



New York City Campaign Finance Board

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Via C-Access
November 24, 2015

John Tamburri
Neil Grimaldi for New York City Mayor



Dear John Tamburri:

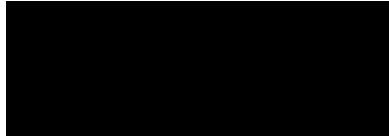
Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report for the 2013 campaign of Neil Grimaldi (the "Campaign"). CFB staff prepared the report based on a review of the Campaign's financial disclosure statements and documentation submitted by the Campaign. Based on various factors—including the level of activity reported by the Campaign on its verified disclosure statements and the results of pre-election statement reviews—we performed a limited review.

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").

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.

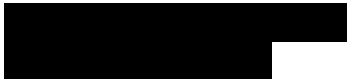
The CFB appreciates the Campaign's cooperation during the 2013 election cycle. Please contact the Audit Unit at 212-409-1800 or AuditMail@nyccfb.info with any questions about the enclosed report.

Sincerely,



Jonnathon Kline, CFE
Director of Auditing and Accounting
signature on original

c: Neil Grimaldi



Neil Grimaldi for New York City Mayor



Attachments



EC2013 Final Audit Report

Neil Grimaldi for New York City Mayor

November 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 Neil Grimaldi (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 provide copies of each monthly bank statement (see Finding #1).
- The Campaign did not report or inaccurately reported financial transactions to the Board (see Finding #2).
- The Campaign did not file, by the due dates, financial disclosure statements required by the Board (see Finding #3).

Other Findings

- The Campaign did not respond to the Initial Documentation Request and the Draft Audit Report (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: Neil Grimaldi	Contribution Limit:
ID: 1603	\$4,950
Office Sought: Mayor	
	Expenditure Limit:
	2010–2012: N/A
Committee Name: Neil Grimaldi	2013 Primary: \$6,426,000
for New York City Mayor	2013 General: N/A
Classification: Participant	
Certification Date: June 10, 2013	
	Public Funds:
Ballot Status: Primary	Received: \$0
Primary Election Date: September 10, 2013	Returned: N/A
Party: Democratic	
	Campaign Finance Summary:
	http://bit.ly/1rkK2yv

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.

Based on various factors—including the level of activity reported by the Campaign on its verified disclosure statements and the results of pre-election statement reviews—we performed a limited review. 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.

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.

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.

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).

Finally, we determined if the Campaign submitted timely responses to post-election audit requests sent by the CFB.

Following an election, campaigns are not going concerns. Because the activity occurring after the post-election audit is extremely limited, the audit focused on substantive testing of the Campaign's previous activity. 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. However, the Campaign did not respond to the audit. After reviewing additional information obtained through other means, CFB staff did not recommend enforcement action to the Board. The Board's determinations are summarized as a part of each Finding in the Audit Results section.

AUDIT RESULTS

Disclosure Findings

1. Requested Bank Statements

Campaigns are required to maintain and provide bank statements to the CFB. *See* Admin. Code §§ 3-701(d), (g); Rules 4-01(a), (f).

The Campaign did not provide the following bank statements:

BANK	ACCOUNT NO.	ACCOUNT TYPE	STATEMENT PERIOD
TD Bank	XXXX2383	Checking	Inception – Present

Previously Provided Recommendation

The Campaign must provide the CFB with copies of all pages of each bank statement listed above.

Campaign's Response

The Campaign did not respond to 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.

2. 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 CFB subpoenaed TD Bank and obtained the following bank statements:

BANK	ACCOUNT #	ACCOUNT TYPE	STATEMENT PERIOD
TD Bank	XXXXX2383	Checking	Dec 2012 – Dec 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 transactions listed on Exhibit I that appear on its bank statements.
- b) A comparison of the Campaign's submitted bank statements with information reported in the Campaign's disclosure statements revealed the following overall net discrepancies in reporting:¹

RECEIPTS:

TOTAL REPORTED MONETARY RECEIPTS ²	TOTAL CREDITS PER BANK STATEMENTS	DOLLAR VARIANCE	PERCENT VARIANCE
\$0.00	\$1,000.00	(\$1,000.00)	(100%)

DISBURSEMENTS:

TOTAL REPORTED MONETARY DISBURSEMENTS ³	TOTAL DEBITS PER BANK STATEMENTS	DOLLAR VARIANCE	PERCENT VARIANCE
\$0.00	\$1,000.00	(\$1,000.00)	(100%)

Previously Provided Recommendation

These findings were identified as a result of a review of records subpoenaed by the Campaign Finance Board. The Campaign did not respond to repeated inquiries by the CFB, the Initial Document Request, or the Draft Audit Report.

¹ The percentage variance is determined by subtracting the Total Per Bank Statements amount from the Total Reported amount, and then dividing by the Total Reported amount. A positive variance indicates that the Total Reported amount exceeds the Bank Statements amount. A negative variance indicates that the Total Reported amount is less than the Bank Statements amount.

² Total Reported Monetary Receipts includes monetary contributions, other receipts, public funds payments, transfers-in, loans, and expenditure refunds.

³ Total Reported Monetary Disbursements includes bill payments, transfers-out, loan repayments, returns of public funds, and contribution refunds.

Campaign's Response

The Campaign did not respond to multiple inquiries by the CFB.

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. Failure to File and Late Filings

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

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

STATEMENT #	DUE DATE	DATE FILED	# DAYS LATE
9	07/15/13	07/22/13	7
10	08/09/13	08/12/13	3
11	08/30/13	N/A	Missing
12	09/20/13	N/A	Missing
16	01/15/14	N/A	Missing

Previously Provided Recommendation

The Campaign must explain the lateness of *and* failure to file the statements listed above. The Campaign may provide documentation regarding the lateness of, or failure to file, statements if it was not previously submitted. The Campaign must file Disclosure Statement #16 with its response.

Campaign's Response

The Campaign did not respond to 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.

Other Findings**4. Failure to Respond Timely**

Campaigns are required to respond timely to requests from the CFB. *See* Admin. Code § 3-703(1)(d); Rules 1-09, 4-01.

The Campaign failed to submit a response to the following:

REQUEST	DUE DATE	DATE SUBMITTED	# DAYS
Initial Documentation Request	11/21/13	N/A	Missing
Draft Audit Report	03/09/15	N/A	Missing

Previously Provided Recommendation

For the CFB request listed above, the Campaign may provide a written explanation for its failure to respond. The explanation must be accompanied by documentation, such as a certified mail receipt, or other relevant documentation regarding its failure to respond.

Campaign's Response

The Campaign did not respond to 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.

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

signature on original

Date: November 24, 2015

Staff: Hannah Golden

Sonia M. Simões

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

Candidate: Grimaldi, Neil V (ID:1603-P)**Office:** 1 (Mayor)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$0.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$0.00
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)		\$0.00
Expenditure payments	\$0.00	
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)		\$0.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$0.00
Outstanding Bills	\$0.00	
Outstanding Advances	\$0.00	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$0.00
Total public funds payment	\$0.00	
Total public funds returned	\$0.00	
21. Total Valid Matchable Claims		N/A
22. Total Invalid Matchable Claims		N/A
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
Neil Grimaldi for New York City Mayor
Unreported Transactions
 (see Finding #2a)

Contributor/Payee	Check No./ Transaction	Date	Amount	Notes
Robert Billingsley	Credit	12/26/12	\$1,000.00	
J&F Inc	98	12/31/12	\$500.00	
Cash	131	01/14/13	\$425.00	
TD Bank-Maintenance Fee	Debit	01/31/13	\$8.00	
TD Bank-Maintenance Fee	Debit	02/28/13	\$8.00	
TD Bank-Maintenance Fee	Debit	03/29/13	\$8.00	
TD Bank-Maintenance Fee	Debit	04/30/13	\$8.00	
TD Bank-Maintenance Fee	Debit	05/31/13	\$8.00	
TD Bank-Maintenance Fee	Debit	06/28/13	\$8.00	
TD Bank-Maintenance Fee	Debit	07/31/13	\$8.00	
TD Bank-Maintenance Fee	Debit	08/30/13	\$8.00	
TD Bank-Maintenance Fee	Debit	09/30/13	\$8.00	
TD Bank-Maintenance Fee	Debit	10/31/13	\$8.00	(1)
Total			<u>\$2,000.00</u>	

Notes

(1) The bank reversed \$5.00 of this \$8.00 charge.