



Summary of Final Board Determination

Peter Vallone

Candidate, EC2013, Queens Borough President

Program participant: \$655,488 in public funds received

1. Failing to file and late filing of daily pre-election disclosure statements \$187

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

The Campaign failed to file the required daily disclosure statement for a \$13,300 expenditure to the Brown Miller Group (“BMG”) made on August 30, 2013. The Campaign failed to report two \$4,000 expenditures to Strategic Persuasion made on August 30, 2013. On September 8, 2013, the Campaign filed late daily disclosure statements for a \$16,290 expenditure to BMG made on September 3, 2013 and a \$69,388.46 expenditure to BMG made on September 5, 2013.

The Board assessed a penalty of \$187 for these violations.

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

The Campaign reported \$13,838 in expenditures to a vendor, but failed to provide a completed Subcontractor Form from the vendor or documentation of its efforts to obtain the required information from the vendor.

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

3. Accepting over-the-limit contributions \$12,830

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). In addition, campaigns may not accept contributions in excess of the “doing business” contribution limits from individuals or entities that have business dealings with the City (\$320 for



Summary of Final Board Determination

Borough President candidates). *See* Admin. Code §§ 3-702(8), (18), (20), 3-703(1-a), (1-b); Board Rules 1-04(c)(1), (h). Individuals considered to have business dealings with the city are listed in the Doing Business Database. After notification from CFB staff, campaigns are given twenty days to issue refunds to Doing Business contributors without a violation or penalty. *See* Board Rule 1-04(c)(1).

The Campaign accepted and timely refunded 55 over-the-limit contributions, and accepted, but did not timely refund, three over-the-limit contributions. The Campaign accepted and failed to refund five over-the-limit contributions. Additionally, the Campaign accepted contributions from an individual in the Doing Business Database which were over the Doing Business contribution limit, and failed to refund the overage.

The Board assessed a penalty of \$12,830 for these violations.

4. Accepting contributions from corporations, limited liability companies, or partnerships \$720

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)(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).

The Campaign accepted and reported a \$20 contribution from an individual which, based on the documentation provided, is attributable to Dance Entropy, Inc. The Campaign accepted and reported a \$250 contribution from another individual which, based on the documentation provided, is attributable to a medical practice. Both entities are listed as corporate entities in the New York State Department of State's Business Entity Database. The contributions were refunded after the deadline.

The Campaign reported a \$150 expenditure to LIC Florist Inc., but its bank statements do not show such a payment and the payment was not reported as an outstanding liability. Thus, it appears the vendor has forgiven the debt, which constitutes a prohibited in-kind contribution.

The Board assessed a penalty of \$720 for these violations.

5. Accepting contributions from unregistered political committees \$1,500

Campaigns may not accept a contribution from a political committee unless the political committee is registered with the Board or registers with the Board 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.



Summary of Final Board Determination

The Campaign accepted a \$100 contribution from the Wood Heights Democratic Club, a \$50 contribution from Dodge Landesman for City Council, and two contributions totaling \$1,500 from The Burnham Committee. These committees were not registered with the Board.

The Board assessed a penalty of \$400 for these violations.

6. Failing to document transactions \$300

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.

The Campaign reported three expenditures, totaling \$1,960.75, for which payments do not appear on the Campaign's bank statements. As a result, it appears that a third party paid for those expenditures, resulting in in-kind contributions that the Campaign failed to document.

The Board assessed a penalty of \$300 for these violations.

7. Failing to demonstrate that spending was in furtherance of the campaign \$3,204

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 made \$12,818.19 in expenditures that do not appear to have been in furtherance of the campaign, based upon the reported payee, timing, amount, or purpose of the expenditures, or the documentation provided by the Campaign.

The Board assessed a penalty of \$3,204 for this violation.

8. Making impermissible post-election expenditures \$893

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 \$3,573.85 in impermissible post-election expenditures, based on the reporting, documentation, timing, amount, purpose, or payee.

The Board assessed a penalty of \$893 for this violation.



Summary of Final Board Determination

9. Exceeding the expenditure limit \$2,536

Candidates who participate in the Campaign Finance Program may not spend in excess of the spending limits. *See* Admin. Code §§ 3-703(1)(i), (11), 3-706, 3-711(2)(a); Board Rules 1-08(c), (d), (l), 7-05(b). Participating candidates who spend in excess of the limit applicable to the three calendar years preceding the year of the election for which they have filed a Certification (the “Out-Year Limit”) shall have the next applicable spending limit reduced by the amount of such excess. *See* Admin. Code § 3-706(2), (2)(a); Board Rules 1-08(d), (l), (o), 7-05(b). Participating candidates who make expenditures in excess of the Primary or General Election Limits may be subject to penalties of up to three times the amount of the overage. *See* Admin. Code § 3-711(2)(a); Board Rule 7-05(b).

For borough president candidates in the 2013 election cycle, the Out-Year Limit was \$135,000 and the Primary Election Limit was \$1,446,000.

The Board presumes that all expenditures are made in relation to the first election in which the participant is a candidate following the dates of the expenditures. *See* Board Rule 1-08(c)(1). Participating candidates who operate political committees that are not involved in a covered election have the burden of demonstrating that expenditures made by those committees are unrelated to such covered election. *See* Board Rule 1-08(c)(3). Failure to meet that burden will subject those committees to all Program requirements and limits. *See id.*

The Campaign made total expenditures of \$1,448,536.16 attributable to the 2013 Primary Election, which exceeded the Primary Election Limit by \$2,536.16.

The Board assessed a penalty of \$2,536 for this violation.