



## **Summary of Final Board Determination**

### **Mawuli Hormeku**

Candidate, EC2017, City Council District 42

Program participant: \$0 public funds received

Laura Coefield, Treasurer of Hormeku 4 Council

The Board determined that the Campaign failed to comply with the Campaign Finance Act and Board rules, and assessed violations and penalties as detailed below.

#### **1. Failing to provide bank statements \$124**

Campaigns are required to provide copies of bank, credit card, and merchant account statements for all accounts used for each election. *See* Admin. Code §§ 3-703(1)(d), (g), (11); Board Rule 3-03(f), 4-01(f)(1).

The Campaign failed to provide bank statements for its Capital One bank account from October 2017 to the present.

The Board assessed a penalty of \$124 for this violation.

#### **2. Failing to demonstrate compliance with cash receipts reporting and documentation requirements \$554**

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

The Campaign reported \$14,060 in cash receipts, but the deposit slips provided only account for \$6,929 in cash receipts, a difference of \$7,131. This constitutes a variance of 50.27% between the cash receipts reported and documented by the Campaign.

The Board assessed a penalty of \$554 for this violation.

#### **3. Failing to file disclosure statements \$467**

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 failed to file Disclosure Statement #15. Additionally, the Campaign filed Disclosure Statement #16 on June 18, 2018, 153 days after the due date of January 16, 2018. Because the Campaign filed Disclosure Statement #16 more than 30 days after the due date, the Board considers it a failure to file.

The Board assessed total penalties of \$467 for these violations.



## Summary of Final Board Determination

### **4. Accepting a contribution from an unregistered political committee \$3,111**

Campaigns may not accept a contribution (monetary or in-kind) 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 a prohibited contribution totaling \$8,500 from Thomas A. Kennedy for Judge, an unregistered political committee.

The Board assessed a penalty of \$3,111 for this violation.

### **5. Making cash expenditures greater than \$100 \$623**

Campaigns are prohibited from making an expenditure greater than \$100 using cash. *See* Board Rules 1-08(i), 4-01(e)(2).

The Campaign made cash withdrawals totaling \$4,002.47 for which it either did not report a payee or reported the payee as “ATM.”

The Board assessed total penalties of \$623 for these violations.

### **6. Failing to demonstrate that spending was in furtherance of the campaign \$622**

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), 1-08(p), 4-01(e).

The Campaign failed to demonstrate that an \$8,000 expenditure was made in furtherance of the campaign.

The Board assessed a penalty of \$622 for this violation.

### **7. Failing to respond to the Draft Audit Report \$500**



## **Summary of Final Board Determination**

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 Board rules. *See* Admin. Code §§ 3-703(1)(d), (g), (6), (11), (12), 3-708(5), 3-710(1); Board Rules 1-09(a), 4-01, 4-05(a).

The Campaign failed to respond to the Draft Audit Report, which was due on December 17, 2018.

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

### **8. Converting campaign funds to a personal use \$12,807**

Campaigns are prohibited from converting campaign funds to a personal use. *See* Admin. Code §§ 3-702(21)(b); Board Rules 1-03(a), 2-02.

The Campaign made 140 expenditures totaling \$10,246.15 that due to the timing, nature, and amounts of the expenditures, appear to be funds converted to a personal use.

The Board assessed total penalties of \$12,807 for these violations.

### **9. Failing to document transactions Violation; No Penalty**

Campaigns are required to document all financial transactions. *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 include goods or services donated to a candidate free of charge or at a special discount not available to others. *See* Admin. Code § 3-702(8); Board Rule 1-02.

The Campaign failed to report expenditures or in-kind contributions associated with two events. Therefore, the expenditures appear to have been paid for by a third party, resulting in unreported and undocumented in-kind contributions to the Campaign.

The Board assessed a violation but no penalties.

### **10. Material misrepresentation and submission of false or fictitious information \$20,000**



## New York City Campaign Finance Board

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“The intentional or knowing furnishing of any false or fictitious evidence, books or information to the board...or the inclusion in any evidence, books, or information so furnished of a misrepresentation of a material fact, or the falsifying or concealment of any evidence, books, or information relevant to any audit by the board or the intentional or knowing violation of any other provision of [the Act]...” shall subject the Campaign to penalties and the recovery of any public funds obtained. *See* Admin. Code § 3-711(3). Any candidate who violates any provision of the Act or Board rules is subject to a civil penalty not exceeding \$10,000 per violation. *See* Admin. Code § 3-711(1).

The following are considered to constitute a “fundamental breach of the obligations affirmed and accepted by the participant... in the certification”:

(a) submission of a disclosure statement which the participant knew or should have known includes substantial fraudulent matchable contribution claims;

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(e) submission of substantial information which the participant... knew or should have known was false, or the submission of substantial documentation which the participant... knew or should have known was fabricated or falsified, which would avoid a finding of violation or public funds repayment determination.

Board Rule 2-02.

The Campaign submitted contributor verification statements that contained signatures that did not match those on the reported contributors’ contribution cards, and many contribution cards that bore signs of alteration. In an investigation conducted by CFB staff, 21 reported contributors denied making contributions to the Campaign, while ten affirmed the reported contributions. Based on discrepancies in the documentation relating to paired contributions (contributors who the Campaign reported as having initially made a small cash or credit card contribution and subsequently made another cash contribution of a substantially larger amount) and \$95 cash contributions, as well as the verification statements, the Board determined that the Campaign manufactured fraudulent contributions and submitted falsified documentation.

The Board assessed total penalties of \$20,000 for these violations.