



Summary of Final Board Determination

Jumaane Williams

Candidate, 2013, Council District 45

Program participant: \$46,200 in public funds received

1. Failing to report bank and merchant accounts used for campaign purposes **\$500**

Campaigns are required to establish and maintain a separate campaign bank account and to report all bank, merchant, and depository accounts used for campaign purposes. *See* Admin. Code §§ 3-703(1)(c), (d), (g), (6), (10), (11); Board Rules 1-11(d), 2-06, 4-01(f).

Bank statements provided by the Campaign indicate that it used a J.P. Morgan Chase account, a First Data merchant account, and a PayPal account for campaign purposes. These accounts were not disclosed by the Campaign in its Certification. The Campaign submitted a Change of Bank Account Form in which it attempted to disclose the First Data merchant account ending, but the Campaign mislabeled the bank's name.

The Board assessed total penalties of \$500 for these violations.

2. Failing to provide bank and 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); Board Rule 4-01(f).

The Campaign failed to provide account statements from one First Data account from inception-March 2013 and March 2014-April 2014; for another First Data account from inception-present; and from its PayPal account from inception-December 2012 and January 2014-present.

The Board assessed a penalty of \$500 for these violations.

3. Filing a late disclosure statement **No penalty**

Campaigns are required to file complete and timely disclosure statements on scheduled dates. *See* N.Y.C. Charter § 1052(a)(8); Admin. Code §§ 3-703(6), (12), 3-708(8); Board Rules 1-09, 3-02.

The Campaign filed disclosure statement five on July 25, 2012, nine days after the July 16, 2012 deadline.

The Board did not assess a penalty for this violation.



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4. Accepting contributions from corporations, partnerships, or limited liability companies \$2,150

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); Board Rules 1-04(c)(1), (e), (g), 1-05.

The Campaign accepted contributions from prohibited sources totaling \$1,900. The Campaign timely refunded one contribution and untimely refunded the remaining contributions.

The Board assessed penalties of \$2,150 for these violations.

5. Accepting contributions from unregistered political committees \$1,050

Campaigns may not accept a contribution from a political committee unless the political committee is registered with the CFB or registers with the CFB within 10 days of receipt of the contribution. *See* Admin. Code §§ 3-702(11), 3-703(1)(k), 3-707; Board Rules 1-04(c)(1), (d), (g), 1-05.

The Campaign accepted contributions from unregistered political committees totaling \$2,200. Following notification, the Campaign untimely refunded each contribution.

The Board assessed total penalties of \$1,050 for these violations.

6. Failing to document transactions \$400

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; Board Rules 1-09, 4-01(a), (c), (g), (k), 4-03. 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. *See* Admin. Code § 3-702(8); Board Rules 1-02, 1-04(g).

The Campaign reported expenditures of \$100 to 67th Precinct Community Council on January 10, 2013, and \$75 to G, C & P M Nurses' Association of America on January 11, 2013, both for journal ads. However, payments for these expenditures do not appear in any of the bank statements provided by the Campaign, nor are they reported as outstanding liabilities. The



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Campaign's reporting and documentation therefore indicate that a third party paid for these transactions, or that the goods or services were provided by the vendor. However, the Campaign failed to adequately document the expenditures as in-kind contributions. The Campaign stated that the checks to the vendors had not been cashed, and did not provide verification from the vendors that they were still expecting payment.

The Campaign made a joint expenditure with the Scott Stringer and Letitia James campaigns consisting of 10,000 palm cards totaling \$1,578.69. Per the Campaign's documentation of the expenditure, each campaign bore 1/3 of the total cost of the expenditure, and the Stringer and James campaigns each paid the Campaign \$526.23 for the palm cards. However, the content of the palm cards does not justify this cost allocation methodology, because the Candidate is featured in 3/4 of the card, while Stringer and James share the other 1/4 of the card. The Stringer and James campaigns should have each paid 1/8 of the total value of the expenditure, or \$197.34. The Campaign thus accepted in-kind contributions from the Stringer and James campaigns, each in the amount of \$328.89 (\$526.63 - \$197.34).

The Board assessed total penalties of \$400 for these violations.

7. Failing to demonstrate that spending was in furtherance of the campaign \$939

Campaigns are required to demonstrate that all spending was in furtherance of the campaign. *See* Admin. Code §§ 3-702(21)(a), (b); 3-703(1)(d), (g), (6), (11); Board Rules 1-03(a), 4-01(e).

The Campaign failed to demonstrate that expenditures totaling \$3,757.42 were in furtherance of the campaign.

The Board assessed total penalties of \$939 for these violations.

8. Making impermissible post-election expenditures \$1,767

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 impermissible post-election expenditures totaling \$7,069.72.

The Board assessed total penalties of \$1,767 for these violations.



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9. Commingling campaign funds with funds accepted for a different election \$500

Campaigns are required to establish and maintain a separate campaign bank account and to report all bank, merchant, and depository accounts used for campaign purposes. *See* Admin. Code §§ 3-703(1)(c), (d), (g), (6), (10), (11); Board Rules 1-11(d), 2-06, 4-01(f). Campaigns are prohibited from commingling campaign funds with funds accepted for another election. *See* Board Rules 2-06(b), (e).

The Campaign's documentation and reporting indicate that it commingled funds with the Candidate's 2009 campaign (the "2009 Campaign"). The Campaign's Draft Audit Report ("DAR") included several unreported debits and credits, which the Campaign stated were checks to and from the 2009 Campaign. The Campaign reported the transactions as transfers-in and transfers-out, but did not provide sufficient documentation to demonstrate that the transactions were transfers, as detailed below. CFB staff sent the Campaign a document request in April 2015, giving the Campaign an opportunity to amend its reporting and provide documentation and explanations for these transactions. As detailed below, the Campaign responded to the request, but failed to resolve the outstanding issues.

Prior to the election, the Campaign submitted contribution backup documentation for four checks totaling \$815 that were made out to the 2009 Campaign. The DAR identified an unreported credit of \$775 on the Campaign's bank statements. As part of its DAR response, the Campaign amended its reporting to disclose a \$775 transfer-in on November 2, 2010 via check number 1200 from the 2009 Campaign. The Campaign's bank statements show a transfer-in from a checking account, but the 2009 Campaign did not disclose an account with the number of the account listed. In April 2015, CFB staff requested additional information and documentation. The Campaign responded that "Check #: 1200 dated November 2, 2010 for \$775.00 was transferred into [the 2013 Campaign]." The Campaign further stated that it did "not have access to the original contribution document as it was one of the items lost in the previous treasurer's Superstorm Sandy flooding." The Campaign has failed to provide an explanation or documentation for the checking account shown on the bank statement, a copy of the \$775 transfer-in check, a copy of any 2009 Campaign bank statement showing a transfer-out, or the backup documentation for the contributions underlying the transfer-in. Without this documentation, CFB staff is unable to confirm that the funds were transferred in from the 2009 account as reported by the Campaign.

As part of its DAR response, the Campaign also amended its reporting to disclose three March 2011 transfers-out to the 2009 Campaign, totaling \$2,500. On December 23, 2010, the former treasurer of the Campaign, Tatek Ewart ("Ewart"), sought guidance regarding a \$2,000 contribution check that was intended for the 2009 Campaign but inadvertently deposited in the Campaign's account. CFB staff instructed Ewart to have the 2013 Campaign write a check to the 2009 Campaign, write a memo explaining the occurrence, and to keep a copy of the check with the Campaign's records. One of the March 2011 transfers-out reported by the Campaign as part of its DAR response was for \$2,000. The Campaign provided a copy of three transfer-out checks totaling \$2,500, including one for \$2,000, each of which stated "deposit correction" in the memo



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section of the check. CFB staff requested additional information and documentation in April 2015. The Campaign stated that the “data” for the transfers-out was lost in Superstorm Sandy, but acknowledged that “the previous treasurer has indicated that the transfer was made due to incorrectly deposited contributions.” The Campaign also provided a copy of the March 2011 bank statement for the 2009 Campaign that showed a \$2,500 deposit on the date that the three transfer-out checks from the Campaign were cashed. However, the Campaign failed to provide a copy of the underlying misdeposited contribution checks, and did not explain why the transfers-out totaled \$2,500 rather than \$2,000, the amount of the original check.

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