



New York City Campaign Finance Board

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

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Via C-Access
September 30, 2016

Andrea C. Scarborough
Friends of Manny Caughman Committee
115-05 179th Street
Addisleigh Park, NY 11434

Dear Andrea Scarborough:

Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of Manuel Caughman (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 February 11, 2016 (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 \$1,888.00.

The full amount owed must be paid no later than **October 31, 2016**. Please send a check in the amount of \$1,888.00, payable to the "New York City Election Campaign Finance Fund," to: New York City Campaign Finance Board, 100 Church Street, 12th Floor, New York, NY 10007.

If the CFB is not in receipt of the full amount owed by **October 31, 2016**, the Candidate's name and the amount owed will be posted on the CFB's website. The CFB may also initiate a civil action to compel payment. In addition, the Candidate will not be eligible to receive public funds for any future election until the full amount is paid. Further information regarding liability for this debt can be found in the attached Final Board Determination.

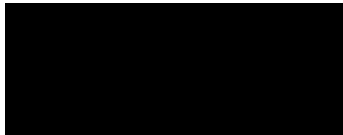
The Campaign may challenge a public funds determination in a petition for Board reconsideration within thirty days of the date of the Final Audit Report as set forth in Board Rule 5-02(a). However, the Board will not consider the petition unless the Campaign submits new information

and/or documentation and shows good cause for its previous failure to provide this information or documentation. To submit a petition, please call the Legal Unit at 212-409-1800.

The January 15, 2014 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2013 elections. 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 black rectangular redaction box covering the signature of Suda S. Chapman.

Signature on Original

Suda S. Chapman
Director of Auditing and Accounting

c: Manuel Caughman

A black rectangular redaction box covering contact information for Manuel Caughman.

Friends of Manny Caughman Committee
115-05 179th Street
Addisleigh Park, NY 11434

Attachments



EC2013 Final Audit Report

Friends of Manny Caughman Committee

September 2016

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RESULTS IN BRIEF

The results of the New York City Campaign Finance Board's ("CFB" or "Board") review of the reporting and documentation of the 2013 campaign of Manuel Caughman (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 disclose payments made by its vendors to subcontractors (see Finding #2).

Contribution Findings

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

- The Campaign did not disclose in-kind contributions received (see Finding #3).

Expenditure Findings

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

- The Campaign made cash disbursements greater than \$100 and/or the Campaign maintained a petty cash fund greater than \$500 (see Finding #4).
- The Campaign made expenditures that were not in furtherance of the Campaign (see Finding #5).
- The Campaign made post-election expenditures that are not permissible (see Finding #6).

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: Manuel Caughman	Contribution Limit:
ID: 1706	\$2,750
Office Sought: City Council	
District: 27	Expenditure Limit:
	2010–2012: N/A
Committee Name: Friends of Manny Caughman Committee	2013 Primary: \$168,000
Classification: Participant	2013 General: N/A
Certification Date: June 4, 2013	
	Public Funds:
Ballot Status: Primary	Received: \$92,400
Primary Election Date: September 10, 2013	Returned: \$0
General Election Date: N/A	
Party: Democratic	Campaign Finance Summary:
	http://bit.ly/1k8BASI

SCOPE AND METHODOLOGY

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

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

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

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

As part of our reconciliation of reported activity to the bank statements the Campaign provided, we determined whether the Campaign properly disclosed all bank accounts. We also determined if the Campaign filed disclosure statements timely and reported required activity daily during the two weeks before the election. Finally, we reviewed the Campaign's reporting to ensure it disclosed required information related to contribution and expenditure transactions, such as intermediaries and subcontractors.

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

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

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

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

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

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

Following an election, campaigns may only make limited winding up expenditures and are not going concerns. Because the activity occurring after the post-election audit is extremely limited,

the audit focused on substantive testing of the entire universe of past transactions. The results of the substantive testing served to establish the existence and efficacy of internal controls. The CFB also publishes and provides to all campaigns guidance regarding best practices for internal controls.

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

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

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

The Campaign was provided with a preliminary draft of this audit report and was asked to provide a response to the findings. The Campaign responded, and the CFB evaluated any additional documentation provided and/or amendments to reporting made by the Campaign in response. The Campaign was subsequently informed of its alleged violations, and was asked to respond. The Campaign responded and the CFB evaluated any additional information provided by the Campaign. CFB staff recommended that the Board find that the Campaign committed violations subject to penalty. The Campaign chose not to contest the CFB staff recommendations. 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
Bank of America	XXXXX5231	Checking	Jan 2013 – Feb 2014
Paypal	XXXXX3611	Merchant	Apr 2013 – Aug 2013

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

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

ACCOUNT #	NAME	CHECK No./ TRANSACTION	PAID DATE	AMOUNT
XXXXX5231	Unknown	1276	12/03/13	\$360.00
XXXXX5231	Bank of America	Debit	12/03/13	\$35.00
XXXXX5231	Quickbooks	Expenditure Refund	12/06/13	\$29.90
XXXXX5231	Hostgator	Expenditure Refund	12/23/13	\$179.40
Total				\$604.30

b) The Campaign reported duplicate transactions as listed below:

NAME	CHECK No./ TRANSACTION	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT	DUPLICATE REPORTED AMOUNT
Bank of America	Debit	16/F/R0001996	12/02/13	\$18.00	
Bank of America	Debit	16/F/R0002029	12/02/13		\$18.00

c) The Campaign did not provide a copy of the itemized deposit slip listed below:

DATE OF DEPOSIT	DOLLAR AMOUNT
12/09/13	\$103.00

Previously Provided Recommendation

- a) 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.
- b) This finding was identified as a result of the Campaign’s response to the Draft Audit Report.
- c) The Campaign must provide copies of the requested itemized deposit slips.

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 16.¹

¹ If the Campaign amends its reporting with the CFB, it must also submit amendments to the New York State Board of Elections.

Campaign's Response

a - c) This finding was identified as a result of the Campaign's response to the Draft Audit Report.

Board Action

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

2. Disclosure – Possible Subcontractors

Subcontractors are vendors that a campaign's vendor hires to supply goods/services. If a vendor hired by a campaign pays a subcontractor more than \$5,000, the campaign must report the vendor, the name and address of the subcontractor, the amounts paid to the subcontractor, and the purpose of the subcontracted goods/services. *See* Rule 3-03(e)(3).

The vendor listed below received large payments and may have subcontracted goods and services. However, the Campaign did not report subcontractors used by this vendor:

PAYEE	AMOUNT PAID
Multi Media/Multi Media Posters	\$26,872.15

Previously Provided Recommendation

The Campaign must contact the vendor, who must verify whether subcontractors were used. The Campaign may provide the vendor with a copy of the Subcontractor Form (available on the CFB website at http://www.nyccfb.info/PDF/forms/subcontractor_disclosure_form.pdf) for this purpose, and submit the completed form with the Campaign's response. In addition, if subcontractors were used and paid more than \$5,000, the Campaign must amend its disclosure statements to report subcontractor information. If the vendor does not complete the Subcontractor Form, the Campaign should submit documentation of its attempts to obtain this information, including copies of certified mail receipts and the letters sent to the vendor.

Campaign's Response

In response to the Draft Audit Report, the Campaign provided a signed subcontractor form from the vendor which listed Progress Printing Corp and East River Mail as subcontractors paid \$10,200 and \$1,435, respectively. The Campaign also stated that it amended their disclosure statements, however the disclosure statements did not include any subcontractor information.

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

3. Undocumented or Unreported In-Kind Contributions

In-kind contributions are goods or services provided to a campaign for free, paid by a third party, or provided at a discount not available to others. The amount of the in-kind contribution is the difference between the fair market value of the goods or services and the amount the Campaign paid. Liabilities for goods and services for the Campaign which are forgiven, in whole or part, are also in-kind contributions. In addition, liabilities for goods and services outstanding beyond 90 days are in-kind contributions unless the vendor has made commercially reasonable attempts to collect. An in-kind contribution is both a contribution and expenditure subject to both the contribution and expenditure limits. Volunteer services are not in-kind contributions. In-kind contributions are subject to contribution source restrictions. *See* Admin. Code § 3-702(8); Rules 1-02 and 1-04(g). Campaigns may not accept contributions from any corporation, partnership, limited liability partnership (LLP), or limited liability company (LLC). *See* Admin. Code § 3-703(1)(l).

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

Documentation obtained by the CFB indicates that one or more expenditures were made to advance the election of the Candidate. However, the Campaign did not report the expenditure.

DESCRIPTION OF ITEM	NOTE
Staples Invoice, dated 12/31/13	(1)
Refund to Cyrano Colvert	(2)

(1) The invoice provided by the Campaign for Transaction ID 16/F/R0002006 indicates that an additional amount of \$14.86 was paid from the treasurer’s personal account. However, the Campaign failed to report this amount as either an in-kind contribution or an advance.

(2) In response to the Draft Audit Report, the Campaign provided a copy of a cashier’s check dated October 24, 2014 for a contribution refund made to Cyrano Colvert for \$15.00. The remitter on the check is Manuel Caughman, however, the Campaign previously closed its bank account in February of 2014.

Previously Provided Recommendation

This finding was identified as a result of the Campaign’s response to the Draft Audit Report.

Campaign’s Response

This finding was identified as a result of the Campaign’s response to the Draft 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.

Expenditure Findings

4. Cash Disbursements Exceeding \$100

Campaigns are prohibited from maintaining a petty cash fund greater than \$500. *See* Rule 4-01(e)(2). Campaigns are also prohibited from spending amounts greater than \$100 except by checks from a bank account reported to the CFB and signed by the Campaign’s authorized signatory. *See* Rule 1-08(i).

The Campaign made individual cash expenditures of more than \$100, as listed below:

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	DATE	AMOUNT	NOTE
Crown Fried Chicken	12/F/R0001945	09/10/13	\$201.75	(1)

(1) Documentation indicates that the Campaign made this expenditure in cash, although the Campaign reported another method of payment.

Previously Provided Recommendation

This finding was identified as a result of the Campaign’s response to the Draft Audit Report.

Campaign’s Response

In response to the Notice of Alleged Violations and Recommended Penalties, the Campaign indicated that it would not contest this finding.

Board Action

The Board found the Campaign in violation and assessed \$50.00 in penalties.

5. Expenditures – Not In Furtherance of the Campaign

Campaigns may only spend campaign funds for items that further the candidate’s election. Campaigns must keep detailed records to demonstrate that campaign funds were used only for those purposes. *See* Admin. Code §§ 3-703(1)(d), (g); Rule 4-01. The law gives examples of the types of expenditures that are presumed to be campaign-related, although in certain circumstances expenditures of the types listed as appropriate may be questioned. Among the relevant factors are: the quality of the documentation submitted; the timing and necessity of the expenditure; the amount of the expenditure and/or all expenditures of a specific type in relation to the Campaign’s total expenditures; and whether the expenditure is duplicative of other spending. The law also prohibits the conversion of campaign funds to personal use which is unrelated to a political campaign, and provides examples of expenditures that are not in furtherance of a campaign. *See* New York State Election Law §14-130; Admin. Code §§ 3-702(21), 3-703, and 3-710(2)(c); Rules 1-03(a), and 5-03(e), and Advisory Opinion No. 2007-3 (March 7, 2007). Expenditures not demonstrated to be in furtherance of the candidate’s election are considered “non-campaign related.”

The Campaign reported the expenditure listed below which—based on the reporting and/or documentation—is non-campaign related:

PAYEE	STATEMENT/ SCHEDULE/ TRANSACTION	PURPOSE CODE	INVOICE DATE	DATE PAID	AMOUNT	NOTE
Best Buy	12/F/R0001877	OFFCE	09/02/13	09/02/13	\$782.08	(1)

(1) Documentation provided by the Campaign indicates that this expenditure for software was made less than two weeks before the primary election.

Previously Provided Recommendation

The Campaign must explain how each expenditure listed is in furtherance of the Campaign, and provide supporting documentation. The explanation and documentation may include details of how, when, where, and by whom a good was used. For services, the documentation and explanation may include work product and/or additional details regarding how, when, and where

the service was provided; and how the service was necessary in light of the timing of other transactions reported by the Campaign. The Campaign must review the questioned transaction. Expenditures that are not in furtherance of the Campaign may increase the amount of public funds that must be repaid.

Campaign's Response

In response to the Draft Audit Report, the Campaign submitted a signed letter from the Candidate, dated November 10, 2014. The letter stated that it “agreed to purchase a computer for use election night at a thank you event planned for the committee, staff and volunteers to show pictures and videos of the hard [sic] everyone had done in the anticipated campaign victory.” However, the Campaign failed to properly explain why the Campaign did not use their other Campaign computer equipment for the event and a new computer and software was necessary.

In response to the Notice of Alleged Violations and Recommended Penalties, the Campaign indicated that it would not contest this finding.

Board Action

The Board found the Campaign in violation and assessed \$195.00 in penalties.

6. 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 on Exhibit I is an improper post-election expenditure due to the timing, amount and/or purpose reported by the Campaign or identified from a review of Campaign bank statements and/or documentation.

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's Response

In response to the Draft Audit Report, the Campaign provided an explanation for the cited expenditures to Hess, New Hope Lutheran Church, Greater Chapter of Queens Link, CUCE, and Nationbuilder. However, the Campaign failed to provide supporting documentation to substantiate its response. Additionally, the Campaign stated the expenditures to Prima-Donna Catering Services, Grady's Liquors Linden House, and Pathmark were "associated with a 'Thank You' reception." However, the supporting documentation the Campaign provided indicated the reception was held more than 30 days after the election. Because the reception was not held within 30 days after the election, the expenditures associated with the reception are improper post-election expenditures.

The Campaign stated that the \$1,500.00 expenditure to Preston Baker on October 1, 2013 and the \$200.00 expenditure to Nabila Madubuko on October 5, 2013 were bonus payments. However, bonuses are prohibited and thus considered an improper post-election expenditure.

Regarding the expenditure to Sylvia Brandon for \$200.00, the Campaign stated that it was for use of the payee's vehicle on September 8, 2013. The Campaign provided a letter from Ms. Brandon, but the letter did not include the date that the Campaign used her vehicle. As a result, the documentation does not adequately substantiate the Campaign's explanation for this expenditure.

The Campaign stated that a \$1,500.00 expenditure to Andrea Scarborough and a \$500.00 expenditure to Tai White on October 1, 2013 were "a token of appreciation" because Ms. Scarborough and Ms. White "volunteered their time throughout the campaign." The Campaign's response indicates these expenditures were compensation for services already performed on a voluntary basis and thus considered improper post-election expenditures.

Lastly, regarding the \$500.00 expenditure to Archie Spigner on October 2, 2013 (Transaction ID 16/F/R0001983), the Campaign stated that it was a reimbursement "for expenses associated with car repairs." The invoice provided by the Campaign for the expenditure was from Harry's Service Center, Inc. and listed a date of July 20, 2013. However, the Campaign failed to report an advance purchase related to vehicle repairs in July of 2013. Because the Campaign failed to report an advance purchase in July for vehicle repairs, and reimbursed Mr. Spigner for the expenditure more than two months after the services were provided, the expenditure appears to be payment for costs to defray the normal cost of living and thus considered an improper post-election expenditure.

In response to the Notice of Alleged Violations and Recommended Penalties, the Campaign indicated that it would not contest these findings.

Board Action

The Board found the Campaign in violation and assessed \$1,643.00 in penalties.

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: September 30, 2016

Staff: Melody Lee

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

Candidate: Caughman, Manuel (ID:1706-P)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$41,387.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$825.56
5. Total unitemized in-kind contributions		\$0.00
6. Total other receipts (Sch E - excluding CFB payments)		\$0.22
7. Total unitemized other receipts		\$0.00
8. Total itemized expenditures (Sch F)		\$132,424.47
Expenditure payments	\$131,520.14	
Advance repayments	\$904.33	
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)		\$52.59
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$1,570.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$50.00
Outstanding Bills	\$50.00	
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		\$20,512.00
22. Total Invalid Matchable Claims		\$530.00
23. Total Amount of Penalties Assessed		\$1,888.00
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00

Exhibit I
Friends of Manny Caughman Committee
Improper Post-Election Expenditures
(see Finding #6)

Name	Statement/ Schedule/ Transaction ID	Purpose Code	Invoice Date	Paid Date	Amount	Notes
Hess	12/F/R0001814	OTHER	09/11/13	09/12/13	\$60.00	
New Hope Lutheran Church	12/F/R0001942	OTHER	09/15/13	09/15/13	\$225.00	
Baker, Preston	16/F/R0001979	WAGES	10/01/13	10/01/13	\$1,500.00	
Brandon, Sylvia	16/F/R0001975	OTHER	10/01/13	10/01/13	\$200.00	
Scarborough, Andrea	16/F/R0001981	OTHER	10/01/13	10/01/13	\$1,500.00	
White, Tai	16/F/R0001978	WAGES	10/01/13	10/01/13	\$500.00	
Spigner, Archie H	16/F/R0001983	OTHER	10/02/13	10/02/13	\$500.00	
Madubuko, Nabila	16/F/R0001985	WAGES	10/05/13	10/05/13	\$200.00	
NationBuilder	16/F/R0001990	PROFL	10/07/13	10/07/13	\$19.00	
Greater Chapter Of Queens Link	16/F/R0002022	OTHER	10/16/13	10/16/13	\$125.00	
CUCE	16/F/R0002025	OTHER	10/16/13	10/16/13	\$150.00	
Prima-Donna Catering Services	16/F/R0001965	OTHER	10/23/13	10/23/13	\$840.00	
Grady's Liquors	16/F/R0001970	OTHER	10/26/13	10/26/13	\$53.02	
Linden House	16/F/R0001962	OTHER	10/27/13	10/27/13	\$250.00	
Pathmark	16/F/R0001972	OTHER	10/27/13	10/27/13	\$34.06	
Prima-Donna Catering Services	16/F/R0001967	OTHER	10/29/13	10/29/13	\$40.00	
Nationbuilder	16/F/R0001994	PROFL	11/05/13	11/05/13	\$19.00	
Unknown	Unreported	N/A	Unreported	12/03/13	\$360.00	(1)
Total					<u>\$6,575.08</u>	

Note:

(1) See also Finding #1a.