules (the "Rules") as detailed below:

Disclosure Findings

Accurate public disclosure is an important part of the CFB's mission. Findings in this section relate to the Campaign's failure to completely and timely disclose the Campaign's financial activity.

- The Campaign did not report or inaccurately reported financial transactions to the Board (see Finding #1).

Contribution Findings

All campaigns are required to abide by contribution limits and adhere to the ban on contributions from prohibited sources. 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 contributions from prohibited sources (see Finding #2).
- The Campaign accepted a cash contribution greater than \$100 (see Finding #3).
- The Campaign did not disclose in-kind contributions received (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: Luis M. Tejada	Contribution Limit:
ID: 1640	\$2,750
Office Sought: City Council	
District: 07	Expenditure Limit:
	2010–2012: \$45,000
Committee Name: Friends of Luis Tejada	2013 Primary: \$168,000
Classification: Participant	2013 General: N/A
Certification Date: June 10, 2013	
	Public Funds:
Ballot Status: Primary	Received: \$92,400
Primary Election Date: September 10, 2013	Returned: \$0
Party: Democratic	
	Campaign Finance Summary:
	http://bit.ly/1yS6mlz

SCOPE AND METHODOLOGY

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

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

Prior to the election, we performed preliminary reviews of the Campaign's compliance with the Act and Rules. We evaluated the eligibility of each contribution for which the Campaign claimed matching funds, based on the Campaign's reporting and supporting documentation. We also determined the Candidate's eligibility for public funds by ensuring the Candidate was on the ballot for an election, was opposed by another candidate on the ballot, and met the two-part threshold for receiving public funds. In January of 2013, we requested all bank statements to date from the Campaign and reconciled the activity on the statements provided to the Campaign's reporting. We then provided the results of this preliminary bank reconciliation to the Campaign on April 10, 2013. After the election, we performed an audit of all financial disclosure statements submitted for the election (see summary of activity reported in these statements at Appendix #1).

To verify that the Campaign accurately reported and documented all financial transactions, we requested all of the Campaign's bank statements and reconciled the financial activity on the bank statements to the financial activity reported on the Campaign's disclosure statements. We identified unreported, misreported, and duplicate disbursements, as well as reported disbursements that did not appear on the Campaign's bank statements. We also calculated debit and credit variances by comparing the total reported debits and credits to the total debits and credits amounts appearing on the bank statements. Because the Campaign reported that more than 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. The Campaign was subsequently informed of its alleged violations, and was asked to respond. After reviewing the Campaign's responses, CFB staff recommended that the Board find that the Campaign 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
JP Morgan Chase	XXXXXX5055	Checking	Dec 2012
JP Morgan Chase	XXXXXX5055	Checking	Apr 2013 – Sep 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 must provide the bank statements listed below:

BANK	ACCOUNT #	STATEMENT PERIOD
Piryx ¹	XXXXXX1W6S	Inception – Present

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

c) The Campaign reported the transactions listed on Exhibit II that do not appear on its bank statements.

d) The Campaign must provide copies of the itemized deposit slips listed on Exhibit III.

¹ This account was disclosed in response to the Notice of Alleged Violations.

e) A review of the Campaign’s deposit slips revealed the following discrepancy:²

TOTAL REPORTED CASH RECEIPTS	TOTAL CASH PER DEPOSIT SLIPS	DOLLAR VARIANCE	PERCENT VARIANCE
\$10,862.00	\$11,887.00	(\$1,025.00)	(9.44%)

See also Finding #1 d) above.

f) A review of the Campaign’s merchant account statements revealed the following discrepancy:³

TOTAL REPORTED CREDIT CARD RECEIPTS	TOTAL CREDIT CARD RECEIPTS PER STATEMENTS	DOLLAR VARIANCE	PERCENT VARIANCE
\$155.00	\$0.00	\$155.00	100%

See also Finding #1 a) above.

Previously Provided Recommendation

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

² 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.

³ The percentage variance is determined by subtracting the Total Credit Card Receipts Per Statements from the Total Reported Credit Card Receipts, and then dividing by the Total Reported Credit Card Receipts. A positive variance indicates that the Total Reported Credit Card Receipts exceeds the Total Credit Card Receipts Per Statements. A negative variance indicates that the Total Reported Credit Card Receipts is less than the Total Credit Card Receipts Per Statements.

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 discrepancy, 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.

f) To resolve the listed discrepancy, the Campaign must compare the credit card receipts reported in its financial disclosure statements to supporting documentation, including merchant account statements, deposit slips, bank statements, and any documentation not previously submitted. The Campaign should ensure it has disclosed all depository and merchant accounts, and provided all statements from inception through present for those accounts. 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 16.⁴

Campaign's Response

a) In its Draft Audit Report response, the Campaign provided all requested Chase Bank statements for JP Morgan Chase account #XXXX5055. The Campaign did not provide merchant account statements. The Campaign provided a copy of the transaction record for each contribution processed through Piryx and deposited into the Campaign's bank account, which agrees with the credit card deposits listed on the bank statements. However, this is not a complete merchant account statement.

⁴ If the Campaign amends its reporting with the CFB, it must also submit amendments to the New York State Board of Elections.

b) In its Draft Audit Report response, the Campaign submitted a narrative explanation for its unreported transactions but failed to amend its reporting to disclose all of the transactions.

c) In its Draft Audit Report response, the Campaign did not provide merchant account statements documenting the Piryx credit card processing expenses it reported; therefore, \$8.05 in uncleared expenditure transactions remains.

One additional transaction, a \$40 wage payment to Josefina Vanderhort, remains uncleared.

d) In its Draft Audit Report response, the Campaign provided all but one deposit slip.

e) In its Draft Audit Report response, the Campaign provided all requested deposit slips except a \$1,000 deposit on 09/19/13 that it failed to report or document. The new cash variance is -9.44%

In its response to the Notice of Alleged Violations, the Campaign stated that the unreported \$1,000 deposit on 09/19/13 was a cash deposit, provided by the Candidate to pay for bank fees caused by returned checks.

f) In its Draft Audit Report response, the Campaign provided transaction records from the merchant but did not provide merchant account statements.

Board Action

a) 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.

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.

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.

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 \$256 in penalties.

f) 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 – 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).

a) Prior to the election, the Campaign accepted a contribution from an entity listed on the New York State Department of State’s website as a corporation, partnership, or LLC in the following instance. After notification from the CFB, the Campaign refunded the contribution.

PREVIOUSLY REFUNDED CONTRIBUTION FROM A PROHIBITED SOURCE

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTE
Perez, Luis	7/ABC/R0000575	02/20/13	\$50.00	(1)

(1) Although the Campaign reported the contribution as shown, the documentation provided indicates that this contribution was from Daliza Pharmacy, Inc.

b) 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:

CONTRIBUTIONS FROM PROHIBITED SOURCES

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTE
Technologiasoft.com NY	10/F/R0001052	07/01/13	\$127.80	(1)
Content Critical	N/A	N/A	\$217.75	(2)

(1) *See* Finding #4 and Exhibit IVa.

(2) *See* Finding #4 and Exhibit IVa. Although the Campaign reported the contribution as shown, the documentation provided indicates that this contribution was from Content Critical NY, LLC.

Previously Provided Recommendation

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

b) The Campaign must address each transaction individually:

- The Campaign must refund each prohibited contribution by bank or certified check, and provide the CFB with a copy of the refund check, or pay the Public Fund an amount equal to the contribution.
- Alternatively, the Campaign may provide documentation or evidence showing that the contribution was not from a prohibited entity.
- For outstanding liabilities, the Campaign may provide documentation showing that the debt remains an outstanding liability and that the creditor is attempting to collect the debt. Such documentation may include current invoices, collection notices, and/or letters from creditors that demonstrate a consistent and ongoing collection effort.

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

The finding for Content Critical was identified as a result of the Campaign's response to the Draft Audit Report dated September 22, 2014.

Campaign's Response

a) In response to the Draft Audit Report, the Campaign submitted a narrative explaining the rationale for accepting this contribution but did not dispute the nature of the finding.

In its response to the Notice of Alleged Violations, the Campaign stated that it returned the contribution as soon as it learned that the donation was from a corporation. However, the Campaign initially received notification of this matter on April 22, 2013. It subsequently received an additional notification on June 4, 2013. Only after the receipt of two notices did the Campaign refund the prohibited contribution on June 25, 2013.

b) In response to the Draft Audit Report, the Campaign submitted a narrative stating that there was no discount on its invoice from Technologiasoft.com NY, Transaction ID 10/F/R0001052, but provided no other documentation to substantiate this statement.

In its response to the Notice of Alleged Violations, the Campaign submitted a signed letter from TechnologiaSoft, stating that it mistakenly failed to charge \$127.80 in sales tax to the Campaign. It stated that Friends of Luis Tejada had issued a check this amount to the vendor as of 07/15/15. The Campaign provided a copy of the front of a check from the Candidate's personal account to the vendor for \$127.80. However, the Campaign failed to provide a copy of the cancelled check or other evidence that the check cleared the Candidate's account and paid the liability.

The finding for Critical Content was identified as a result of the Campaign's response to the Draft Audit Report dated September 22, 2014.

In its response to the Notice of Alleged Violations, the Campaign provided a narrative statement stating that the outstanding total found on the invoice from Content Critical is money owed by the

Carmen Quinones for District Leader campaign and that the Campaign has fully paid for its portion of the invoice. However, the Campaign failed to provide documentation from the vendor and/or other campaign attesting to this statement. The invoice provided is addressed solely to Luis M. Tejada and makes no mention of any other petitioner.

Board Action

- a) The Board found the Campaign in violation, but did not assess a penalty.
- b) The Board found the Campaign in violation, but did not assess a penalty.

3. Prohibited Contributions – Cash Contributions Greater Than \$100

Campaigns may not accept cash contributions that total more than \$100 from a single contributor. See New York State Election Law § 14-118(2).

The Campaign reported receiving cash contributions that exceeded \$100 from the following contributor:

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED/ DATE	AMOUNT	AMOUNT OVER-THE- CASH-LIMIT
Tejada, Luis	Unreported	09/19/13	\$1,000	\$900

Previously Provided Recommendation

This finding was identified as a result of the response to the Notice of Alleged Violations.

Campaign’s Response

In its response to the Notice of Alleged Violations, the Campaign provided a narrative explanation for an unreported \$1,000 deposit, seen on the Campaign’s September 2013 checking account statement. The Campaign stated that this was a cash deposit, provided by the Candidate, to pay for bank fees caused by returned checks.

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 #1 e).

4. 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)(f).

Campaigns are required to report all in-kind contributions they receive. *See* Admin. Code § 3-703(6); Rule 3-03. In addition, campaigns are required to maintain and provide the CFB documentation demonstrating the fair market value of each in-kind contribution. *See* Admin. Code §§ 3-703(1)(d), (g); Rules 1-04(g)(2) and 4-01(c).

Invoices or contracts for the expenditures listed in Exhibit IVa indicate that the Campaign received a discount in connection with the goods/services being provided.

Previously Provided Recommendation

The Campaign must provide an explanation for the discount noted in the documentation. If the discount is routinely available to the general public or others, the Campaign must provide written confirmation from the vendor and submit an amendment to Statement 16. If the discount is not routinely available to others, the Campaign must report the amount of the discount as an in-kind contribution from the vendor. If the vendor is a prohibited source, the Campaign must pay the amount of the discount to the vendor by bank or certified check and provide the CFB with copies of the refund check or pay the Public Fund an amount equal to the amount of the prohibited contribution.

Campaign's Response

In response to the Draft Audit Report, the Campaign submitted a narrative stating that there was no discount on its invoice from Technologiasoft.com NY, Transaction ID 10/F/R0001052, but provided no other documentation from the vendor to substantiate this statement.

In its response to the Notice of Alleged Violations, the Campaign submitted a signed letter from TechnologiaSoft, stating that it mistakenly failed to change \$127.80 in sales tax to the Campaign. It stated that Friends of Luis Tejada had issued a check this amount to the vendor as of 07/15/15. The Campaign provided a copy of the front of a check from the Candidate's personal account to

the vendor for \$127.80. However, the Campaign failed to provide a copy of the cancelled check or other evidence that the check cleared the Candidate's account and paid the liability.

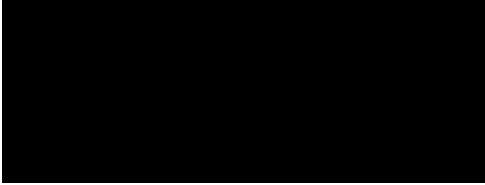
These findings were identified as a result of the Campaign's response to the Draft Audit Report dated September 22, 2014: Pantone Graphic Studio, Jose R. Burgos, and Content Critical.

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: January 28, 2016

Staff: Hannah Golden

Christopher Cruzcosa, CFE

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

Candidate: Tejada, Luis M (ID:1640-P)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$36,457.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$3,650.00
5. Total unitemized in-kind contributions		\$0.00
6. Total other receipts (Sch E - excluding CFB payments)		\$0.00
7. Total unitemized other receipts		\$0.00
8. Total itemized expenditures (Sch F)		\$129,973.73
Expenditure payments	\$129,973.73	
Advance repayments	\$0.00	
9. Total unitemized expenditures		\$0.00
10. Total transfers-In (Sch G)		\$0.00
Type 1	\$0.00	
Type 2a	\$0.00	
Type 2b	\$0.00	
11. Total transfers-out (Sch H)		\$0.00
Type 1	\$0.00	
Type 2a	\$0.00	
Type 2b	\$0.00	
12. Total loans received (Sch I)		\$0.00
13. Total loan repayments (Sch J)		\$0.00
14. Total loans forgiven (Sch K)		\$0.00
15. Total liabilities forgiven (Sch K)		\$0.00
16. Total expenditures refunded (Sch L)		\$0.00
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$350.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$699.00
Outstanding Bills	\$699.00	
Outstanding Advances	\$0.00	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$92,400.00
Total public funds payment	\$92,400.00	
Total public funds returned	\$0.00	
21. Total Valid Matchable Claims		\$21,257.00
22. Total Invalid Matchable Claims		\$1,535.00
23. Total Amount of Penalties Assessed		\$256.00
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00

Exhibit Ia
Friends of Luis Tejada
Unreported Transactions
(see Finding #1b)

Payee	Check No./ Transaction	Date	Amount	Notes
Chase Bank	Debit	03/15/13	\$300.00	
Chase Bank		06/25/13	\$10.00	(1)
Withdrawal		07/10/13	\$300.00	
Withdrawal		08/02/13	\$50.00	
Withdrawal		08/09/13	\$100.00	
Chase Bank	Debit	09/17/13	\$34.00	
Chase Bank	Debit	09/17/13	\$34.00	
Chase Bank	Debit	09/18/13	\$34.00	
Unknown	1196	09/19/13	\$40.00	
Unknown	1195	09/23/13	\$40.00	
Total			\$942.00	

Notes

(1) This amount was previously cited as a portion of a misreported transaction. However, the Campaign stated that the \$10 difference represented here is due to unreported bank fees of \$5, each, for two money orders.

Exhibit Ib
Friends of Luis Tejada
Unreported Credits
(see Finding #1b)

Payee	Check No./ Transaction	Date	Amount
Staples	Debit	08/15/13	\$160.05
Jose Holuin	Credit Card	08/27/13	\$50.00
Luis Tejada	Unknown	11/10/14	\$60.00
Total			<u>\$270.05</u>

Exhibit II
Friends of Luis Tejada
Uncleared Transactions
(see Finding #1c)

Transaction ID	Payee	Account	Check No./ Transaction	Date	Amount
R0000905	Chase Bank	5055	Debit	03/11/13	\$0.86
R0000881	Chase Bank	5055	Debit	03/27/13	\$4.31
R0000903	Chase Bank	5055	Debit	04/21/13	\$2.88
R0001656	Vanderhort, Josefina	5055	1193	09/12/13	\$40.00
Total					<u>\$48.05</u>

Exhibit III
Friends of Luis Tejada
Missing Deposit Slips
(see Finding #1d)

Bank	Account	Date	Total Amount	Status
JP Morgan Chase	5055	10/23/13	\$137.42	Missing

Exhibit IVa
Friends of Luis Tejada
Unreported In-kind Contributions
 (see Finding #4)

Name	Statement/ Schedule/ Transaction ID	Invoice Date	Paid Date	Amount	Notes
Technologiasoft.com NY	10/F/R0001052	06/25/13	07/01/13	\$127.80	(1)
Pantone Graphic Studio	16/N/R0001001	06/30/13	N/A	\$349.00	(2)
Burgos, Jose R	N/A	N/A	N/A	\$560.00	(3)
Content Critical	N/A	N/A	N/A	\$217.75	(4)

Notes:

- (1) According to an invoice supplied by the Campaign, the vendor did not charge tax on this \$1,440.00 purchase. (See Exhibit IVb.) The combined NYC and NYS sales tax rate is 8.875% (\$1,440.00*8.875% = \$127.80), therefore this invoice has been discounted by \$127.80. This may also be a prohibited corporate contribution. See Finding #2b.
- (2) The Campaign initially reported the transaction as an outstanding liability. However, the Campaign did not report the liability on subsequent statements as still outstanding, nor did the Campaign report payment of the liability. Based on a narrative from the Campaign and the vendor, this amount has been forgiven.
- (3) According to documentation supplied by the Campaign, it did not pay \$560.00 of a total contract of \$10,000.00.
- (4) According to documentation supplied by the Campaign, it did not pay \$217.75 of a total contract of \$800.00. This may also be a prohibited corporate contribution. See Finding #2b.

Exhibit IVb
Friends of Luis Tejada
Undocumented or Unreported In-Kind Contributions
(see Finding #4)

TCCEB 2014-01-23

52-18-182 8300M

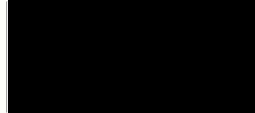
INVOICE

TecnologiaSoft.com NY
 527 Riverdale Avenue Suite 2R
 Yonkers, NY 10705
 Tel.: 212-234-6942 Fax.:

Invoice #: 5203
 Client #: 1244
 Date: 06-25-2013
 Representative: admin

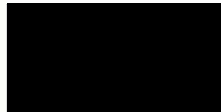
Client:

Friends of Luis Tejada
 Tejada Luis



Ship To:

Friends of Luis Tejada
 Tejada Luis



10/992

Printing Date: 01-23-2014

Ref. No.:

Company Trans. #: 5216
 Branch: 100

#	Qty.	Item	Description	Price	SubTotal	Tax	Total
1	1	9998	Car Wrap 4 Sides	1,440.00	1,440.00	0.00	1,440.00

Comments:

was 1440.00 paid

Sub total	Tax	Amount	Payments	Balance
1,440.00	0.00	1,440.00	1,440.00	0.00