



New York City Campaign Finance Board
100 Church Street, 12th Floor, New York, NY 10007
212.409.1800 | www.nycffb.info

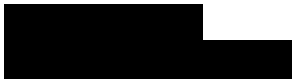
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Via C-Access
November 20, 2020

Kamillah M. Payne-Hanks
Kamillah Hanks 2017



Dear Kamillah Payne-Hanks:

Please find attached the New York City Campaign Finance Board's ("CFB" or "Board") Final Audit Report ("FAR") for the 2017 campaign of Kamillah Payne-Hanks (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 21, 2019, issued on November 26, 2019.¹ The report concludes that the Campaign demonstrated substantial compliance with the Campaign Finance Act (the "Act") and the Board Rules (the "Rules"), with exceptions as detailed in the report.

As detailed in the Final Board Determination, the Campaign was assessed penalties totaling \$1,329. The Campaign previously paid \$100.

The full amount owed must be paid no later than the date(s) agreed upon. Please send the payment(s) 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.

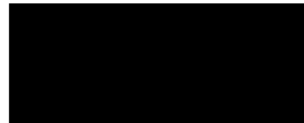
If the CFB is not in receipt of the full amount owed by the date agreed upon, the Candidate's name and the amount owed will be posted on the CFB's website. The CFB may also initiate a civil action to compel payment. In addition, the Candidate will not be eligible to receive public funds for any future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

¹ The Final Board Determination was issued on November 26, 2019. For details on the Final Board Determination, visit the CFB website at <https://www.nycffb.info/PDF/reports/FBD/FBD-2017-kpayne-hanks-1996.pdf>.

The January 16, 2018 disclosure statement (#16) was the last disclosure statement the Campaign was required to file with the CFB for the 2017 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 2017 election cycle. Please contact the Audit Unit at 212-409-1800 or AuditMail@nyccfb.info with any questions about the enclosed report.

Sincerely,

A solid black rectangular box redacting the signature of Sauda S. Chapman.

Signature on original

Sauda S. Chapman
Assistant Executive Director
Campaign Finance Administration

Attachments



EC2017 Final Audit Report

Kamillah Hanks 2017

November 2020

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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. The CFB makes this information available via its 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: Kamillah M. Payne-Hanks	Contribution Limit:
ID: 1996	\$2,750
Office Sought: City Council	
District: 49	Expenditure Limit:
	2014 – 2016: \$49,000
Committee Name: Kamillah Hanks 2017	2017 Primary: \$182,000
Classification: Participant	2017 General: \$182,000
Certification Date: May 23, 2017	
	Public Funds:
Ballot Status: Primary, General	Received: \$100,100
Primary Election Date: September 12, 2017	Returned: \$39.17
General Election Date: November 7, 2017	
Party: Democratic, Reform	Campaign Finance Summary:
	https://bit.ly/2pVo4qC

AUDIT RESULTS

This report may contain the following findings:

- **Disclosure Findings:** Accurate public disclosure is an important part of the CFB's mission. These findings relate to the Campaign's failure to completely and timely disclose the Campaign's financial activity.
- **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. These findings relate to the Campaign's failure to comply with the requirements for contributions under the Act and Rules.
- **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.
- **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.

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); Board 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); Board 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); Board Rules 4-01(a), (b)(1), (f).

CFB Staff reviewed the following bank and/or merchant account statements:

BANK	ACCOUNT #	ACCOUNT TYPE	STATEMENT PERIOD
Citi Bank	XXXXXX7218	Checking	Dec 2016 – Dec 2017
Stripe	XXXXXXahil	Merchant	Jan 2017 – Dec 2017
Vantiv	XXXXXX8980	Merchant	Dec 2016 – May 2017

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 transactions that appear on its bank statements:

DEBITS

ACCOUNT #	NAME	CHECK NO./ TRANSACTION	PAID DATE	AMOUNT	NOTES
XXXXXX7218	Constant Contact	Debit	09/26/17	\$76.21	(1)
XXXXXX7218	Vonage Business	Debit	12/12/17	\$61.84	(1)
XXXXXX7218	Constant Contact	Debit	12/27/17	\$10.89	(1)
Total				\$148.94	

(1) This finding was identified as a result of the Campaign’s response to the Draft Audit Report.

CREDITS

ACCOUNT #	NAME	CHECK NO./ TRANSACTION	PAID DATE	AMOUNT
XXXXXX7218	Verizon	Credit	12/14/17	\$7.42

b) The Campaign reported the transactions listed below that do not appear on the bank statements it provided.

NAME	CHECK NO./ TRANSACTION	STATEMENT/ SCHEDULE/ TRANSACTION	PAID DATE	AMOUNT	NOTES
Chez Vous Caterer	1336	13/F/R0002280	09/24/17	\$350.00	(1)
Citibank, NA	N/A	15/F/R0002303	10/09/17	\$15.00	

- (1) If the vendor did not receive payment, the Campaign should have reported this expenditure as an outstanding liability.

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

DATE OF DEPOSIT	DOLLAR AMOUNT	NOTES
08/08/17	\$100.00	(1)
08/11/17	\$250.00	(1)
12/04/17	\$2,750.00	(1), (2)

- (1) Although the Campaign provided a deposit slip for this deposit, it was not itemized.
 (2) This finding was identified as a result of the Campaign's response to the Draft Audit Report.

Previously Provided Recommendation

a) This finding was identified as a result to the Campaign's response to the Draft Audit Report.

b) For each transaction reported in the Campaign's disclosure statement(s) that does not appear on the Campaign's bank statements, the Campaign must provide evidence to show that the transaction cleared the bank (i.e., a copy of the front and back of the check, and the bank statement showing the payment). Alternatively, the Campaign may provide evidence that the transaction was reported in error, and amend the Campaign's disclosure statement to void the check. For each voided check, the Campaign must either issue a replacement check or forgive the expenditure payment. Any forgiven liabilities will be considered in-kind contributions, which could result in contribution limit violations, or be considered contributions from a prohibited source. The Campaign may need to contact the payee to determine why the transaction did not clear. The response to the Draft Audit Report is the Campaign's last opportunity to amend its disclosure statements.

c) The Campaign must provide copies of the requested itemized deposit slips. If the bank or depository used does not provide itemized deposit slips, the Campaign must provide contemporaneous written records of each deposit, which must include the date of the deposit, the source and amount of each item deposited, whether each item deposited was a check, a money order, or cash, the name and title of the individual who made the deposit, and the total amount deposited.

Please note that any newly entered transactions that occurred during the election cycle (01/12/14—01/11/18) 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 in C-SMART, the Campaign should run the Modified Statements Report to identify the statements for which the Campaign must submit amendments. The C-SMART submission screen also displays 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 16.²

Campaign's Response

- a) This finding was identified as a result of the Campaign's response to the Draft Audit Report.
- b) In response to the Draft Audit Report, the Campaign provided a receipt from the bank indicating the campaign closed out the account on January 15, 2018. The receipt shows the purchase of three checks; however, it did not include the transactions listed above.
- c) The Campaign provided documentation for the deposits.

Board's Analysis

- a) This finding was identified as a result of the Campaign as a result of the Campaign's response to the Draft Audit Report. 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.
- b) The Campaign has two remaining uncleared transactions totaling \$365.00. 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) Although the Campaign provided documentation for all of the requested deposits, three of the deposit slips provided were not itemized. 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.

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

2. Late and/or Missing Disclosure Statements

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 did not file the following disclosure statement by the due date:

STATEMENT #	DUE DATE	DATE FILED	# DAYS LATE
14	10/27/17	10/30/17	3

Previously Provided Recommendation

The Campaign may explain the late disclosure statement listed above. The Campaign may also provide documentation to support its explanation.

Campaign's Response

In response to the Draft Audit Report, the Campaign stated that the treasurer resigned after the Campaign ended. Kamillah Hanks subsequently took over as treasurer and misread the due date of the disclosure statement.

The Campaign did not contest this finding in its response to the Enforcement Notice.

Board's Analysis

The Board found the Campaign in violation. See Final Board Determination.

3. Disclosure – Paid for By/ Authorized By Disclosure Requirement for Communications

When a campaign pays for any literature, advertisement or other communication, such communication must disclose that the communication has been paid for by the candidate or committee. When a campaign authorizes any other individual or entity to pay for any literature, advertisement or other communication in support of or in opposition to any candidate in any covered election, such communication must disclose that the communication has been authorized by the candidate or committee. *See* Admin. Code §§ 3-703(16) (a), (b); Board Rule 2-13.

a) The following communications did not include the required “paid for by” or “authorized by” disclaimer:

DESCRIPTION OF ITEM	EXHIBIT #
Facebook Ad	I

b) The Campaign provided one or more communications where the required “paid for by” or “authorized by” disclaimer was not contained in a box as detailed in Board Rule 2-13(c).

Previously Provided Recommendation

a) The Campaign must explain why each communication does not have a “paid for by” or “authorized by” identification and must identify whether each communication was paid for by the Campaign or another individual or entity. If the identification appeared on another part of the communication (i.e., the back of a palm card where only the front was previously provided to the CFB), the Campaign must provide a full copy of the communication. If the Campaign believes it was not required to include the identification on the communication, it must provide an explanation.

b) The Campaign does not need to respond to this finding. However, the Campaign should note for future communications that for all printed material, Internet ads, or websites, the “paid for by” or “authorized by” disclaimer must be in a font of conspicuous size and style and contained in a box within the borders of the communication.

Campaign’s Response

a) In response to the Draft Audit Report, the Campaign provided e-mail correspondence between the Campaign and The Advance Group stating that the “paid for by” disclosure appeared on the live ads but would not appear on the copies of those ads.

b) The Campaign was not required to this finding.

Board's Analysis

- a) Although the Campaign provided e-mail correspondence stating the “paid for by” disclosure was included on the Facebook Ads, the Campaign did not provide a copy of the ad showing the “paid for by’ disclosure. 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.

- 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.

Exhibit I

Kamillah Hanks 2017

Missing Paid for By/Authorized By – Facebook Ad

(see Finding #3a)



Kamillah Hanks

Sponsored · · 🌐

👍 Like Page

Polls are open until 9pm tonight. Click here to find out where to vote for Kamillah Hanks!

VOTE **KAMILLAH HANKS**
DEMOCRAT for CITY COUNCIL

VOTE HANKS IN THE DEMOCRATIC PRIMARY ON SEPTEMBER 12TH

Today is Election Day! Vote Democrat Kamillah Hanks for City Council.

Kamillah Hanks is a Staten Island native running for City Council on the North Shore. Today, vote for the change we deserve.

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Learn More

👍 Like 💬 Comment ➦ Share

4. 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 that 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 limits and source restrictions. *See* Admin. Code § 3-702(8); Board Rules 1-02, 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); Board 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); Board Rules 1-04(g)(2), 4-01(c).

a) Documentation provided by the Campaign for the vendors listed below indicates that the vendor was not paid the total owed by the Campaign. The unpaid portion was not reported as an outstanding liability and is therefore considered an in-kind contribution from the vendor.

NAME	TIMESHEET/ CONTRACT TOTAL	AMOUNT PAID	UNREPORTED IN-KIND	NOTES
Yung, Lok	\$1,325.00	\$1,200.00	\$125.00	(1)

(1) The contract provided by the Campaign shows that the agreed upon total compensation for this treasurer was \$1,325; however, only \$1,200 was paid.

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	NOTES
Fundraiser at Casa Belvedere on 2/22/17	(1), (2)
Fundraiser at Cornerstone Realty on 2/23/17	(2), (3)

(1) Documentation provided by the Campaign indicates that this fundraiser was held at Casa Belvedere. Additionally, the Campaign provided documentation indicating that the cost of food and beverages at the fundraiser was \$500.00. The Campaign has not reported the in-kind from Casa Belvedere or provided any other documentation for the cost of the space, etc.

- (2) This is also a prohibited corporate contribution. See also Finding #5.
- (3) In response to the Draft Audit Report, the Campaign stated that this fundraiser was a house party hosted by Frank Rizzo. However, documentation provided by the Campaign indicates that this fundraiser was held at Cornerstone Realty. The Campaign did not report an expenditure(s) to Cornerstone Realty related to this fundraiser. Therefore, this fundraiser is considered an unreported in-kind contribution from Cornerstone Realty.

Previously Provided Recommendation

a) The Campaign must explain why it did not pay the total amount owed for the services provided by the listed vendor.

- If the vendor did not provide all of the contracted services, the Campaign must submit an amendment to the contract, signed by both parties, that details the amended payment and scope of work.
- If the Campaign has an outstanding liability to the vendor, it must submit an amendment to Disclosure Statement #16 to report the liability, and provide documentation showing that the debit remains an outstanding liability and that the creditor is attempting to collect the debt. Such documentation may include current invoices, collection notices, and/or letters from creditors that demonstrate a consistent and ongoing collection effort. The response to the Draft Audit Report is the Campaign's last opportunity to amend its disclosure statements.
- If the vendor provided an in-kind contribution or forgave the debt, the Campaign must report an in-kind contribution. In addition, if the in-kind contribution or forgiven debt causes a prohibited or over the limit contribution, the Campaign must refund the prohibited amount by bank or certified check, and provide the CFB with a copy of the refund check, or pay the New York City Election Campaign Fund (the "Public Fund") an amount equal to the contribution.

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. The response to the Draft Audit Report is the Campaign's last opportunity to amend its disclosure statements.

Campaign's Response

- a) In response to the Draft Audit Report, the Campaign stated that a \$125 payment was made to Lok Young and provided a copy of the invoice.
- b) In response to the Draft Audit Report, the Campaign stated that there “were no expenses attached to house fundraisers.”

Board's Analysis

- a) The payment and invoice that the Campaign referenced has already been included in the \$1,200 total paid to Lok Young, therefore, there is still balance remaining of \$125.
- b) Although the Campaign stated that fundraisers were “house fundraisers,” the addresses listed on the fundraiser flyers indicate that the fundraisers were held at two commercial locations, Casa Belvedere, and the office of Cornerstone Realty. Additionally, documentation provided by the Campaign indicates that the fundraiser at Casa Belvedere was valued at \$500 for food and drinks.

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.

5. Prohibited Contributions – Corporate/Partnership/LLC

Campaigns may not accept, either directly or by transfer, any contribution, loan, guarantee, or other security for a loan from any corporation. This prohibition also applies to contributions received after December 31, 2007 from any partnership, limited liability partnership (LLP), or limited liability company (LLC). *See* New York City Charter §1052(a)(13); Admin. Code §§ 3-703(1)(l), 3-719(d); Board Rules 1-04(c), (e).

a) Prior to the election, the Campaign accepted a contribution from an entity listed on the New York State Department of State’s website as a corporation, partnership, and/or LLC in the following instance. After notification from the CFB, the Campaign timely refunded the contribution.

PREVIOUSLY REFUNDED CONTRIBUTIONS FROM PROHIBITED SOURCES REFUNDED TIMELY				
NAME	STATEMENT/ SCHEDULE/ TRANSACTION	INCURRED/ RECEIVED/ REFUNDED DATE	AMOUNT	NOTES
Columbo, James	12/ABC/R0002091	09/11/17	300.00	(1)
Columbo, James	13/M/R0002281	09/26/17	(\$300.00)	

(1) Although the Campaign reported the contribution as shown, the documentation provided indicates that this contribution was from The Law Offices of James R. Columbo, Jr. P.C., a registered corporation that is listed on the New York State Department of State’s website.

b) The Campaign accepted contributions from entities listed on the New York State Department of State’s website as a corporation, partnership, and/or LLC in the following instance:

CONTRIBUTIONS FROM PROHIBITED SOURCES				
NAME	STATEMENT/ SCHEDULE/ TRANSACTION	RECEIVED DATE	AMOUNT	NOTES
Casa Belvedere	Unreported	02/22/17	Unreported	(1)
Cornerstone Realty	Unreported	02/23/17	Unreported	(2)

(1) Documentation provided by the Campaign indicates that that this fundraiser was held at Casa Belvedere, however, the Campaign did not report expenditures to Casa Belvedere. The Campaign also provided e-mail correspondence indicating that Casa Belvedere was the contributor of the in-kind contribution. Since Casa Belvedere is a registered corporation on the New York State Department of State’s website, this in-kind contribution is considered a corporate contribution.

(2) Documentation provided by the Campaign indicates that this fundraiser was held at Cornerstone Realty and hosted by the owner, however, no expenditures were reported to Cornerstone Realty. The Campaign failed to provide documentation from the owner demonstrating that the Campaign paid for the space. Therefore, the in-kind contribution was from Cornerstone Realty, which is a registered corporation on the New York State Department’s Website.

Previously Provided Recommendation

- a) The Campaign previously refunded the prohibited contribution and no further response is necessary at this time.
- b) This finding was identified as a result of the Campaign's response to the Draft Audit Report

Campaign's Response

- a) The Campaign did not need to respond to this finding in its response to the Draft Audit Report.
- b) The Campaign did not contest this finding in its response to the Enforcement Notice.

Board's Analysis

- a) 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.
- b) The Board found the Campaign in violation. See Final Board Determination.

6. Expenditures 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); Board 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 that 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, 3-710(2)(c); Board Rules 1-03(a), 5-03(e); 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	NCR AMOUNT	NOTES
McGregor, Domenique	11/F/R0001667	WAGES	08/19/17	08/10/17	\$285.00	\$72.00	(1)
Reynald, Jason	Various	WAGES	Various	Various	\$9,645.00	\$895.00	(2)
Shore to Shore Realty	13/F/R0002272	FUNDR	09/22/17	09/24/17	\$350.00	\$350.00	(3)

- (1) The timesheet provided by the Campaign indicates that this campaign worker agreed to be paid a total of \$213 for duties performed, however, a total of \$285 was paid. The additional \$72 paid is considered a non-campaign related expenditure.
- (2) An agreement provided by the Campaign indicates that Jason Reynald agreed to be paid a total of \$8,750 for services rendered from June 1, 2017 through September 14, 2017, however a total of \$9,645 was paid. The additional \$895 paid is considered a non-campaign related expenditure.
- (3) The lease agreement provided by the Campaign stipulates that the Campaign agreed to pay monthly rent installments of \$1,200 from June 1, 2017 to September 30, 2017 for a total of \$4,800. Although the Campaign paid \$4,800 as required, the Campaign also paid an additional \$350 for a fundraiser. Since the \$350 paid was not covered in the lease, it is considered a non-campaign related expenditure.

Previously Provided Recommendation

The Campaign must explain how each expenditure listed is in furtherance of the campaign, and provide supporting documentation. The explanation and documentation may include details of

how, when, where, and by whom a good was used. For services, the documentation and explanation may include work product and/or additional details regarding how, when, and where, and by whom the service was provided. The Campaign must review the questioned transactions. Because non-campaign related expenditures are not qualified, failure to demonstrate that expenditures are in furtherance of the campaign may increase the amount of public funds that must be repaid.

Campaign's Response

In response to the Draft Audit Report, the Campaign stated that payments to Jason Reynald were covered by an amended contract that was provided with the Initial Documentation Request response.

The Campaign did not contest this finding in its response to the Enforcement Notice.

Board's Analysis

Although the Campaign stated that an amended contract for Jayson Reynald had been provided, a contract was not found in the documentation provided by the Campaign.

The Board found the Campaign in violation. See Final Board Determination.

7. Expenditures – Improper Post-Election

After the election, participants may only make disbursements for the preceding election, or for limited, routine activities of nominal cost associated with winding up a campaign and responding to the post-election audit. Campaigns have the burden of demonstrating that post-election expenditures were for the preceding election or the limited and routine activities described in the law. *See* Admin. Code § 3-710(2)(c); Board Rule 5-03(e)(2).

Each expenditure listed below is deemed an improper post-election expenditure based on the timing, amount and/or purpose reported by the Campaign:

PAYEE	STATEMENT/ SCHEDULE/ TRANSACTION	PURPOSE CODE	INVOICE DATE	DATE PAID	AMOUNT
Pitney Bowes	15/F/R0002300	POSTA	11/14/17	11/14/17	\$61.84 ³

Previously Provided Recommendation

The Campaign must explain how each expenditure was for the preceding election, or was a routine and nominal expenditure associated with winding up the Campaign, and must provide supporting documentation.

Campaign’s Response

In response to the Draft Audit Report, the Campaign stated that the expenditure related to formal charges for equipment rental.

Board’s Analysis

Although the Campaign provided an explanation, it did not provide documentation to substantiate its response.

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.

³ The vendor issued a refund of \$39.17 on November 28, 2018; however, the Campaign’s bank account was closed on January 15, 2018. Therefore, the Campaign submitted the check to the CFB on January 16, 2019 as a return of public funds.

COMPLAINTS

Complaint by Deborah Rose

On September 22, 2017, Deborah Rose submitted a complaint concerning the Campaign. The complaint alleged the following:

Allegation

The Campaign received an improper benefit from the Historic Tappen Park Community Partnership (“HTP”), a nonprofit of which the Candidate is the President/CEO. The complaint included pictures allegedly showing participants of HTP’s B.U.I.L.D. program handing out Campaign literature while wearing program t-shirts, and later returning the Campaign literature to HTP’s office.

CFB Review

The Campaign responded that the two individuals pictured in the complaint were paid campaign workers who had previously completed HTP’s B.U.I.L.D program. The Campaign provided copies of program completion certificates and campaign timesheets and checks for the two individuals. The Campaign explained that the two individuals owned B.U.I.L.D. shirts, and that the Campaign did not suggest that they be worn, and would have discouraged such action if it had known. In regard to the picture that allegedly shows one of the two individuals returning the Campaign literature to HTP’s office, the Campaign stated that the picture does not clearly show Campaign literature in the individual’s possession.

More broadly, the Campaign stated that HTP “did not expend any funding or resources to” the Campaign, and that “[a]t no time did the Candidate, or the Campaign, use HTP to authorize, suggest or cooperate for the benefit” of the Campaign.

CFB staff did not find a sufficient basis to recommend a violation against the Campaign.

Resolution

On November 21, 2019, the Board dismissed the complaint.

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. With each disclosure statement, we reviewed the bank records provided by the Campaign and reconciled the activity on the statements provided to the Campaign's reporting. We provided the Campaign with the results of this preliminary bank reconciliation periodically. After the election, the Campaign also received a separate bank reconciliation mailing to allow for proper reporting with Disclosure Statement #16. 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 reconciled the financial activity on the Campaign's bank and merchant account 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. Cash variances were calculated by comparing the total cash contributions reported to the total of cash deposits on itemized deposit slips. Merchant account variances were calculated by comparing the total credit card contributions reported to the total credits in the merchant account statements. We reconciled the transfers on the submitted merchant account statements to the deposits on the bank account statements.

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

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

To ensure that the Campaign disbursed funds in accordance with the Act and Rules, we reviewed the Campaign's reported expenditures and obtained documentation to assess whether funds were spent in furtherance of the Candidate's nomination or election. We also reviewed information from the New York State Board of Elections and the Federal Election Commission to determine if the Candidate had other political committees active during the 2017 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 2017 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 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.

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 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 committed violations subject to penalty. The Campaign chose not to contest the CFB staff recommendations. The Board's actions are summarized in the Campaign's Final Board Determination.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. We limited our review to the areas specified in this report's audit scope.

Respectfully submitted,



Signature on original

Souda S. Chapman

Assistant Executive Director
Campaign Finance Administration

Staff: Victoria Telt

Anthony Grullon

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

Candidate: Hanks, Kamillah M (ID:1996-P)**Office:** 5 (City Council)**Election:** 2017

1. Opening cash balance (All committees)		\$0.00
2. Total itemized monetary contributions (Sch ABC)		\$73,226.00
3. Total unitemized monetary contributions		\$0.00
4. Total in-kind contributions (Sch D)		\$5,693.39
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)		\$170,601.75
Expenditure payments	\$170,601.75	
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)		\$123.00
17. Total receipts adjustment (Sch M - excluding CFB repayments)		\$3,070.00
18. Total outstanding liabilities (Sch N - last statement submitted)		\$76.21
Outstanding Bills	\$76.21	
Outstanding Advances	\$0.00	
19. Total advanced amount (Sch X)		\$0.00
20. Net public fund payments from CFB		\$99,960.83
Total public funds payment	\$100,100.00	
Total public funds returned	(\$39.17)	
21. Total Valid Matchable Claims		\$19,591.00
22. Total Invalid Matchable Claims		\$575.00
23. Total Amount of Penalties Assessed		\$1,329.00
24. Total Amount of Penalty Payments		\$0.00
25. Total Amount of Penalties Withheld		\$0.00