



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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 Chair

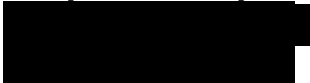
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Via C-Access
 June 28, 2016

Stuart Garmise
 Sunny Hahn for City Council



Dear Stuart Garmise:

Please find attached the New York City Campaign Finance Board’s (“CFB” or “Board”) Final Audit Report for the 2013 campaign of Sunny Hahn (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 November 12, 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
Repayment of public funds received	\$5,989
Penalties assessed	\$1,550
Amount previously paid	(\$1,550)
Total Owed	\$5,989

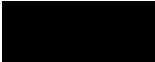
The full amount owed must be paid no later than **July 28, 2016**. Please send a check in the amount of \$5,989, payable to the “New York City Election Campaign Finance Fund,” to: New York City Campaign Finance Board, 100 Church Street, 12th Floor, New York, NY 10007.

If the CFB is not in receipt of the full amount owed by **July 28, 2016**, the Candidate's name and the amount owed will be posted on the CFB's website. The CFB may also initiate a civil action to compel payment. In addition, the Candidate will not be eligible to receive public funds for any future election until the full amount is paid. Further information regarding liability for this debt can be found in the attached Final Board Determination.

The January 15, 2014 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2013 elections. If the Campaign raises additional contributions to pay outstanding liabilities, please note that all 2013 election requirements, including contribution limits, remain in effect. The Campaign is required to maintain its records for six years after the election, and the CFB may require the Campaign to demonstrate ongoing compliance. *See* Rules 3-02(b)(3), 4-01(a), and 4-03. In addition, please contact the New York State Board of Elections for information concerning its filing requirements.

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


Sincerely,



Signature on original

Sauda S. Chapman
Director of Auditing and Accounting

c: Sunny Hahn


Sunny Hahn for City Council


Attachments



EC2013 Final Audit Report

Sunny Hahn for City Council

June 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 Sunny Hahn (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 a vendor 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 document the fair market value of an in-kind contribution received and 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 did not provide requested documentation related to reported expenditures (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).

Other Findings

- The Campaign did not respond timely to the Initial Documentation Request (see Finding #7).

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: Sunny Hahn	Contribution Limit:
ID: 1732	\$2,750
Office Sought: City Council	
District: 20	Expenditure Limit:
	2010–2012: N/A
Committee Name: Sunny Hahn for City Council	2013 Primary: \$168,000
Classification: Participant	2013 General: \$168,000
Certification Date: June 3, 2013	
	Public Funds:
Ballot Status: General	Received: \$23,100
General Election Date: November 5, 2013	Returned: \$0
Party: Reform	Campaign Finance Summary:
	http://bit.ly/1yRZowK

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.

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

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

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

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

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

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

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

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

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

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

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

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

The Campaign was provided with a preliminary draft of this audit report and was asked to provide a response to the findings. The Campaign responded, and the CFB evaluated any additional documentation provided and/or amendments to reporting made by the Campaign in response. The Campaign was subsequently informed of its alleged violations and obligation to repay public funds, and was 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 must repay public funds and committed violations subject to penalty. The Campaign chose to contest the CFB staff recommendations. The Campaign appeared before the Board on November 12, 2015. The Board's actions are summarized as a part of each Finding in the Audit Results section. The finding numbers and exhibit numbers, as well as the number of transactions included in the findings, may have changed from the Draft Audit Report to the Final Audit Report.

AUDIT RESULTS

Disclosure Findings

1. Financial Disclosure Reporting - Discrepancies

Campaigns are required to report every disbursement made, and every contribution, loan, and other receipt received. *See* Admin. Code § 3-703(6); Rule 3-03. In addition, campaigns are required to deposit all receipts into an account listed on the candidate's Certification. *See* Admin. Code § 3-703(10); Rule 2-06(a). Campaigns are also required to provide the CFB with bank records, including periodic bank statements and deposit slips. *See* Admin. Code §§ 3-703(1)(d), (g); Rules 4-01(a), (b)(1), (f).

The Campaign provided the following bank statements:

BANK	ACCOUNT #	ACCOUNT TYPE	STATEMENT PERIOD
Chase	XXXXX3238	Checking	Mar 2013 – Jan 2014

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 transaction that appears on its bank statement:

ACCOUNT #	NAME	CHECK NO./ TRANSACTION	PAID DATE	AMOUNT
XXXXX3238	Chase	Debit	09/10/13	\$9.47

b) The Campaign reported a duplicate transaction as listed below:

NAME	CHECK NO./ TRANSACTION	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT	DUPLICATE REPORTED AMOUNT
Juna, Ki Soon	141	15/M/R0000776	11/01/13	\$10.00	
Juna, Ki Soon	141	16/M/R0000933	11/01/13		\$10.00

c) A review of the Campaign's deposit slips revealed the following discrepancy:¹

TOTAL REPORTED CASH RECEIPTS	TOTAL CASH PER DEPOSIT SLIPS	DOLLAR VARIANCE	PERCENT VARIANCE	NOTE
\$4,025.00	\$6,520.00	(\$2,495.00)	-61.99%	(1)

(1) The Campaign reported receiving a total of \$2,020.00 in credit card contributions. However, the Campaign did not disclose a merchant account or provide any evidence that it accepted credit card contributions. Additionally, the Campaign provided backup documentation for reported credit card contributions that shows they were received in the form of cash. The Campaign should review all reported credit card contributions to ensure that it correctly characterized the instrument type of each receipt it reported.

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) 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.

c) 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.

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

¹ 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.

statement numbers for which the Campaign should file amendments. If the Campaign added any new transactions, it must submit an amendment to Disclosure Statement 16.²

Campaign's Response

- a) In response to the Draft Audit Report, the Campaign reported several unreported transactions listed in the Draft Audit Report. The Campaign failed to report one transaction.
- b) The Campaign did not respond to this finding in response to the Draft Audit Report.
- c) In response to the Draft Audit Report, the Campaign stated that there was no discrepancy and that the Campaign verified that the cash contributions totaled \$4,025.00. The Campaign's response failed to address why the Campaign's deposit slips show more cash was received than reported, or why the Campaign reported receiving credit card contributions.

Board Action

- a – b) The Board has taken no further action on this matter other than to make this a part of the Candidate's record with the Board.
- c) The Board found the Campaign in violation and assessed \$623 in penalties.

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).

² If the Campaign amends its reporting with the CFB, it must also submit amendments to the New York State Board of Elections.

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
Polpro LLC	\$10,000.00

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 vendors.

Campaign's Response

In response to the Draft Audit Report, the Campaign stated that the vendor did not use subcontractors. This statement conflicts with a copy of an email dated May 8, 2013, provided by the Campaign from Ritchie Lipkowitz of Pol Pro LLC to the Candidate, in which Mr. Lipkowitz stated he subcontracted the preparation and printing of campaign literature. The Campaign's response is inadequate because it did not provide a subcontractor disclosure form from the vendor nor did the Campaign document its attempt to obtain a subcontractor disclosure form from the vendor.

Board Action

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

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).

a) The Campaign reported, but failed to adequately document, the following in-kind contribution. Due to the lack of documentation, the fair market value of the in-kind contribution could not be substantiated.

NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTE
John Catsimatidis for Mayor	9/D/R0000183	07/11/13	\$1,275.00	(1)

(1) The Campaign provided an in-kind contribution form and an email from the contributor stating the value of the contribution (see Exhibit I). However, the Campaign must provide documentation explaining the “analysis of the petition costs” done to substantiate the fair market value of the contribution.

b) 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	EXHIBIT #	NOTE
Fundraiser Refreshments	IIa	(1)

(1) The Campaign provided a letter stating that light refreshments were served at a gathering in support of the candidate at the Queens GOP Office and that the Campaign did not report expenditures related to the event because they were approximately \$100. However, the Campaign is required to separately itemize expenditures exceeding \$50 in disclosure reports submitted to the CFB. *See* Rule 3-03(e)(2).

c) In response to the Notice of Alleged Violations and Recommended Penalties, the Campaign provided a list of Election Day workers hired by the Campaign that included Wanda Kim (see Exhibit IIb). However, the Campaign failed to report an expenditure to this individual.

d) On the day of the general election, CFB observers interviewed individuals engaged in campaign-related activity. During the course of this process, the observers learned the following:

A worker engaged in activity to advance the election of the Candidate stated that his name was David Telley. Mr. Telley stated that he was to work from 7:00 a.m. to 4:30 p.m. and would be paid \$10.00 an hour. In addition, Mr. Telley stated that he met at the Campaign office that day and was picked up and dropped off by Campaign staff.

Although the individual was engaged in activity to advance the election of the Candidate and stated the Campaign was involved in directing or facilitating the activity he was performing, the Campaign's disclosure does not include any reported payment to an individual of the name given to the observers. The activity observed and the lack of reported expenditures indicate that a third party paid for these services.

Previously Provided Recommendation

a) The Campaign must provide supporting documentation for the in-kind contribution listed. Supporting documentation may include, but is not limited to, invoices, appraisals, and estimates of the fair market value. Documentation must include the name and address of the contributor, provide a detailed description of the goods/services, and explain the cost basis for valuing each in-kind contribution from the reported contributor. If the documentation is from a vendor that the contributor paid, the Campaign must also provide evidence that the reported contributor paid the vendor, e.g., a copy of the cancelled check, or a signed statement from the contributor verifying that she or he made the payment for the in-kind contribution. If the Campaign cannot document the fair market value, the Campaign must explain why it cannot provide adequate documentation.

b) For each transaction, the Campaign must provide a written explanation describing how the good or service was purchased or provided. If the purchase was previously reported, the Campaign must identify the relevant Transaction ID(s) of the purchase. If the Campaign purchased the goods or services listed, it must provide invoices, contracts, and any other documentation related to the purchase. If a third party purchased or donated the good or service, the Campaign must submit an in-kind contribution form completed by the contributor. If not previously reported, the Campaign must enter the bill and bill payment or in-kind contribution in C-SMART and submit an amendment to Statement 16.

c) This finding was identified as a result of the Campaign's response to the Notice of Alleged Violations and Recommended Penalties.

d) The Campaign must provide contemporaneous sign-in sheets for all workers paid by the Campaign or any other party for services provided on the date of the general election. The Campaign must address how the individual above was associated with the Campaign. If the individual was paid, the Campaign must provide information about the source and amounts of all payments to workers on that day. Specifically, the Campaign must explain who paid the individual, how much he was paid, and if any other individuals were compensated in the same manner.

- If the Campaign reported the cost as part of another expenditure, the Campaign must describe the relevant transaction(s)—including the transaction ID(s) of the payment(s)—and provide supporting documentation, including the timesheets for each worker.
- If a third party was compensated by the Campaign to pay for these services, the Campaign must identify the payment to the third party by transaction ID(s) and provide a list of all individuals who were paid by the third party. The Campaign must also provide timesheets for each worker.
- If the worker was paid by a third party that was not compensated by the Campaign, the Campaign must provide evidence of the source of the in-kind contribution, e.g., a copy of the cancelled check paying the worker, or a signed statement from the in-kind contributor verifying that it paid for the in-kind contribution. If the Campaign did not report an in-kind contribution, it must explain its failure to do so and amend its disclosure statements to report it.
- If the worker was not paid by the Campaign or a third party, explain why the worker stated that they expected to be paid for their work on behalf of the Campaign.

Campaign's Response

a) In response to the Draft Audit Report and the Notice of Alleged Violations and Recommended Penalties, the Campaign stated it did not receive, and was unable to obtain, any other documentation from John Catsimatidis for Mayor to document the in-kind contribution.

b) In response to the Draft Audit Report, the Campaign stated that the host of this event provided hot dogs and sodas for 17 attendees. In addition, the Candidate brought a box of cookies. The Campaign stated it did not think it needed to report the in-kind contribution for refreshments because it estimated that the total cost of the items purchased was \$50.00 or less. The Campaign also stated that because the event was a house party, it was not required to report the cost of the party as an in-kind contribution from the host. The Campaign failed to provide documentation to substantiate its response nor did it demonstrate that this event meets the definition of a house party, as it did not occur at the supporter's home and it appears that the Campaign was involved with the planning of the event.

c) This finding was identified as a result of the Campaign's response to the Notice of Alleged Violations and Recommended Penalties.

d) In response to the Draft Audit Report, the Campaign stated it had no knowledge of Mr. Telley working for the Campaign. However, during his interview, Mr. Telley stated that his supervisor was "William," and the Campaign paid William Deegan as Campaign Manager. Mr. Telley also stated that he heard about the job through Craigslist, and the Campaign has an expenditure to Craigslist for "recruitment." In addition, as identified in Finding #3c, the Campaign has at least one other election day worker who appears in the Campaign's records but has no associated

payments disclosed in the Campaign's reporting. Due to the conflicting information, the Campaign's assertion that Mr. Telley did not work for the Campaign cannot be verified.

Board Action

- a) The Board found the Campaign in violation and assessed \$100 in penalties.
- b) The Board found the Campaign in violation and assessed \$100 in penalties.
- c) The Board has taken no further action on this matter other than to make this a part of the Candidate's record with the Board.
- d) The Board 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 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
Nin, Jonathan	15/F/R0000899	WAGES	09/10/13	09/10/13	\$205.00	(1)
Curvan, Mario	14/F/R0000504	WAGES	10/14/13	10/14/13	\$120.00	(1)
Gaines, Marcel	15/F/R0000884	WAGES	11/07/13	11/07/13	\$225.00	(1)
Proctor, James	15/F/R0000902	WAGES	11/07/13	11/07/13	\$400.00	(1)
Ramirez, Kye	15/F/R0000904	WAGES	11/07/13	11/07/13	\$160.00	(1)
Total					\$1,110.00	

(1) On August 20, 2014, the CFB sent a letter to the Campaign requesting signed verifications from seven campaign employees whose signatures on check endorsements did not match the signatures on timesheets submitted by the Campaign. The employees were to affirm work performed, amount received, and that they signed the wage record and endorsed the check. The Campaign provided a signed and notarized verification from Johnathan Hung. CFB staff were also able to verify the signatures on documentation provided for Dennis Dowling. However, the Campaign failed to provide affirmations for the five other employees.

Previously Provided Recommendation

For each of the five employees listed in the August 20, 2014 letter whose signatures have not been confirmed, the Campaign must provide a signed statement affirming the work performed, amount received, and that the individual signed the wage record and endorsed the check.

Campaign's Response

The Campaign responded to the Draft Audit Report and stated that it could not reach the five employees to obtain the affirmations. In response to the Notice of Alleged Violations and Recommended Penalties, the Campaign restated its attempts to reach these individuals. However, the Campaign failed to provide any documentation to support the work performed and failed to explain why the signatures were different.

Board Action

The Board found the Campaign in violation and assessed \$277 in penalties.

5. Expenditure Documentation

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

The Campaign must provide supporting documentation or an explanation for the reported transaction listed below:

NAME	TRANSACTION TYPE	STATEMENT/ SCHEDULE/ TRANSACTION	INCURRED/RECEIVED/ REFUNDED/PAID DATE	AMOUNT	NOTE
Pol Pro LLC	Expenditure Payment	8/F/R0000020	04/01/13	\$10,000.00	(1)

(1) Per the consultant agreement between Pol Pro LLC and the Campaign (see Exhibit IIIa), the Campaign agreed to pay Pol Pro LLC \$10,000 as a down payment for consultant services beginning March 28, 2013 and ending on September 10, 2013. However, the Campaign terminated its agreement with the vendor on April 30, 2013. In an email from Richie Lipkowitz dated May 8, 2013 (see Exhibit IIIb), the vendor states he provided consulting services; including photography for campaign media, increased community engagement, the creation of a campaign plan, the printing and preparation of literature, opposition research, and providing the Campaign with general advice. The vendor also states that the consulting services provided prior to the termination of the agreement were authorized by the Campaign.

Previously Provided Recommendation

The Campaign must substantiate the amount paid to the vendor by providing documentation and/or explanation of the following services provided and work performed by the vendor, as described in Exhibit IIIb:

- The dates of meetings held between the Campaign and the vendor.
- Documentation of the campaign plan created by the vendor.
- Copies of media releases created by the vendor.
- Copies of campaign literature printed by the vendor and documentation of the vendor's drafting, printing, and targeted dissemination of the campaign literature.
- Services received from the vendor's team of consultants, contacts, resources, and associates.
- A copy of the contact list created by the vendor.
- Copies of photos provided by the vendor and the related campaign material for which the photos were used.
- Email correspondence from 03/24/13, 03/30/13, and 04/06/13 between the vendor and the Campaign regarding public matching funds.
- Email correspondence from 04/21/13, 04/25/13, 04/27/13 and 04/28/13 between the vendor and the Campaign regarding media.
- Email correspondence from 04/14/13 between the vendor and the Campaign regarding the consultant hired to supervise the petitioning process, and supporting documentation for the work performed.
- Email correspondence from 04/02/13 and 04/05/13 between the vendor and the Campaign regarding opposition research performed by the vendor, and supporting documentation for the work performed.

- A detailed breakdown of time worked by the vendor (including the number of hours, days and weeks).
- An accounting of the money spent by the vendor in furtherance of the Campaign.

Campaign's Response

In response to the Draft Audit Report, the Candidate stated that Richie Lipkowitz handed her a one-page contract that she was asked to sign after reading. The Candidate stated that she was, "surprised" that she was presented with a contract and thought that it was a "formality." The Candidate also stated, "... by this time I was convinced that Richie was not charging me any money for his work. So I didn't take that contract seriously." The Candidate stated that she signed the document as she was under the impression that the \$30,000 stipulated in the contract was for the campaign budget rather than payment for his services and that Mr. Lipkowitz provided the document, "as guidance" versus a binding contract. The Candidate provided a list of dates and meetings held between the vendor and the Candidate and the email correspondence between the vendor, the Treasurer, and the Candidate requesting underlying documentation for a \$10,000 payment to the vendor in April 2013. However, the Campaign also stated that since the vendor did not subcontract any of its services, it was not required to provide receipts as requested. The Candidate disputes the work performed, but provided evidence that Mr. Lipkowitz provided some services. The Campaign failed to provide complete documentation as requested to substantiate the work performed for the payment provided to the vendor. Due to the disputed work and lack of complete documentation, the value of the work performed cannot be substantiated.

Board Action

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

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 \$23,100.00 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 \$17,110.62 in qualified expenditures.

If the Campaign does not document an additional \$5,989.38 as qualified, the Campaign must repay this amount to the Public Fund.

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 with the Draft Audit Report) with its response. All documents submitted to the CFB must be labeled with the corresponding Transaction IDs.

Campaign's Response

In response to the Draft Audit Report, the Campaign amended its reporting and provided additional documentation that reduced the amount the Campaign must return to the Fund to \$5,989.38.

Board Action

The Board determined that the Campaign must repay \$5,989 to the Public Fund.

Other Findings

7. 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, the following:

REQUEST	DUE DATE	DATE	# DAYS
Initial Documentation Request	02/04/14	03/26/14	50

Previously Provided Recommendation

For each of the CFB's requests 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 to respond.

Campaign's Response

In response to the Draft Audit Report, the Candidate stated that she did not know the Campaign's response was late. In response to the Notice of Alleged Violations and Recommended Penalties, the Candidate stated that it was the Treasurer's responsibility and that she was not aware that the response had not been submitted until she received notification from CFB staff.

Board Action

The Board found the Campaign in violation and assessed \$250 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: June 28, 2016

Staff: Danielle Willemin, CFE

Angel Daniels, CFE

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

Candidate: Hahn, Sunny (ID:1732-P)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$12,995.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$1,275.00
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)		\$40,464.14
Expenditure payments	\$36,933.62	
Advance repayments	\$3,530.52	
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)		\$15,000.00
13. Total loan repayments (Sch J)		\$8,582.29
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)		\$2,020.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$170.00
Outstanding Bills	\$170.00	
Outstanding Advances	\$0.00	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$23,100.00
Total public funds payment	\$23,100.00	
Total public funds returned	\$0.00	
21. Total Valid Matchable Claims		\$5,595.00
22. Total Invalid Matchable Claims		\$2,185.00
23. Total Amount of Penalties Assessed		\$1,550.00
24. Total Amount of Penalty Payments		\$1,550.00

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

Candidate: Hahn, Sunny (ID:1732-P)

Office: 5 (City Council)

Election: 2013

25. Total Amount of Penalties Withheld

\$0.00

Exhibit I

Sunny Hahn for City Council

John Catsimatidis for Mayor In-Kind Contribution Documentation

(see Finding #3a)

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#50000 2011-01-01

ID#183

IN-KIND CONTRIBUTION FORM

Committee Use Only

Transaction ID: _____

Sunny Hahn for City Council

CONTRIBUTOR'S INFORMATION

Name: John Gatsimides for Mayor 2013 Committee, Inc.

Address: _____

City/State/Zip: _____

Employer: _____

Occupation: N/A

Employer Address: _____

Employer City/State/Zip: _____

IN-KIND CONTRIBUTION DETAILS

Services/Facilities Provided

Fair Market Value of Contribution: \$ 1275.00

Property Given

Date Received: 7 11 2013

Expenses Paid

Documentation Attached: Yes No

DESCRIPTION/EXPLANATION OF FAIR MARKET VALUE

(Please provide all details)

Petitioning Expense

REMINDER

The campaign committee must explain and keep documentation showing how the fair market value of the in-kind contribution was determined. Attach supporting documentation to this form. This form and documentation will be requested by the CFB during the election cycle and as part of your post-election audit.

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Subj: **Fw: CFB In-kind Donation**
Date: 7/15/2013 11:03:26 A.M. Eastern Daylight Time
From: [REDACTED]
To: [REDACTED]

----- Forwarded Message -----

From: Deborah Heinichen [REDACTED]
To: [REDACTED]
Sent: Saturday, July 13, 2013 7:01 PM
Subject: CFB In-kind Donation

Dear Candidate Sunny Hahn:

The John Catsimatidis for Mayor 2013 Committee, Inc. has done an analysis of the petition costs for this election cycle and has determined that the value to your campaign constitutes an in-kind contribution, from our Committee to yours, in the amount of \$1275.00.

Please include this number in your filing of 07/15/2013.

John Catsimatidis for Mayor 2013 Committee, Inc.

[REDACTED]

Exhibit IIa
Sunny Hahn for City Council
Memo Regarding Campaign Fundraiser
(see Finding #3b)

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Memorandum

To: Campaign Finance Board
From: Sunny Hahn for City Council
Date: 3/27/2014
Re: Fundraiser

At the invitation of Republican District Leader, Pierre Alcantara, [REDACTED] a small gathering took place in support of my campaign on October 27, 2014 at the Queens GOP office located at 24-55 Francis Lewis Boulevard in Whitestone, Queens. The event took place in the afternoon and light refreshments were served. No formal invitations or announcements were circulated; invitation was by word-of-mouth to a small group Queens Republicans and the candidate's close friends. Attached is a list of the contributors and the amounts they contributed at the event. I also included their corresponding transaction ID numbers.

Total collection was \$460 from 17 individuals. Since the cost of the refreshments that were served was nominal in the amount of approximately \$100 or less, I am not required to supply the breakdown of the cost.

[REDACTED]

Signature on original

Sunny Hahn





Exhibit IIb
Sunny Hahn for City Council
List of Election Day Workers
(see Finding #3c)

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Site	Name
PS 214 Cadwallader Colden <i>15 40 St.</i>	Musa Solly <i>31-15 140 St.</i>
137-44 Northern Blvd <i>Taiwan City</i>	Jackie Liu
38-20 Bowne Street	Devon McLea
133-36 Roosevelt Ave (Bland)	James Proctor
45-25 Kissena Blvd	Wanda Kim
46-21 Colden Street	Calesha Gordon
54-50 Main Street (botanical garden)	Leon Moore
58-1 136 st (ps 120)	Rasheed Nelson
46-02 Parsons Blvd (st mary's)	Asfa Sultana
JHS 189 <i>Barclay & 147 St.</i>	Dequan Glass
PS 22 <i>153-33 Sanford.</i>	Sarah Lymus
159-01 59th ave (PS 163)	Kye Ramirez
49-37 188 st	Marcel Gaines
Francis Lewis HS <i>58-20 Olopin pkwy</i>	Alyssa Brown
201-02 53rd ave (ps 162)	Lewis Oliver
147-26 25th dr Edward Bleeker	Mario Curvan
35-60 158 st St andrews	Timur
142-30 Barclay Ave PS 20	Joshua Proctor
137-20 Franklin Ave Active Learning	Stacey Ann Furs
167-02 45th ave PS 107	Shamarri Ordonez

Solomon Hudgens *186 W of Union*

Daniel Glover
 Jessie Richter
 Evelyn Luna

Victor Kearse

Exhibit IIIa
Sunny Hahn for City Council
Pol Pro LLC Consultant Agreement
(see Finding #5)

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**CAMPAIGN CONSULTANCY AGREEMENT
BETWEEN
POL PRO LLC AND "SUNNY HAHN FOR CITY COUNCIL"**

The following SERVICES are to be provided by POL PRO LLC (herein "Consultants"):

1. Creating and executing a comprehensive and unified Campaign Plan.
2. Overseeing the creation of all media releases and acting as the Sole Official Spokesperson to the media for the campaign other than the candidate.
3. Overseeing the drafting, printing, and targeted dissemination of all campaign literature.
4. Supervision and management of field operations, petitioning, and grassroots outreach.

THE Following TERMS Will BE OBSERVED:

1. Candidate and Consultants will be sole decision-makers in regard to all aspects of campaign. Other than Candidate, no other member of the campaign, paid or otherwise, will supersede Consultants' decisions in regard to any and every aspect of the Campaign.
2. Candidate agrees to pay the consultant a flat fee of \$30,000.00 for all of its services through the September 10, 2013 Primary Election. Upon the execution of this agreement, the Candidate's Committee will remit POL PRO LLC a down payment of \$10,000.00. Thereafter, on the first of every month from May 2013 through August 2013, Candidate's Committee will pay Consultant \$5,000. All payments will be made by check from the Candidate's Committee to POL PRO LLC.
3. If the Candidate is successful in winning the September 10, 2013 Primary Election For Member of the New York City Council from the 20th Council District, the Campaign Committee will pay POL PRO LLC an additional \$30,000.00 by October 1, 2013 to continue all of Consultant's services through the November 5, 2013 General Election.
4. Additional services will be invoiced separately.
5. POL PRO LLC are independent contractors and not agents or employees of "SUNNY HAHN FOR CITY COUNCIL" for the purposes of any employee benefit program, income tax withholding, FICA taxes, worker's compensation, unemployment benefits, or otherwise.

ENTIRE UNDERSTANDING: This Agreement contains the entire understanding of the parties with respect to the subject matter hereof; it may not be changed or amended except in writing signed by the parties; and it shall be construed and governed in accordance with the laws of the State Of New York.

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AGREED TO BY: Signature on original

[Redacted Signature]

3/28/13
(Date)

Richie Lipkowitz
On behalf of POL PRO LLC (Consultant)
P.O. Box 670778
Flushing, N.Y. 11367-0778

Signature on original

[Redacted Signature]

3/28/13

SUNNY HAHN
On behalf of "SUNNY HAHN FOR CITY COUNCIL" (Date)

Exhibit IIIb
Sunny Hahn for City Council
Email from Richie Lipkowitz
(see Finding #5)

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Subj: **Fwd: Response**
Date: 5/8/2013 3:28:17 P.M. Eastern Daylight Time
From: [REDACTED]
To: [REDACTED]

1068
1720

----- Forwarded message -----
From: lipkowitz r [REDACTED]
Date: Wed, May 8, 2013 at 3:05 PM
Subject: Response
To: lipkowitz r [REDACTED]

Mr. Lipkowitz's response
to my termination of
his service contract

Dear Sunny,

It is disappointing to have been terminated without any prior knowledge or discussion of your complaints. The evening before (Monday 4/29) you merely referred to the difficulties you were facing in fundraising. I believe I was quite understanding, sympathetic and reasonable in my response. Had we discussed the issues stated in the termination letter prior to its delivery, perhaps you might have a different point of view.

It has taken me some time to afford you a somewhat detailed response to your surprising and inaccurate letter of termination. In sum and substance we first started talking about establishing a professional relationship on February 1, 2013, and shortly thereafter I began assisting you with your campaign strategy and outreach. In late March we actually signed the contract, with the understanding that the work I had already performed was part of the range of services I would provide. Thereafter, I initiated meetings, and/or visits with various opinion leaders, professionals, community activists and civic leaders. This was meant to burnish your credentials, as well as to increase the circle of people that could support your candidacy. As you noted, I often took photos of public events that you could subsequently use on your website or in campaign literature. And, while some events were not within the District boundaries, it was of little moment, because if you support civic activity, such as social justice and a strong, healthy environment, it will hold you in good stead with those of similar views.

Through numerous meetings, you approved the direction and underlying philosophy of your candidacy. You specifically approved participation in the events you now discredit, and specifically approved subcontracting with an individual to provide you with opposition research, which work has begun, for which funds have been disbursed. Initial design of literature, and campaign material is underway, as per your direction. And, I hope you can appreciate how incongruous it is to on one hand complain that I was using you to build my consulting business, and on the other hand to note that I never was introduced as your campaign manager. Indeed, given your statements to me, and in the press, regarding feeling pressured to hire "approved professionals" as a condition of getting the Queens endorsement, how ironic is it that you're now challenging my ethics and motives.

Our contract did not call for hourly wages, nor does it have a termination clause, as such you are responsible for paying the entire contract amount or face an action for breach of contract. Below are some more details of some of the services I have provided, as well as references to emails in which you acknowledge the effort and authorize the activity. If you insist on pursuing this baseless claim I will be forced to retain counsel and respond in kind, which will not inure to your benefit.
Our contract stipulates:

1. Creating and executing a comprehensive and unified Campaign Plan.
2. Overseeing the creation of all media releases and acting as the Sole

ID 68
ID 20

- Official Spokesperson to the Media for the campaign other than the Candidate.
- 3. Overseeing the drafting, printing, and targeted dissemination of all Campaign Literature.
- 4. Supervision and management of field operations, petitioning and grassroots outreach.

Response (Detailed in numerous E/Mails to Monkey Queen/ Sunny Hahn 2013 etc)

I have supplied you with a team of Consultants since March 2013-
 Not merely for one month as you state. (See E/ Mails 3/17,22,24 25,26)
 Our initial collaboration began at a lunch on 2/1/13. (E/ Mail 1/29)
 It was here you agreed to focus your campaign on civic issues and those more relevant to the voters than your mission of securing millions of dollars for an Interfaith Memorial in Flushing. (See 9/25/12) You felt comfortable over the ensuing months to meet my contacts, resources, associates as seen in the photos. In February, (One Flushing 2/7/13) you began an effort to revitalize your business contacts in the Korean community. Throughout the month of March (E/Mails- Hindu Temple 3/9, Q Bot Gdn 3/16, Am-Cancer 3/17, Seniors 3/18, St. Johns Hosp. 3/21 ETC.) we worked on building your base, contacts, resume, photos for literature/website etc.)

Campaign Plan

In consultation, with your assent, we concluded that this being a majority Democratic district- it would be best to use your credentials as a Civic, Environmental, Interfaith and Social Justice Leader to run as a 'Quality of Life' Candidate versus a Pro Profit Business Incumbent. We were not sneakily creating a certain impression for the public as you state- but rather burnishing and highlighting your credentials as an Activist- (Willets Pt. 9/25/12, USTA 4/23)- and playing down party-affiliation. I also took you at your word that you would have a continued interest in these activist efforts over the long-term no matter the election results since this was your history.

In Consultation- We had planned your more formal engagement with the community to begin at the Arbor Day Celebration of the Queens Botanical Gardens on 4/28/13 to coincide with your environmental initiatives focusing on Flushing (Save Parkland, Air Quality, Flushing Commons Development etc)
 This group was to support your issues as you had agreed to be on the Board of Directors and OK'ed the planning. (See 4/15, 4/17 Tees, 4/20 Flyer)

Up until this time we had concluded it was best to gather our pictures without alerting the opposition. Contrary to your letter- you were aware- we were not being untruthful- rather cautious- hoping your opponent would continue to be overconfident and spend beyond his limits- thereby triggering an increased matching level for you. You were kept informed of this decision-making as evidenced by your Matching Funds Questions and CFB Training on 4/16. (See E/ Mails 3/24, 3/30, 4/6)

Media

Although asked to make 'No Comment' (4/2) other than stating you had filed and were considering a run for Council- you chose to refer to your failed

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2012 Assembly run in the 4/6/13 Times-Ledger. Your statements to the NY Post and Daily News published on 4/26/13 on the matter of the Queens GOP and its endorsement rules have perhaps led to our current difficulties. We forwarded you information to advise you on 4/21,4/25,4/27, 4/28. Your response was that you ' had other priorities'.

Literature/ Supervision of Petitioning

On April 14, 2013- I subcontracted the preparation and printing of the literature. We also had an agreement with this highly-experienced Consultant to supervise the Petitioning Process for June 2013 (See E/ Mail 4/14) Additional payment was due to my LLC intended to pay for 2 Rounds of Literature. (See 4/15) We were proceeding on 'opposition research' which you approved. (4/2,4/5)

Next I will calculating the number of hours, days, weeks that I have put into this Campaign. I believe that the money spent and time invested- has fulfilled my requirements as stipulated in our contract. I feel badly that things have reached this point. Things began to change after your recent meetings with the Queens County GOP-
Wishing you well,
Richie