



New York City Campaign Finance Board
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Via C-Access
 November 24, 2015

Aysha J. Gourdine
 Nikki Lucas 2013



Dear Aysha Gourdine:

Please find attached the New York City Campaign Finance Board’s (“CFB” or “Board”) Final Audit Report for the 2013 campaign of Nikki I. Lucas (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 August 13, 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 must repay the following:

CATEGORY	AMOUNT
Public Funds Repayment	\$22,371
Penalties Assessed	\$5,942
Total Owed	\$28,313

The full amount owed must be paid no later than **December 24, 2015**. Please send a check in the amount of \$28,313, 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 **December 24, 2015**, 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

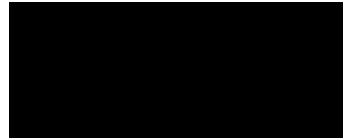
funds for any future election until the full amount is paid. Further information regarding liability for this debt can be found in the attached Final Board Determination.

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.

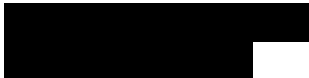
The CFB appreciates the Campaign's cooperation during the 2013 election cycle. Please contact the Audit Unit at 212-409-1800 or AuditMail@nyccfb.info with any questions about the enclosed report.

Sincerely,



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

c: Nikki I. Lucas



Nikki Lucas 2013



Attachments



EC2013 Final Audit Report

Nikki Lucas 2013

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 Nikki I. Lucas (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 disclose all of its bank accounts on the Certification (see Finding #1).
- The Campaign did not report or inaccurately reported financial transactions to the Board (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 expenditures that were not in furtherance of the Campaign (see Finding #4).
- The Campaign made post-election expenditures that are not permissible (see Finding #5).

Public Matching Funds Findings

The CFB matches contributions from individual New York City residents at a \$6-to-\$1 rate, up to \$1,050 per contributor. The CFB performs reviews to ensure that the correct amount of public funds was received by the Campaign and that public funds were spent in accordance with the Act and Rules. Findings in this section relate to whether any additional public funds are due, or any return of public funds by the Campaign is necessary.

- The Campaign did not document qualified expenditures equal to the amount of public funds it received (see Finding #6).
- The Campaign received an overpayment of public funds (see Finding #7).

Other Findings

- The Campaign did not respond timely to the Initial Documentation Request and did not respond to the Draft Audit Report (see Finding #8).

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: Nikki I. Lucas	Contribution Limit:
ID: 1612	\$2,750
Office Sought: City Council	
District: 42	Expenditure Limit:
	2010–2012: \$45,000
Committee Name: Nikki Lucas 2013	2013 Primary: \$168,000
Classification: Participant	2013 General: N/A
Certification Date: May 30, 2013	
	Public Funds:
Ballot Status: Primary	Received: \$31,584
Primary Election Date: September 10, 2013	Returned: \$0
Party: Democratic	
	Campaign Finance Summary:
	http://bit.ly/1yS2DUW

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. Based on various criteria, we also selected the Campaign for an onsite review, and visited the Campaign's location to observe its activity and review its recordkeeping. After the election, we performed an audit of all financial disclosure statements submitted for the election (see summary of activity reported in these statements at Appendix #1).

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

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

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

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

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

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

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

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

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

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

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

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

The Campaign was provided with a preliminary draft of this audit report and was asked to provide a response to the findings. However, the Campaign did not respond to the audit report. The Campaign was subsequently informed of its alleged violations and obligation to repay public funds, and was given the opportunity to respond. The Campaign did not respond. CFB staff recommended that the Board determine that the Campaign must repay public funds and committed violations subject to penalty. The Board's actions are summarized as a part of each Finding in the Audit Results section.

AUDIT RESULTS

Disclosure Findings

1. Bank Accounts – Identifying Information

Campaigns are required to report all bank, depository, and merchant accounts used for campaign purposes on their Certification. *See* Admin. Code § 3-703(1)(c); Rules 1-11(d), 2-01(a) and 2-06(a).

The bank statements provided by the Campaign revealed that information concerning Litle & Co., account number XXXXXX5881, was not reported to the CFB as part of the candidate's Certification.

Previously Provided Recommendation

The Campaign must explain why it failed to disclose the merchant account listed above and amend its Certification using a Change of Bank Account Form to include all missing account information. The form can be downloaded at http://www.nyccfb.info/PDF/forms/change_of_bank_account.pdf.

Campaign's Response

The Campaign did not respond to this finding.

Board Action

The Board found the Campaign in violation and assessed \$250 in penalties.

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 Campaign provided the following bank statements:

BANK	ACCOUNT #	ACCOUNT TYPE	STATEMENT PERIOD
JP Morgan Chase	XXXXX1695	Checking	Oct 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 must provide the bank statements listed below:

BANK	ACCOUNT #	STATEMENT PERIOD
JP Morgan Chase	XXXXX1695	Jan 2014 to Present
Litle & Co.	XXXXX5881	Inception to Present
ActBlue ¹	Unknown	Inception to Present

b) The Campaign did not report the transactions listed on Exhibit I 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 reported duplicate transactions as listed below:

NAME	CHECK NO./ TRANSACTION	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT	DUPLICATE REPORTED AMOUNT
ActBlue	Debit	8/F/R0000284	05/01/13	\$4.95	
ActBlue	Debit	9/F/R0000387	05/07/13		\$4.95
Intuit Websites	Debit	8/F/R0000308	05/03/13	\$10.99	
Intuit Websites	Debit	9/F/R0000385	05/06/13		\$10.99
Total					\$15.94

¹ This account is the payment gateway linked to the Litle & Co. merchant account.

e) The Campaign must provide copies of the itemized deposit slips listed below:

DATE OF DEPOSIT	DOLLAR AMOUNT
01/11/13	\$5.00
01/11/13	\$5.00
01/11/13	\$2.00
04/01/13	\$60.00

f) 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
\$4,560.80	\$4,370.00	\$190.80	4.18%

See also Finding e) above.

g) 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
\$800.00	\$0.00	\$800.00	100.00%

See also Finding a) above.

Previously Provided Recommendation

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

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.

- 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 source. The Campaign may need to contact the payee to determine why the transaction did not clear.
- d) For duplicate transactions, the Campaign must delete the duplicate transactions in C-SMART and submit amended disclosure statements. If the transactions are not duplicates, the Campaign must explain why the transactions are not duplicates, and provide supporting documentation. The Campaign may also need to amend its disclosure statements if it did not report transactions accurately.
- e) The Campaign must provide copies of the requested itemized deposit slips.
- f) To resolve the listed discrepancies, the Campaign must compare the cash receipts reported in its financial disclosure statements to supporting documentation, including deposit slips, bank 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.
- g) To resolve the listed discrepancies, 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

The Campaign did not respond to this finding.

Board Action

- a) The Board found the Campaign in violation and assessed \$500 in penalties.
- b – e) 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.
- f) The Board found the Campaign in violation and assessed \$47 in penalties.
- g) 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).

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

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).

The contract for the expenditures listed below indicates that the Campaign received a discount in connection with the goods/services being provided. According to its contract with Grace Christian Church, the Campaign agreed to pay \$4,500.00 for use of facilities at the church for a fundraiser held on March 30, 2013 (see Exhibit III). However, the Campaign reported payments to the vendor totaling only \$3,000.00, as detailed in the table below, and did not report the remaining \$1,500.00 as an outstanding liability. Therefore, it appears the Campaign received a discount from the vendor, which the Campaign did not report as an in-kind contribution.

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	INVOICE DATE	AMOUNT
Grace Lifestyle Center	7/F/R0000110	03/08/13	\$500.00
Grace Lifestyle Center	8/F/R0000314	03/23/13	\$500.00
Grace Lifestyle Center	8/F/R0000316	03/26/13	\$1,500.00
Grace Lifestyle Center	8/F/R0000318	03/27/13	\$500.00
Total			\$3,000.00

Previously Provided Recommendation

The Campaign must provide an explanation for the discount received from the vendor. If the discount is routinely available to the general public or others, the Campaign must provide written confirmation from the vendor. 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

The Campaign did not respond to this finding.

Board Action

The Board found the Campaign in violation and assessed \$100 in penalties.

Expenditure Findings

4. 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 expenditures listed below which—based on the reporting and/or documentation—are non-campaign related:

PAYEE	STATEMENT/ SCHEDULE/ TRANSACTION	PURPOSE CODE	INVOICE DATE	DATE PAID	AMOUNT	NOTE
Anderson, Linda	12/F/R0000556	WAGES	09/10/13	09/10/13	\$2,500.00	(1)
Gourdine, Aysha J	12/F/R0000760	WAGES	09/10/13	09/10/13	\$2,500.00	(2)
Total					\$5,000.00	

(1) Based on the duties listed on the timesheet for this individual and review of other payments made by the Campaign for similar work performed, the wage payment appears to be above the fair market value for one day’s work. The Campaign must explain how it determined the rate to be paid, and provide additional documentation to support the work performed.

(2) Based on the rate of pay for the time period worked, a significant portion of the expenditure appears to be payment for services already performed on a voluntary basis. See Rule 1-08(k).

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, where, and by whom the service was provided; and how the service was necessary in light of other transactions to workers reported by the Campaign. The Campaign must review the questioned

transactions. Expenditures that are not in furtherance of the Campaign may increase the amount of public funds that must be repaid.

Campaign's Response

The Campaign did not respond to this finding.

Board Action

The Board found the Campaign in violation and assessed \$1,250 in penalties.

5. 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 IV 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

The Campaign did not respond to this finding.

Board Action

The Board found the Campaign in violation and assessed \$137 in penalties.

Public Matching Funds Findings

6. Qualified Expenditure Documentation

Public funds may only be used for “qualified” expenditures by a candidate’s principal committee to further the candidate’s nomination or election during the calendar year in which the election is held. Expenditures that are not considered qualified include, but are not limited to, undocumented or unreported expenditures, payments to the candidate or the candidate’s relatives, payments in cash, contributions to other candidates, gifts, expenditures for petition defense or litigation, and advances except individual purchases of more than \$250. *See* Admin. Code § 3-704; Rule 1-08(g). Participants must return public funds, or may be limited in the amount of public funds they are eligible to receive post-election if they have not documented sufficient qualified expenditures. *See* Admin. Code § 3-710(2)(b); Rule 5-03(d).

Campaigns are required to obtain and maintain contemporaneous records that enable the CFB to verify that expenditures were qualified. *See* Admin. Code § 3-703(1)(d), (g); Rule 4-01. These records may include cancelled checks (front and back) and bills for goods or services. Bills must include the date the vendor was hired or the date the goods or services were received, the vendor’s name and address, a detailed description of the goods or services, and the amount.

The Rules provide guidance for situations where contemporaneous records are either missing or incomplete. *See* Rule 4-01(a). First, a campaign must attempt to obtain a duplicate or more complete record from the vendor. If that is not possible, a campaign may modify an existing record or create a new record which must clearly identify the record as modified or recreated. In addition, any modified or recreated record must be accompanied by a notarized statement explaining the reason for and circumstances surrounding the record. The statement must be from a campaign representative who has firsthand knowledge of the recreated document and must explain why the original document is not available or insufficient. Upon review of the non-contemporaneous record and statement, the CFB may still find the records are not sufficient to adequately document the transaction.

The Campaign received \$31,584.00 in public funds for the 2013 elections. Previously, CFB staff requested documentation to demonstrate that public funds were used for qualified expenditures. Based on all the records submitted, the Campaign has provided sufficient documentation for \$9,192.36 in qualified expenditures. Qualified expenditures are marked with a “Q” on the Qualified Expenditure Sample (included in the Draft Audit Report). For all other listed expenditures, the Campaign either:

- did not provide all of the necessary documentation to show the expenditure is qualified,
- provided documentation that requires further clarification, or
- provided documentation that shows the expenditure is not qualified.

If the Campaign does not document an additional \$22,371.64 as qualified, the Campaign must repay this amount to the Public Fund. However, based on other reviews, the Campaign has an additional repayment obligation (see Finding #7).

Previously Provided Recommendation

Any transaction marked with a “Q” is considered a qualified expenditure and no additional documentation or information is required. Transactions marked “NQ” cannot be qualified, for reasons such as a payment to a family member or a payment made in cash, and additional documentation will not make them qualified. If the Campaign disagrees, it must provide an explanation and documentation. All other transactions are marked with a code that explains what is missing or inadequate. The Code Key is located at the end of the list.

The list of transactions is sorted by amount, starting with the largest expenditures (disbursements followed by outstanding liabilities and advances greater than \$250, if applicable). If a transaction has more than one code, the Campaign must address all codes before that expenditure may be considered qualified. The Campaign must provide explanations and/or documentation where requested (copies of bills, detailed invoices, consulting agreements, work contracts, credit card statements, cancelled checks, etc., or recreated/modified records along with the required statements, as instructed above). In some cases, the Campaign may find it useful to supplement an invoice or other documentation already provided with evidence of work performed and/or a more detailed description of tasks performed or products received. In addition, the Campaign may need to submit amended disclosure statements to correct errors in its reporting of expenditures.

The Campaign must return a copy of the Qualified Expenditure Sample (included in the Draft Audit Report) with its response. All documents submitted to the CFB must be labeled with the corresponding Transaction IDs.

Campaign’s Response

The Campaign did not respond to this finding.

Board Action

The Board determined that the Campaign must repay \$22,371.64 to the Public Fund (\$31,584.00 in public funds received less \$9,212.36 in documented qualified expenditures.) The Committee is responsible for repaying \$22,371 in public funds, and the Candidate is jointly and severally responsible for repaying \$18,507 of this amount.

7. Overpayment of Public Funds

Public matching funds are paid to campaigns at a \$6-to-\$1 rate. The amount of each payment is based on preliminary review by CFB staff of the matching claims reported in the campaign's disclosure statements. The amount of public funds a campaign is ultimately eligible to receive is determined by the Board at the conclusion of the post-election audit, and this amount may be more or less than the campaign received during the election. See Admin. Code § 3-710(2)(a); Rules 5-01(g),(k) and 5-03.

An overpayment of public funds may occur if matching claims originally considered to be valid during the election are withdrawn, or are determined to be invalid upon a review of new information or a more detailed post-election review.

On October 9, 2013, the CFB notified the Campaign that it received \$1,170 more in public funds that it was eligible to receive, and advised the Campaign to raise additional valid matchable contributions and/or to correct invalid matching claims. Currently, the Campaign has \$5,069 in valid matching claims (see Exhibit V). Therefore, the Campaign is entitled to \$30,414 in public matching funds. The Campaign received \$31,584 in public funds during the election. Thus, the Campaign was overpaid by \$1,170.

If the Campaign does not validate additional matching claims, the Campaign must repay the amount of the overpayment to the Public Fund. However, based on other reviews, the Campaign has an additional repayment obligation (see Finding #6).

Previously Provided Recommendation

The Campaign must repay \$1,170 to the Public Fund.

The Campaign may provide documentation, an explanation, and/or amended reporting to validate matching claims currently considered invalid. The Invalid Matching Claims Report (included in the Draft Audit Report) presents the details of each contribution considered invalid. The left side of the report shows the data reported by the Campaign for each matching claim and the codes that describe why the claim is invalid. The right side provides space for the Campaign to provide a written response and a check box that describes the action the Campaign is taking to address the invalid claim. Return this report with the response to this Draft Audit Report. To supply additional or modified data, correct the appropriate transactions in C-SMART and amend the appropriate disclosure statements. For transactions on the Invalid Matching Claims Report (included in the Draft Audit Report) with more than one invalid code, the Campaign must address all the codes before the claims can be validated. No public funds will be disbursed on invalid claims.

Campaign's Response

The Campaign did not respond to this finding.

Board Action

Based on other reviews, the Campaign has a larger repayment obligation. *See* Finding #6.

Other Findings

8. 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, by the due date, a response to the following:

REQUEST	DUE DATE	EXTENSION REQUESTED	# DAYS	NOTE
Initial Documentation Request	12/26/13	01/14/14	18	(1)
Draft Audit Report	10/22/14	N/A	Missing	(2)

(1) The Initial Documentation Request was originally due December 26, 2013. The Campaign did not respond by that date, and did not request an extension until January 14, 2014, on which date the Campaign was granted an extension until January 23, 2014. The 18-day period from December 27, 2013 to January 13, 2014 was not covered by the extension.

(2) The Campaign was issued a Post-Election Document Request - No Response Notice on October 28, 2014.

Previously Provided Recommendation

For the CFB’s request listed above, the Campaign may provide a written explanation for the lateness of its response. The explanation must be accompanied by documentation, such as a certified mail receipt, or other relevant documentation regarding its lateness.

Campaign’s Response

The Campaign did not respond to this finding.

Board Action

The Board found the Campaign in violation and assessed \$3,658 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,



Jonnathon Kline, CFE

Director of Auditing and Accounting

signature on original

Date: November 24, 2015

Staff: Selene Muñoz

Nailaja Mingo

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

Candidate: Lucas, Nikki I (ID:1612-P)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$8,787.80
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$11.80
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)		\$38,511.92
Expenditure payments	\$38,511.92	
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)		\$115.37
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$600.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$4,486.41
Outstanding Bills	\$4,486.41	
Outstanding Advances	\$0.00	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$31,584.00
Total public funds payment	\$31,584.00	
Total public funds returned	\$0.00	
21. Total Valid Matchable Claims		\$5,059.00
22. Total Invalid Matchable Claims		\$1,465.00
23. Total Amount of Penalties Assessed		\$5,942.00
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00

Exhibit I
Nikki Lucas 2013
Unreported Transactions
(see Finding #2b)

Payee	Check No./ Transaction	Paid Date	Amount	Notes
JP Morgan Chase	Debit	03/05/13	\$20.58	
Little & Co.	Debit	07/25/13	\$0.50	
The New BBF Printing	Debit	09/05/13	\$1,175.00	
Unknown	107	09/11/13	\$100.00	
Unknown	412131695	09/20/13	\$160.00	
Unknown	281	10/16/13	\$160.00	
JP Morgan Chase	Debit	10/31/13	\$18.00	
Eig Homestead	Debit	11/05/13	\$10.99	(1)
JP Morgan Chase	Debit	11/13/13	\$15.00	
JP Morgan Chase	Withdrawal	11/29/13	\$18.00	(1)
Eig Homestead	Debit	12/05/13	\$10.99	(1)
Total			\$1,689.06	

Notes

(1) The Campaign reported this transaction as an outstanding liability. However, a payment to this vendor of the same amount appears on the Campaign's bank statement.

Exhibit II
Nikki Lucas 2013
Uncleared Transactions
(see Finding #2c)

Transaction ID	Payee	Account	Check No./ Transaction	Date	Amount
R0000089	J.P. Morgan Chase N.A.	1695	Debit	10/26/12	\$25.00
R0000466	MTA NYC Transit Vending	1695	Debit	08/09/13	\$6.00
R0000540	MTA NYC Transit Vending	1695	Debit	08/29/13	\$30.00
R0000638	Board of Elections City of NY	1695	Debit	08/29/13	\$30.00
R0000648	Jordan, Melba	1695	235	09/10/13	\$160.00
R0000709	Buckley, Darren	1695	201	09/10/13	\$10.00
Total					\$261.00

Exhibit III
Nikki Lucas 2013
Contract with Grace Lifestyle Center
(see Finding #3)

**Facility Use Contract
For The Grace Lifestyle Center**

This agreement sets forth the terms for facility use at Grace Christian Church.

1. **Identification of contracting parties:** This agreement is made and entered into on 3-8-2013 between **Grace Christian Church**, herein referred to as the "the Church", and NIKKI LUCAS 2013, the person or entity sponsoring the activity at the facility, herein referred to as "the sponsor". The sponsor is jointly and severally liable for the payment of use fees and performance of all other terms of this agreement.
2. **Identification of facilities and usage times:** Subject to the terms and conditions set forth in this agreement and in the Facility Use Policy, the Church allows the sponsor the privilege to use the following facilities:
 - () **Banquet Hall Full Catering & Décor Package** (usually \$7,500 for 150, & \$9,000 for 200)
This package includes the Elegance Décor Package, plus the following additions: food (including cocktail hors d'oeuvres, and main course meal), music with DJ, MC to keep the party fun-filled and exciting, and some house surprises for weddings. (usually 5 hours)
 - () **Banquet Hall Elegance Décor Package** (usually \$4,000 for 150 guests, & \$4,500 for 200)
This includes setup, cleanup, and decorations, including table linens, place settings (5 hours) (chargers, china, silvers, glasses, fabric napkins), center pieces, chair covers & sashes.
 - () **Basic Banquet Hall: with tables and chairs only.** You do your own set-up and cleanup. (usually \$2,000 for 5 hours, plus \$200 as a refundable cleaning security.)
 - () **Sanctuary Use (3-hour max):** (\$750 for weddings or funerals, & \$1,000 for concerts). This includes use of the sound system, Hammond organ or electric keyboard if needed, but does not include personnel to operate the equipments or instruments.
 - Other -- Political Fund-raiser: \$30 per plate including DJ and music. The sponsor guarantees a minimum sale of 150.**

on SAT, MARCH 30, 2013 from 6 pm to 10 pm (usually 5 hours).


Note: Overtime must be paid for in advance: \$200 for the 1st hour, and \$300 for the 2nd hour.

3. **Limits on Use:** The facilities are to be used only for the following purposes:

_____ ,
and for no other purpose without prior written consent. Occupancy by more than _____ persons is prohibited, and shall be considered a breach of this agreement.

4. **Amount and Schedule for the Payment of Use Fees and security deposit if applicable:** The sponsor shall pay to the church a **security deposit of \$500** upon signing of this contract, receipt of which is hereby acknowledged. A fee of \$4,500.00 is assessed for use of the facilities, 50% of which is due by _____ (generally 6 weeks in advance of the use date), and the remaining 50% due in full no later than 2 weeks prior to the use date.
5. **Returned Check and Other Bank Charges.** In the event any check under this Agreement is returned for lack of sufficient funds, a "stop payment" or any other reason, the sponsor shall pay the church a returned check charge in the amount of \$ **50.00**.

- 6. **Cancellation and Security Deposit Terms:** The security deposit will be forfeited if the sponsor cancels within three months of the usage date. If cancellation occurs prior to three months, the security deposit will be refunded fully. Sponsor is obligated to pay the full fee if the event is cancelled within 6 weeks of the use date. However if the Church secures a replacement contract, it will reduce the sponsor's liability by the value of the replacement.
- 7. **Prohibitions against Violating Laws and Causing Disturbances.** Sponsor shall be entitled to quiet enjoyment of the premises. Sponsor and their guests or patrons shall not use the premises or adjacent areas in such a way as to: (1) violate any law or ordinance, including laws prohibiting the use, possession or sale of illegal drugs; (2) commit waste or nuisance; or (3) annoy, disturb, inconvenience or interfere with the quiet enjoyment and peace and quiet of any nearby resident.
- 8. The sponsor is responsible for maintaining the facility in the condition it was received. The sponsor will be charged for all damages other than "normal wear" to all fixed or removable property belonging to the church including walls. The sponsor must keep the facility clean and orderly to prevent a potential fire or safety hazard. Equipment must not obstruct exits. No decals, stickers, staples, tacks, tape or other permanent objects shall be affixed to the walls or windows of the building. No posters and banners are allowed on the exterior walls
- 9. **Liability.** The church is not liable for loss, theft or damage to personal items
- 10. **Smoking.** No smoking is allowed at the facility.
- 11. **Alcohol:** Alcohol is not permitted in any area of the building
- 12. **Music:** No lewd, dirty, indecent music and dancing is allowed or tolerated in the facility.
- 13. **Payment of Attorney Fees in a Lawsuit.** In any action or proceeding to enforce any part of this Agreement, the prevailing party shall recover reasonable attorney fees and court costs.
- 14. **Entire Agreement.** This document constitutes the entire Agreement between the parties, and no promises or representations, other than those contained here and those implied by law, have been made by the Church or Sponsor. Any modifications to this Agreement must be in writing signed by the Church and Sponsor. The failure of the sponsor or their guests or invitees to comply with any of these terms is grounds for termination of the facility usage.



 Dr. Reynold F. Howell, Presiding Pastor
 Grace Christian Church
 434 Dewitt Avenue, Brooklyn, NY 11207
 Email address: reynoldhowell@hotmail.com
 Telephone: 917-468-4924

Date

3-8-2013



 Sponsor
 Email address: _____ com
 Physical Address: _____

 Cell Phone: _____
 Alternate Phone: _____

Date

3-8-2013

Exhibit IV
Nikki Lucas 2013
Improper Post-Election Expenditures
 (see Finding #5)

Name	Statement/ Schedule/ Transaction ID	Purpose Code	Invoice Date	Paid Date	Amount	Notes
Check 107	Unreported	N/A	N/A	09/11/13	\$100.00	
Best Buy	12/F/R0000516	OFFCE	09/12/13	09/12/13	\$108.83	
Check 412131695	Unreported	N/A	N/A	09/20/13	\$160.00	
Check 281	Unreported	N/A	N/A	10/16/13	\$160.00	
Intuit Websites	16/N/R0000784	OTHER	11/05/13		\$10.99	(1)
Intuit Websites	16/N/R0000786	OTHER	12/05/13		\$10.99	(1)
Total					<u>\$550.81</u>	

Notes:

(1) This transaction appears on the Campaign's bank statements. The Campaign must report the bill payment associated with the reported liability. See also Finding #2 b).

Exhibit V
Nikki Lucas 2013
Detail Payment Report
(see Finding #7)

New York City Campaign Finance Board
 Campaign Finance Information System
 Detail Payment Report for 2013 Primary Election

Candidate: Lucas, Nikki I (ID: 1612)

Office: City Council

District: 42

	Statement Date	Claimed Matchable	Invalid Claims	Gross Matchable	Payment
<u>Detail</u>					
	6 (01/15/2013)	378	10	368	
	7 (03/15/2013)	280	0	280	
	8 (05/15/2013)	3,816	885	2,931	
	9 (07/15/2013)	505	100	405	
	10 (08/09/2013)	35	0	35	
	11 (08/30/2013)	1,360	310	1,050	
	12 (09/20/2013)	150	150	0	
	Total:	6,524	1,455	5,069	
		6,524	1,455	5,069	
Matchable Adjustment:				- 0	
Adjusted Gross Matchable:				5,069	
<u>Regular Payment Calculation</u>					
Adjusted Gross Matchable:				5,069	
General Regular Matchable:				- 0	
Net Matchable: (Threshold Met)				5,069	
Matching Factor:				x 6.0	
EXTENDED NET REGULAR PAYABLE: (Limit: 92,400)				30,414	30,414
Total Previous Regular Payable:				-	31,584
REGULAR PAYABLE:					(1,170)
MAX PAYABLE:					(1,170)
Net Withholding: (See Notes Below)				-	0
Reserve Amount: (.00 %)				-	0
Reserve Applied:				+	0
ADJUSTED AMOUNT ELIGIBLE:					(1,170)
Amount Payable:					0
Penalty Deduction:				-	0
PAYMENT DUE:					0

Payment and Adjustment History for This Election

Type	Transaction Date	Check No	Amount	Reserve Amount
Previous Payment	09/06/2013		31,584	0
Total:			31,584	0

Net Withholding

Total Withholding:		0
Previous Withholding:	-	0
Previous Unapplied Withholding:	+	0
Net Withholding:		0

Over Payment Calculation

Adjusted Amount Eligible:		(1,170)
Returned Funds:	+	0
Outstanding Reserve:	+	0
Amount Overpaid:		(1,170)