



Summary of Final Board Determination

Lynne Serpe

Candidate, 2013, City Council District 22, Queens

Program participant: \$68,568 in public funds received

1. Failing to provide merchant account statements \$500

Campaigns are required to provide copies of all bank and merchant account statements for accounts used for each election. *See* Admin. Code §§ 3-703(1)(d), (g), (11), 3-719(1); Board Rule 4-01(f).

The Campaign failed to provide all merchant account statements for its Priority Payment Systems merchant account.

The Board assessed a penalty of \$500 for this violation.

2. Failing to report transactions \$210

Campaigns are required to properly report all financial transactions to the Board. *See* Admin. Code §§ 3-703(1)(d), (g), (6), (11), (12), 3-719(1); Board Rules 1-09, 3-03(c), (d), (e), 4-01.

The Campaign did not report transactions totaling \$10,528.27 that appear on its bank statements.

The Board assessed a penalty of \$210 for this violation.

3. Failing to demonstrate compliance with cash receipts reporting and documentation requirements \$94

Campaigns are required to report all cash receipts, deposit them into the bank account listed on the candidate's filer registration and/or certification, and provide the deposit slips for the account to the Board. *See* Admin. Code §§ 3-703(1)(d), (g), (6), (10), (11), (12), 3-719(1); Board Rules 1-04(a), (b), 2-06(a), 3-03(c), 4-01(a), (b)(1), (3), (f).

The Campaign reported \$2,592 in cash receipts, but the deposit slips the Campaign provided account for \$2,971 in cash receipts, a difference of \$379 (a variance of 14.62%).

The Board assessed a penalty of \$94 for this violation.



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4. Failing to demonstrate compliance with subcontractor reporting and documentation requirements \$100

If a campaign makes an expenditure to a vendor that relied on subcontractors to provide the goods or services to the campaign, and the cost of the subcontracted goods or services provided by a single subcontractor exceeds \$5,000, the campaign must report, in addition to the expenditure, the name and address of the subcontractor, the amount(s) of the expenditure(s) to the subcontractor, and the purpose(s) of the subcontracting. The candidate must also obtain and maintain documentation from each vendor that used subcontractors. *See* Admin. Code §§ 3-703(1)(d), (g), (6), (11), 3-719(1); Board Rules 3-03(e)(3), 4-01(h).

The Campaign paid a total of \$11,999.43 to East River Mail, but failed to report subcontractors used by the vendor.

The Board assessed a penalty of \$100 for this violation.

5. Accepting contributions from corporations, limited liability companies, or partnerships \$2,475

Campaigns may not accept, either directly or by transfer, a campaign contribution or loan, or guarantee or other security for such loan, from any corporation, limited liability company (LLC), or partnership. *See* N.Y.C. Charter § 1052(a)(13); Admin. Code §§ 3-702(8), 3-703(1)(1), 3-719(2)(b); Board Rules 1-04(c)(1), (e), (g), 1-05. Creditors who extend credit beyond 90 days are considered to have made a contribution equal to the credit extended, unless the creditor continues to seek payment of the debt. Outstanding liabilities that are forgiven or settled for less than the amount owed are also considered contributions. *See* Board Rules 1-04(g)(4), (5).

The Campaign reported an \$832.89 expenditure to Universal Printing Company, and a \$1,143.19 expenditure to New Prime Design & Printing. However, the reported payments do not appear on the bank statements, nor are they reported as outstanding liabilities. As a result, the Campaign's reporting indicates that the goods or services were provided by the reported payee for free.

The Board assessed a penalty of \$2,475 for these violations.

6. Failing to document transactions \$100

Campaigns are required to document all financial transactions, including loans, in-kind contributions, and joint expenditures. *See* Admin. Code §§ 3-703(1)(d), (g), (11), (12), 3-715, 3-719(1)(b); Board Rules 1-09, 4-01(a), (c), (g), (k), 4-03.



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The Campaign reported an expenditure to New York Design Company for \$381.06. However, the reported payment does not appear on its bank statements, nor is it reported as an outstanding liability. As a result, the Campaign failed to document that it had made the reported expenditure.

The Board assessed a penalty of \$100 for this violation.

7. Making impermissible post-election expenditures \$390

After an election and before repaying leftover campaign funds to the Board, participants may spend campaign funds only to pay campaign-related expenses incurred in the preceding election and for “routine activities involving nominal cost associated with winding up a campaign and responding to the post-election audit.” *See* Admin. Code §§ 3-702(21)(a)(8), 3-703(1)(d), (g), (6), (11), 3-710(2)(c); Board Rules 1-03(a), 1-08(b), 5-03(e)(2).

The Campaign made 31 expenditures totaling \$1,560.92 which, due to the timing, amount, and/or purpose, were not permissible.

The Board assessed a penalty of \$390 for these violations.

8. Late response to the Draft Audit Report \$871

Campaigns are required to maintain records, such as copies of checks, invoices, and bank records, to verify financial transactions reported in disclosure statements, and campaigns are required to provide such records to the Board upon request and to respond to specific questions regarding compliance with the Act and Rules. *See* Admin. Code §§ 3-703(1)(d), (g), (6), (11), (12), 3-708(5), 3-710(1), 3-719(1)(b); Board Rules 1-09(a), 4-01, 4-05(a). Candidates who fail to respond to the Draft Audit Report may be subject to a penalty of up to 10% of total public funds received. *See* Admin. Code § 3-711(2)(b).

The Campaign submitted a response to the Penalty Notice (which is considered a response to the Draft Audit Report) 490 days after the Draft Audit Report response was due.

The Board assessed a penalty of \$871 for this violation.