



New York City Campaign Finance Board

100 Church Street, 12th Floor, New York, NY 10007

212.409.1800 | www.nycffb.info

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Via C-Access
August 11, 2015

Sondra Peeden
Sondra Peeden 2013



Dear Sondra Peeden:

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

This report incorporates the Board's final determination of June 11, 2015 (attached). The report concludes that the Campaign did not fully demonstrate compliance with the requirements of the Campaign Finance Act (the "Act") and Board Rules (the "Rules").

As detailed in the attached Final Board Determination, the Campaign was assessed penalties totaling \$3,405. Aside from the penalties for failing to respond to the Initial Documentation Request (IDR) and the Draft Audit Report (DAR), the Board staff recommends that the Board's total penalty assessment for the Campaign's remaining violations be limited to 15% of the Campaign's aggregate receipts of \$8,317.81, because of the size of the Campaign and the fact that it did not receive public funds. The Board staff's total penalty recommendation, \$2,245, therefore consists of \$1,000 in penalties for failing to respond to the IDR and the DAR, and the capped amount of \$1,245 for the remaining violations.

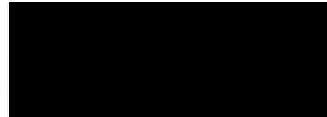
The full amount owed must be paid no later than **September 10, 2015**. Please send a check in the amount of \$2,245, payable to the "New York City Election Campaign Finance Fund," to: New York City Campaign Finance Board, 100 Church Street, 12th Floor, New York, NY 10007.

If the CFB is not in receipt of the full amount owed by **September 10, 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 January 15, 2014 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2013 elections. The Campaign is required to maintain its records for six years after the election, and the CFB may require the Campaign to demonstrate ongoing compliance. *See* Rules 3-02(b)(3), 4-01(a), and 4-03. In addition, please contact the New York State Board of Elections for information concerning its filing requirements.

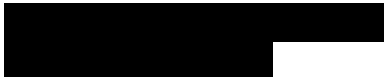
The CFB appreciates the Campaign's cooperation during the 2013 election cycle. Please contact the Audit Unit at 212-409-1800 or AuditMail@nyccfb.info with any questions about the enclosed report.

Sincerely,

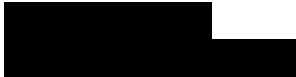


Jonnathon Kline, CFE
Director of Auditing and Accounting
signature on original

c: Karina De La Cruz
c/o Laurence D. Laufer
Kantor, Davidoff, Mandelker, Twomey, Gallanty & Olenick, P.C.



Karina De La Cruz



Sondra H. Peeden



Attachments



EC2013 Final Audit Report

Sondra Peeden 2013

August 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 Sondra Peeden (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 merchant accounts on the Filer Registration (see Finding #1).
- The Campaign did not report or inaccurately reported financial transactions to the Board (see Finding #2).
- The Campaign did not file, by the due dates, financial disclosure statements required by the Board (see Finding #3).

Other Findings

- The Campaign did not respond timely to the Initial Documentation Request (see Finding #4)

BACKGROUND

The Campaign Finance Act of 1988, which changed the way election campaigns are financed in New York City, created the voluntary Campaign Finance Program. The Program increases the information available to the public about elections and candidates' campaign finances, and reduces the potential for actual or perceived corruption by matching up to \$175 of contributions from individual New York City residents. In exchange, candidates agree to strict spending limits. Those who receive funds are required to spend the money for purposes that advance their campaign.

The CFB is the nonpartisan, independent city agency that administers the Campaign Finance Program for elections to the five offices covered by the Act: Mayor, Public Advocate, Comptroller, Borough President, and City Council member. All candidates are required to disclose all campaign activity to the CFB. This information is made available via the CFB's online searchable database, increasing the information available to the public about candidates for office and their campaign finances.

All candidates must adhere to strict contribution limits and are banned from accepting contributions from corporations, partnerships, and limited liability companies. Additionally, participating candidates are prohibited from accepting contributions from unregistered political committees. Campaigns must register with the CFB, and must file periodic disclosure statements reporting all financial activity. The CFB reviews these statements after they are filed and provides feedback to the campaigns.

The table below provides detailed information about the Campaign:

Name: Sondra Peeden	Contribution Limit:
ID: 1524	\$2,750
Office Sought: City Council	
District: 27	Expenditure Limit:
	2010–2012: \$45,000
Committee Name: Sondra Peeden 2013	2013 Primary: \$168,000
Classification: Non-Participant	2013 General: \$168,000
Filer Registration Date: January 6, 2012	
	Public Funds:
Ballot Status: Primary, General	Received: N/A
Primary Election Date: September 10, 2013	Returned: N/A
General Election Date: November 5, 2013	
Party: Democratic, Independence	Campaign Finance Summary:
	http://bit.ly/1rkPgKp

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.

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 was asked to respond. The Campaign did not provide a substantive response. CFB staff recommended that the Board find that the Campaign committed violations subject to penalty, and that the penalties be assessed against the Candidate and the Committee. The Campaign did not contest the CFB staff recommendations. 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 Filer Registration or 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 a merchant account related to Nation Builder was not reported to the CFB as part of the candidate's Filer Registration.

Previously Provided Recommendation

The Campaign must explain why it failed to disclose the merchant account listed above and amend its Filer Registration 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 \$129 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 Filer Registration. *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).

SCOPE AND METHODOLOGY

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

1. Accurately reported financial transactions and maintained adequate books and records.
2. Adhered to contribution limits and prohibitions.

Based on various factors—including the level of activity reported by the Campaign on its verified disclosure statements and the results of pre-election statement reviews—we performed a limited review. Prior to the election, we performed preliminary reviews of the Campaign's compliance with the Act and Rules. In January of 2013, we requested all bank statements to date from the Campaign and reconciled the activity on the statements provided to the Campaign's reporting. We then provided the results of this preliminary bank reconciliation to the Campaign on April 22, 2013. After the election, we performed an audit of all financial disclosure statements submitted for the election (see summary of activity reported in these statements at Appendix #1).

To verify that the Campaign accurately reported and documented all financial transactions, we requested all of the Campaign's bank statements and reconciled the financial activity on the bank statements to the financial activity reported on the Campaign's disclosure statements. We identified unreported, misreported, and duplicate disbursements, as well as reported disbursements that did not appear on the Campaign's bank statements. We also calculated debit and credit variances by comparing the total reported debits and credits to the total debits and credits amounts appearing on the bank statements.

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.

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.

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

Following an election, campaigns are not going concerns. Because the activity occurring after the post-election audit is extremely limited, the audit focused on substantive testing of the Campaign's previous activity. The results of the substantive testing served to establish the

The Campaign provided the following bank statements:

BANK	ACCOUNT #	ACCOUNT TYPE	STATEMENT PERIOD
Citibank	XXXXX1951	Checking	Oct 2012 – Jun 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 on Exhibit I.
- b) The Campaign did not report the transactions listed on Exhibit II that appear on its bank statements.
- c) The Campaign did not provide copies of its itemized deposit slips listed on Exhibit III.
- d) 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
\$629.00	\$0.00	\$629.00	100%

Also see Finding c) above

- e) A review of the Campaign’s merchant account statements revealed the following discrepancy:²

TOTAL REPORTED CREDIT CARD RECEIPTS	TOTAL CREDIT CARD RECEIPTS PER STATEMENTS	DOLLAR VARIANCE	PERCENT VARIANCE
\$1,590.00	\$0.00	\$1,590.00	100%

Also see Finding a) above

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.

² 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.

f) A comparison of the Campaign's submitted bank statements with information reported in the Campaign's disclosure statements revealed the following overall net discrepancies in reporting:³

RECEIPTS:

TOTAL REPORTED MONETARY RECEIPTS ⁴	TOTAL CREDITS PER BANK STATEMENTS	DOLLAR VARIANCE	PERCENT VARIANCE
\$4,299.00	\$2,715.27	\$1,583.73	37%

DISBURSEMENTS:

TOTAL REPORTED MONETARY DISBURSEMENTS ⁵	TOTAL DEBITS PER BANK STATEMENTS	DOLLAR VARIANCE	PERCENT VARIANCE
\$2,520.83	\$2,886.19	(\$365.36)	-14%

Previously Provided Recommendation

- a) The Campaign must provide all pages of the requested bank statements.
- b) The Campaign must amend its disclosure statements to report these transactions. The Campaign must also provide documentation for each transaction. Because bank statements provide limited information about a transaction, the Campaign should review invoices or other records to obtain all of the information necessary to properly report the transaction.
- c) The Campaign must provide copies of all itemized deposit slips.
- d) 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.

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

⁴ Total Reported Monetary Receipts includes monetary contributions, other receipts, public funds payments, transfers-in, loans, and expenditure refunds.

⁵ Total Reported Monetary Disbursements includes bill payments, transfers-out, loan repayments, returns of public funds, and contribution refunds.

- e) 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
- f) The Campaign must compare information reported on its financial disclosure statements to bank statements and supporting documentation for contributions and expenditures to identify and resolve the listed discrepancies. The Campaign may need to amend its disclosure statements and provide additional bank statements. The individual reporting errors and missing documentation identified in other parts of this finding are the source of some, or all, of the variances cited, and as a result, responses to other parts of this finding will likely affect the cited variances. In responding to other parts of the finding, the Campaign should evaluate whether its response also addresses the overall discrepancies noted above.

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 16.⁶

Campaign's Response

The Campaign did not respond to this finding.

Board Action

- a) The Board found the Campaign in violation and assessed \$259 in penalties.
- b) The Board has taken no further action on this matter other than to make this a part of the Candidate's record with the Board.
- c) The Board has taken no further action on this matter other than to make this a part of the Candidate's record with the Board.

⁶ If the Campaign amends its reporting with the CFB, it must also submit amendments to the New York State Board of Elections.

- d) The Board found the Campaign in violation and assessed \$81 in penalties.
- 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 \$388 in penalties, \$259 for the receipts variance and \$129 for the disbursements variance.

3. Failure to File and Late Filings

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

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

STATEMENT #	DUE DATE	DATE FILED	# DAYS LATE
16	01/15/14	N/A	Missing

Previously Provided Recommendation

The Campaign may explain the failure to file the statements listed above. The Campaign may also provide documentation to support its explanation. The Campaign must file Disclosure Statement #16 with its response.

Campaign's Response

The Campaign did not respond to this finding.

Board Action

The Board found the Campaign in violation and assessed \$388 in penalties.

Other Findings

4. Failure to Respond Timely

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

The Campaign failed to submit the following:

REQUEST	DUE DATE
Initial Documentation Request	02/24/14
Draft Audit Report	12/15/14

Previously Provided Recommendation

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

On December 22, 2014, the Board informed the Campaign that it had failed to respond to the Draft Audit Report.

Campaign's Response

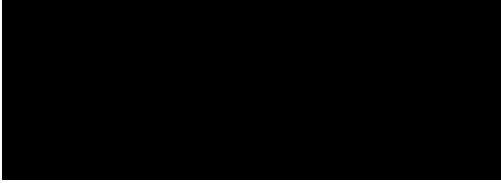
The Campaign did not respond to this finding.

Board Action

The Board found the Campaign in violation and assessed \$1,000 in penalties, \$500 for each failure to respond.

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: August 11, 2015

Staff: Hannah Golden

Sonia M. Simões

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

Candidate: Peeden, Sondra H (ID:1524-NP)**Office:** 5 (City Council)**Election:** 2013

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$4,094.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$4,018.81
5. Total unitemized in-kind contributions		\$0.00
6. Total other receipts (Sch E - excluding CFB payments)		\$205.00
7. Total unitemized other receipts		\$0.00
8. Total itemized expenditures (Sch F)		\$2,520.83
Expenditure payments	\$2,520.83	
Advance repayments	\$0.00	
9. Total unitemized expenditures		\$0.00
10. Total transfers-In (Sch G)		\$0.00
Type 1	\$0.00	
Type 2a	\$0.00	
Type 2b	\$0.00	
11. Total transfers-out (Sch H)		\$0.00
Type 1	\$0.00	
Type 2a	\$0.00	
Type 2b	\$0.00	
12. Total loans received (Sch I)		\$0.00
13. Total loan repayments (Sch J)		\$0.00
14. Total loans forgiven (Sch K)		\$0.00
15. Total liabilities forgiven (Sch K)		\$0.00
16. Total expenditures refunded (Sch L)		\$0.00
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$0.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$149.25
Outstanding Bills	\$149.25	
Outstanding Advances	\$0.00	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$0.00
Total public funds payment	\$0.00	
Total public funds returned	\$0.00	
21. Total Valid Matchable Claims		N/A
22. Total Invalid Matchable Claims		N/A
23. Total Amount of Penalties Assessed		\$2,245.00
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00

Exhibit I
Sondra Peeden 2013
Missing Bank Statements
 (see Finding #2a)

Bank	Account	Account Type	Period
Citibank	XXXXX1951	Checking	05/04/13 - 06/05/13, page 2
Citibank	XXXXX1951	Checking	06/06/13 - 07/03/13, page 2
Citibank	XXXXX1951	Checking	07/04/13 - Present
Citibank	XXXXX7832	Checking	Inception - Present
Unknown	Unknown	Merchant	Inception - Present

Exhibit II
Sondra Peeden 2013
Unreported Transactions
 (see Finding #2b)

Payee	Check No./ Transaction	Date	Amount
Acct Analysis Direct	Debit	11/08/12	\$19.00
Acct Analysis Direct	Debit	12/10/12	\$19.00
Acct Analysis Direct	Debit	01/08/13	\$19.00
Unknown	Withdrawal	01/17/13	\$100.00
Acct Analysis Direct	Debit	03/08/13	\$19.11
Unknown	1015	05/01/13	\$30.00
Unknown	1018	05/07/13	\$30.00
US Merchant System	Debit	05/17/13	\$9.95
Citibank	Debit	05/20/13	\$35.00
Unknown	1019	05/21/13	\$30.00
Citibank	Debit	05/22/13	\$35.00
Acct Analysis Direct	Debit	06/10/13	\$19.30
Total			<u>\$365.36</u>

Exhibit III
Sondra Peeden 2013
Missing Deposit Slips
 (see Finding #2c)

Date of Deposit	Dollar Amount	Notes
10/26/12	\$27.50	(1)
01/11/13	\$60.00	(1)
01/11/13	\$480.00	(2)
01/14/13	\$500.00	(2)
02/14/13	\$50.98	(1)
03/08/13	\$90.00	(1)
03/11/13	\$70.00	(1)
03/11/13	\$100.00	(1)
04/05/13	\$50.00	(1)
04/22/01	\$290.00	(1)
04/29/13	\$175.00	(1)

Notes:

- (1) The Campaign did not provide an itemized deposit slip.
- (2) The Campaign provided an itemized deposit slip that is illegible.