New York City Campaign Finance Board
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Summary of Final Board Determination

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Candidate, 2013, Public Advocate
Program participant: $1,346,424 in public funds received

1. Failing to report transactions $228

Campaigns are required to properly report all financial transactions to the Board. *See* Admin. Code §§ 3-703(1)(d), (g), (6), (11), (12); Board Rules 1-09, 3-03(c), (d), (e), 4-01. Campaigns are required to report the candidate's personal contributions of $99 or more to political committees that support candidates in New York City and throughout New York State (except political committees of other candidates). Such contributions are presumptively campaign expenditures unless the candidate rebuts the presumption. *See* CFB Final Determination No. 2009-1. Such contributions are also considered contributions by the candidate to the campaign and, as such, count toward the candidate's contribution limit.

The Campaign failed to report debits and credits totaling $6,072.82 that appear on its bank statements.

The Campaign failed to accurately report advances totaling $3,547.52. The transactions were reported as "reimbursements," but the Campaign did not report the underlying vendors, and thus failed to properly disclose the nature of the expenditures for which the payees were reimbursed.

The Campaign failed to report a $1,000 contribution to EMILY's List on September 25, 2012, and a $1,000 contribution to the Democratic Organization of Queens County on April 10, 2013, both made from the Candidate's personal funds.

The Board assessed a penalty of $228 for these violations.

2. Failing to file daily pre-election disclosure statements $200

Aggregate contributions and loans from a single source in excess of $1,000, and aggregate expenditures in excess of $20,000, received or made within 14 days of an election, must be disclosed to the Board within 24 hours. *See* Admin. Code §§ 3-703(6), (12), 3-708(8); Board Rules 1-09, 3-02(e).

The Campaign did not file the required daily disclosures to report the following expenditures: two for Dunton Consulting on September 9, 2013 ($6,000 and $32,217), and two for Strategic Persuasion Inc. on September 8, 2013 ($3,500 and $5,000).

The Campaign reported an additional $42,425 in expenditures to Strategic Persuasion Inc. during the 14-day pre-election period.

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The Board assessed a penalty of $200 for these violations.

3. Failing to demonstrate compliance with cash receipts reporting and documentation requirements **$300**

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); Board Rules 3-03(e)(3), 4-01(h).

The Campaign failed to provide subcontractor information for the following vendors, nor did it provide evidence that it attempted to contact the vendors to obtain the information: Dunton Consulting (paid $50,217), Red Horse Strategies (paid $204,278.38), and Waterfront Strategies (paid $841,133). The Campaign provided invoices from Waterfront Strategies demonstrating that the vendor used subcontractors, but did not report or document any information regarding the subcontractors.

The Board assessed a penalty of $300 for this violation.

4. Accepting over-the-limit contributions. **$625**

Campaigns are prohibited from accepting contributions in excess of the applicable contribution limit. *See* Admin. Code §§ 3-702(8), 3-703(1)(f), (11); Board Rules 1-04(c)(1), (h), 1-07(c).

The Campaign accepted contributions totaling $5,450 ($500 over the limit) from an individual and refunded the over-the-limit portion promptly after notification. The Campaign also accepted contributions from two other individuals totaling $5,450 each, for which it refunded the overages after the deadline.

The Board assessed a penalty of $625 for these violations.

5. Accepting contributions from corporations, limited liability companies, or partnerships **$550**

Campaigns may not accept, either directly or by transfer, a campaign contribution or loan… from any corporation. *See* N.Y.C. Charter § 1052(a)(13); Admin. Code §§ 3-702(8), 3-703(1)(l); 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).

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The Campaign received a $300 discount from Pardes Weekly ("Pardes"), which is listed as a corporation on the New York State Department of State's website. Absent a showing that the discount was available to the general public, it is considered an in-kind contribution from Pardes.

The Board assessed a penalty of $550 for this violation.

6. Failing to document transactions $1,200

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. 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, but failed to adequately document, a $300 in-kind contribution from an individual ("Individual A") on December 10, 2012, and a $356.40 in-kind contribution from another individual ("Individual B") on July 24, 2013. For Individual A, the Campaign provided an in-kind contribution form with contributor information, but did not provide a description of the goods and/or services provided or supporting documentation explaining the cost basis. For Individual B, the Campaign did not provide any documentation. Accordingly, the fair market value of these contributions could not be substantiated.

The Campaign submitted invoices indicating that it received six discounts in connection with goods and services provided.

Expenditures were made to advance the election of the Candidate in the form of four pieces of literature, but the Campaign failed to report any expenditures relating to this literature.

The Campaign reported an expenditure of $600 to Local Response on December 31, 2012, and an expenditure of $200 to WIADCA on August 23, 2013. However, those expenditures are not reflected on any of the Campaign's bank statements, nor are they reported as outstanding liabilities, which indicates that a third party paid for the goods and/or services or that they were provided by the reported payee for free.

The Board assessed a penalty of $1,200 for these violations.

7. Failing to demonstrate compliance with intermediary reporting and documentation requirements. $500

Campaigns are required to report the intermediary for each contribution that was delivered or solicited by an intermediary. In addition, campaigns are required to provide a signed

intermediary affirmation statement for each intermediated contribution. *See* Admin. Code §§ 3-703(1)(d), (g), (6), (11); Board Rules 3-03(c)(7), 4-01(b)(5).

The Campaign failed to report as intermediated various transactions that appeared on intermediary statements. Additionally, the Campaign reported two $50 contributions from two individuals as being intermediated, but neither contribution appears on the intermediary statement submitted.

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

8. Failing to demonstrate that spending was in furtherance of the campaign **$1,145**

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 reported a $1,800 payment to Boutique Lounges on May 31, 2013, but did not provide any explanation for the transaction, nor did it provide an address or any other information regarding the vendor or the expenditure.

Campaign documentation indicated that it paid an individual $30,833.35. However, according to his employment agreement, the individual was overpaid by $2,783, as he should have been paid a total of $28,050.

The Board assessed a penalty of $1,145 for these violations.

9. Making impermissible post-election expenditures **$2,760**

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 expenditures totaling $11,041.08, including expenditures to the Campaign's landlord, Task Rabbit, and Electronic Systems Plus Inc., that, based on the timing, amount, and/or purpose reported or identified from the Campaign's documentation, are impermissible post-election expenditures.

The Board assessed a penalty of $2,760 for these violations.