



2005

New York City Campaign Finance Handbook



New York City Campaign Finance Board



New York City Campaign Finance Board

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overview

This Handbook is intended to be used by candidates for New York City office who participate or intend to participate in New York City’s voluntary Campaign Finance Program (“the Program”). There is a separate Handbook for non-participants. All prospective candidates running for mayor, public advocate, comptroller, borough president and City Council are required to register with and disclose financial activity to the Campaign Finance Board (“CFB”) as soon as they set up a committee with the Board of Elections and begin campaign activity. In addition, all campaigns must abide by the Campaign Finance Act’s strict contribution limits and ban on corporate contributions and will be subject to audit by the CFB.

The Program helps candidates by providing public matching funds if they meet a minimum threshold showing they have enough public support. In addition to the requirements imposed on all candidates for City office, participants must also abide by strictly enforced spending limits.

The purpose of this *Campaign Finance Participant Handbook* is to provide you with detailed information about the various rules and requirements of the Program. This Handbook, however, is not a substitute for the law and rules, which can be found on the CFB’s web site: www.nycctfb.info.

A good deal of time is required — particularly by the campaign treasurer — to become familiar with the rules and requirements of the Program. Remember that the CFB is distributing public tax dollars. The CFB requires strict compliance from participants in the Program before they can receive public funds. **You are not automatically entitled to public funds; and some participants never receive them.** You must first show that you have met all the Program’s requirements. It is essential that you choose a treasurer and staff who are capable and prepared to make the effort needed to understand and comply with the rules of the Program. As a candidate and voluntary participant in the Program, you also have this responsibility and both you and your treasurer are legally responsible for compliance with the Program.

If you comply with all the rules and requirements of the Program, including requests from CFB staff, you may show you are eligible to receive public matching funds at the rate of \$4 in public funds to \$1 for the first \$250 contributed to you by any New York City resident, for a maximum of \$1,000 in public funds per contributor.

Before You Join the Program

There are several steps you must take before joining the Program:

1. obtain an Employer Identification Number (“EIN”) from the Internal Revenue Service;
2. open a bank account in the name of your committee; and

3. file a Committee Designation of Treasurer and Depository form with the New York City Board of Elections (“BOE”).

For more information about these steps, please call the BOE at (212) 487-5300. Once these steps are completed, you may then begin the process of joining the New York City Campaign Finance Program.

To get started with the CFB, you should submit a Filer Registration (“FR”) to the CFB. Filing this form does not require you to become a candidate for a particular office, or even to join the Program, if you do decide to run. You need to submit an FR to file disclosure statements with the CFB before you decide whether to join the Program and it is required even if you do not do so. Once you have established a committee with the Board of Elections, disclosure to the CFB is mandatory. The early filing of financial disclosure statements will also help you:

- preserve claims for matching funds if you decide to join the Program;
- allow the CFB to determine your eligibility for public funds earlier in the election year;
- allow the CFB to provide early assistance to you in complying with the Program, thereby reducing the chances that you will make significant errors if you join the Program, and will allow you to correct any errors you may have made before you join the Program; and
- reduce your burden during the busy election year.

To receive these benefits, however, once you file the FR, you must file each following disclosure statement completely and on time, including all matchable contributions received prior to each disclosure statement due date and the corresponding backup documentation. Candidates running in the 2005 elections, including candidates for City Council, must disclose matchable contributions in the disclosure statements immediately after the contributions are received to be eligible to receive matching funds for them. **If you do not disclose these contributions in the next complete disclosure statement, they will not be matched with public funds and they will not be considered for purposes of reaching threshold. A late pre-certification disclosure statement will result in the invalidation of all matching funds claimed in that statement.**

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Starting in 2005, the CFB will have new disclosure statement deadlines on March 15th and May 15th of the election year. Filing both the semi-annual disclosure statements, before the year of the election, and the new election year disclosure statements will help the CFB catch problems early on and alert you to them, when there is more time for you to correct them.

Joining the Program

You join the Program by filing a “Certification.” When you file this Certification, you become **legally** bound by the Program’s requirements in addition to the rules all candidates must abide by **whether or not you receive public funds**. The Certification for the 2005 elections is due to the CFB no later than June 1, 2005. The law does not permit the CFB to accept late Certifications. **You must file a Certification to join the Program even if you already filed an FR.**

Filing a Certification does not commit you to run for office. You simply agree to abide by the Program’s requirements if you become a candidate for one of the five offices covered by the Program. As a participant, you must comply with Program requirements regardless whether you appear on the ballot or receive public funds. Once you join the Program, by filing a Certification, you cannot withdraw from the Program and continue to run for a covered city office in the same calendar year. If you terminate your candidacy, you must contact the Candidate Services Unit (“CSU”) for guidance.

After filing the Certification with the CFB, you must continue to file periodic disclosure statements in a complete and timely manner so the CFB has the opportunity to review your financial activity and your claims for public funds.

C-SMART

C-SMART (*Candidate Software for Managing and Reporting Transactions*) is available free of charge for all candidates. C-SMART will help you keep campaign records, comply with the Program, and will also let you file disclosure statements electronically. Candidates will be required to use C-SMART to record their data; as it is the easiest and most reliable way to file complete and accurate disclosure statements and comply with the Program.

Compliance Training

CSU conducts compliance training seminars. The purpose of these seminars is two-fold. First, the seminars will assist you in understanding your responsibility as a participant in the Program. Second, the seminars will give you an overview of the rules and requirements of the Program. It is strongly recommended that you, your treasurer, and your campaign staff attend at least one of these seminars. Additionally, once you file either an FR or a Certification, you will be assigned a liaison from CSU. Your CSU liaison is available to answer any questions you may have about Program compliance and C-SMART. **It is strongly recommended that you communicate regularly with your liaison throughout the election cycle.**

Please note: Many changes to the law and rules are in place for the 2005 election cycle. Please refer to the “What’s New and Different” section in the back of this *Handbook*, Chapter 17.

Common Compliance Problems

The following are the most frequent compliance problems:

- failing to submit complete and timely disclosure statements, including statements that are not signed and statements with missing or blank disks.
- failing to provide backup documentation with disclosure statements.
- accepting contributions over the contribution limit.
- accepting contributions from corporations.
- accepting contributions from political committees that have not registered with the CFB.
- failing to report required contributor employment information.
- failing to report expenditures.
- failing to keep documentation of potentially qualified expenditures **as they occur**.
- failing to keep records for wages and salaries as they are paid.
- making post-election expenditures before returning unspent campaign funds.
- failing to respond to requests for information from the CFB by the deadline date without requesting an extension.
- failing to cooperate with the CFB Audit Unit.

Candidates are assessed penalties for these compliance problems, so be careful to avoid them.

Receiving Public Funds

Before receiving public funds, participating candidates must meet a two-part threshold (see page 7-2). The purpose of the threshold requirement is for campaigns to prove that they have significant community support.

In addition to the threshold requirement, the Program requires you to submit periodic disclosure statements that are complete and on time, and your financial activity must be in compliance with the Program. Further, only candidates who appear on the ballot and are opposed by a candidate on the ballot are eligible to receive public funds. After you have met the threshold requirements and have **clearly complied** with the Program's rules and requirements, you may be eligible to receive public matching funds. The CFB determines whether you are in compliance by reviewing your periodic disclosure statements and by conducting on-site audits of your campaign before, during, and after the election. The CFB will begin making public funds payments to eligible participants

running in the primary elections after the BOE holds its ballot petition hearings in August of the election year.

To be eligible for public funds, you also must submit to the CFB a receipt from the New York City Conflicts of Interest Board showing that you filed the required financial disclosure statement (see page 7-5).

Tips for Avoiding Questionable Transactions and Maximizing Public Funds

1. Do not give loans to or make expenditures for other candidates, and keep contributions to other candidates to a minimum.
2. Do not pay off debts from previous elections from your current campaign committee.
3. Do not make transfers and other disbursements to other political committees.
4. Keep full documentation of every contribution you receive as you receive it.
5. Document all qualified expenditures as they occur.
6. Get full employment information from each contributor.
7. Minimize cash and money order contributions.

Audit of Your Campaign

The CFB's Audit Unit will monitor your campaign's compliance by reviewing disclosure statements. The CFB may visit your campaign headquarters, and may do so unannounced, as part of the audit. It also audits campaign records before and after the election. The CFB's enforcement powers include the authority to investigate complaints, assess penalties, and withhold public funds. In instances where criminal conduct is suspected, the CFB will refer matters to the appropriate prosecutor's office. Because of the large number of documents handled by the CFB and different contexts in which they are reviewed, you may be asked for copies of the same documents at different times. It is your responsibility to maintain the original of documents you submit to the CFB.

After the Election

Because the CFB distributes large amounts of public tax dollars, the CFB will audit your campaign after the election, and will not release post election public funds to you until a post-election audit of your campaign is completed. Be advised that even though you are no longer campaigning for office, you still are bound by all Program requirements. And while the post-election audit can be a thorough and sometimes lengthy process, the CFB will try to complete all **draft** audit reports by the end of the calendar year following the year of the election.

If you received public funds and have money left over after the election, you must repay all unspent public funds to the CFB **before** you use remaining money for any other purpose.

CFB Checklist

Before You Join the Program

- Obtain your EIN number from the IRS.
- Find a dedicated and competent treasurer.
- Open a bank account in the name of your principal committee.
- Register your principal committee with the BOE.
- Learn to use C-SMART, the CFB's candidate filing software.
- Attend candidate training seminars.
- Submit the Filer Registration.
- Submit all disclosure statements with backup documentation on time.
- Study this *Campaign Finance Handbook*.
- Call CSU with any questions.

Participating in the Program

- Submit your Certification to the CFB by the legal deadline of June 1, 2005 for the 2005 elections.
- Submit periodic disclosure statements and backup documentation on time.
- Submit your Conflicts of Interest Board receipt.
- Comply with all rules and requirements of the Program.
- Accurately record and maintain all committee financial records.
- Respond to all requests made by the CFB staff in a timely manner.



After the Election

- Make only minimal post-election expenditures until unspent funds have been repaid to the CFB.
- Submit remaining disclosure statements.
- Respond to requests from the Audit Unit in a timely manner.
- Complete change of address forms when the committee or any contact persons move.
- Maintain all campaign records (for a period of 6 years) and notify the CFB of any change in your records custodian.

Keys to Simplifying Your Participation in the Program

- Use C-SMART.
- Appoint a competent and dedicated treasurer.
- Keep your recordkeeping simple and use one bank account.
- Keep your financial books and records in excellent order.
- Label all documentation with transaction IDs as soon as the transactions are entered into C-SMART.
- Do not use surplus funds from previous committees.
- Do not transfer funds in or out of other committees.
- Avoid contributions over \$2,500 from LLCs or partnerships.
- Minimize advances.
- Itemize all contributions and expenditures.
- Avoid joint campaign expenditures

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The following are the most frequent compliance problems:

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- failing to provide backup documentation with disclosure statements.
- accepting contributions over the contribution limit.
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- failing to report expenditures.
- failing to keep documentation of potentially qualified expenditures **as they occur**.
- failing to keep records for wages and salaries as they are paid.
- making post-election expenditures before returning unspent campaign funds.
- failing to respond to requests for information from the CFB by the deadline date without requesting an extension.
- failing to cooperate with the CFB Audit Unit.

Candidates are assessed penalties for these compliance problems, so be careful to avoid them.

Receiving Public Funds

Before receiving public funds, participating candidates must meet a two-part threshold (see page 7-2). The purpose of the threshold requirement is for campaigns to prove that they have significant community support.

In addition to the threshold requirement, the Program requires you to submit periodic disclosure statements that are complete and on time, and your financial activity must be in compliance with the Program. Further, only candidates who appear on the ballot and are opposed by a candidate on the ballot are eligible to receive public funds. After you have met the threshold requirements and have **clearly complied** with the Program's rules and requirements, you may be eligible to receive public matching funds. The CFB determines whether you are in compliance by reviewing your periodic disclosure statements and by conducting on-site audits of your campaign before, during, and after the election. The CFB will begin making public funds payments to eligible participants

running in the primary elections after the BOE holds its ballot petition hearings in August of the election year.

To be eligible for public funds, you also must submit to the CFB a receipt from the New York City Conflicts of Interest Board showing that you filed the required financial disclosure statement (see page 7-5).

Tips for Avoiding Questionable Transactions and Maximizing Public Funds

1. Do not give loans to or make expenditures for other candidates, and keep contributions to other candidates to a minimum.
2. Do not pay off debts from previous elections from your current campaign committee.
3. Do not make transfers and other disbursements to other political committees.
4. Keep full documentation of every contribution you receive as you receive it.
5. Document all qualified expenditures as they occur.
6. Get full employment information from each contributor.
7. Minimize cash and money order contributions.

Audit of Your Campaign

The CFB's Audit Unit will monitor your campaign's compliance by reviewing disclosure statements. The CFB may visit your campaign headquarters, and may do so unannounced, as part of the audit. It also audits campaign records before and after the election. The CFB's enforcement powers include the authority to investigate complaints, assess penalties, and withhold public funds. In instances where criminal conduct is suspected, the CFB will refer matters to the appropriate prosecutor's office. Because of the large number of documents handled by the CFB and different contexts in which they are reviewed, you may be asked for copies of the same documents at different times. It is your responsibility to maintain the original of documents you submit to the CFB.

After the Election

Because the CFB distributes large amounts of public tax dollars, the CFB will audit your campaign after the election, and will not release post election public funds to you until a post-election audit of your campaign is completed. Be advised that even though you are no longer campaigning for office, you still are bound by all Program requirements. And while the post-election audit can be a thorough and sometimes lengthy process, the CFB will try to complete all **draft** audit reports by the end of the calendar year following the year of the election.

If you received public funds and have money left over after the election, you must repay all unspent public funds to the CFB **before** you use remaining money for any other purpose.

CFB Checklist

Before You Join the Program

- Obtain your EIN number from the IRS.
- Find a dedicated and competent treasurer.
- Open a bank account in the name of your principal committee.
- Register your principal committee with the BOE.
- Learn to use C-SMART, the CFB's candidate filing software.
- Attend candidate training seminars.
- Submit the Filer Registration.
- Submit all disclosure statements with backup documentation on time.
- Study this *Campaign Finance Handbook*.
- Call CSU with any questions.

Participating in the Program

- Submit your Certification to the CFB by the legal deadline of June 1, 2005 for the 2005 elections.
- Submit periodic disclosure statements and backup documentation on time.
- Submit your Conflicts of Interest Board receipt.
- Comply with all rules and requirements of the Program.
- Accurately record and maintain all committee financial records.
- Respond to all requests made by the CFB staff in a timely manner.



After the Election

- Make only minimal post-election expenditures until unspent funds have been repaid to the CFB.
- Submit remaining disclosure statements.
- Respond to requests from the Audit Unit in a timely manner.
- Complete change of address forms when the committee or any contact persons move.
- Maintain all campaign records (for a period of 6 years) and notify the CFB of any change in your records custodian.

Keys to Simplifying Your Participation in the Program

- Use C-SMART.
- Appoint a competent and dedicated treasurer.
- Keep your recordkeeping simple and use one bank account.
- Keep your financial books and records in excellent order.
- Label all documentation with transaction IDs as soon as the transactions are entered into C-SMART.
- Do not use surplus funds from previous committees.
- Do not transfer funds in or out of other committees.
- Avoid contributions over \$2,500 from LLCs or partnerships.
- Minimize advances.
- Itemize all contributions and expenditures.
- Avoid joint campaign expenditures

The purpose of this chapter is to provide you with the information necessary to run for office and join the Program.

This chapter will address the following topics:

- Some steps you must complete to run for any office, whether or not you join the Program.
- Important information about joining the Program, and other relevant information required by the CFB.

Mandatory Requirements

Before joining the Program, you need to complete certain requirements in order to be eligible to run for office. These requirements are mandatory for all prospective candidates, whether or not you intend to join the Program. Please note that information below is provided as a convenience to the candidate. These requirements are not regulated or administered by the CFB. For additional information, contact the IRS and the BOE.

The requirements include:

- Obtaining an EIN from the IRS for your principal committee;
- Opening a bank account in your principal committee's name; and
- Filing a Committee Designation of Treasurer and Depository form with the New York City Board of Elections.

These requirements are mandated by New York State election law and **are required for all candidates whether or not they join the Program.**

Obtain an Employer Identification Number (“EIN”) from the IRS

Before you begin to raise or spend any money, you need to contact the IRS to request an EIN. The EIN allows you to pay wages to one or more employees during the election. An EIN is mandatory for opening a committee bank account, **whether or not** you intend to have paid staff. To obtain an EIN, or if you have any questions, please visit the IRS web site: www.irs.gov (Keyword: Form SS-4) or call (800) 829-1040.

Opening a Committee Bank Account

If you plan to run for elected office, you must open a bank account in your principal committee's name. This allows you to deposit contributions and make expenditures on behalf of your principal committee. You will need your EIN in order to open this account. If you ran for office in a previous election cycle you **must** open a new bank account and obtain a new EIN.

Committee Designation of Treasurer and Depository

After receiving an EIN and opening a bank account in your committee's name, your principal committee must register with the BOE. You will need to fill out a Committee Designation of Treasurer and Depository form, which asks for your committee name, treasurer information, and depository information. For more information about registering your committee with the BOE, please visit the BOE web site: www.vote.nyc.ny.us or call (212) 487-5300.

You must authorize a new committee for each election cycle and have only one committee registered for each election cycle. We recommend you also create a new committee name.

Working with the CFB

Filer Registration ("FR")

Once you have established your bank account and registered your principal committee with the BOE, you can file an FR with the CFB. You must submit the FR as soon as you have campaign activity regardless of your intention to join the Program. The CFB will not accept disclosure statements from you unless you have submitted the FR. The FR provides information about the candidate, principal committee, treasurer, bank account, and campaign liaison(s) to the CFB before you file your first financial disclosure statement. Filing an FR does not require you to become a candidate for any particular office, or even to join the Program. Submitting an FR will, however, permit you to file disclosure statements with the CFB before you decide to join the Program. Once you file your FR, you must file each subsequent disclosure statement completely and on time.

Disclosure

You are required to file the FR and subsequent disclosure statements as soon as you have any campaign activity (please see "2005 Disclosure Statement Deadlines," page 5-4). Candidates running in the 2005 elections, including candidates for City Council, **must** disclose matchable contributions in the disclosure statements immediately after the contributions are received to be eligible to receive matching funds for them. **If you do not disclose these contributions in the next complete and timely disclosure statement, they will not be matched with public funds and they will not be considered for purposes of reaching threshold.**

example:

Candidate Jeffries is running for Public Advocate and he receives a contribution from an individual NYC resident on February 4, 2004. In order for him to be eligible to receive public funds for the contribution he must disclose the contribution in its appropriate disclosure statement. In this case, the contribution would need to be disclosed in Statement 5, which is due on July 15, 2004, and includes all transactions between 01/12/04 and 07/11/04. If this transaction is disclosed in a later disclosure statement, it will not be eligible to be matched with public funds because it was reported late.

*Questions about early disclosure?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

CFB Assistance

CSU provides compliance-related services to campaigns that express interest in, or join, the Program. Upon filing an FR, you will be assigned a CSU liaison. Your liaison is available to assist you in complying with the rules of the Program and in the use of C-SMART.

It is recommended that you take full advantage of the services your liaison can provide. Being in contact with your liaison regularly, before problems arise, will help make your experience with the Program easier. Your liaison will occasionally contact you with important information. It is extremely important that your campaign representatives be available, receptive, and timely in responding to any requests from or issues raised by your CSU liaison.

Candidate Training Seminars

The CFB also provides numerous group and individual training seminars conducted by CSU. Each training seminar covers two essential parts of the Program (Trainings are also available and strongly recommended for those who do not intend to participate in the Program.):

1. Rules and requirements of the Program, including the payment and audit process; and
2. C-SMART, the software used to record all your financial transactions and produce disclosure statements.

During the first part of the seminar, the rules and requirements of the Program will be explained, including what the CFB expects from your campaign, and the types of reviews that will be performed on your disclosure statements to determine Program compliance and payment eligibility, as well as ways to respond to various audit inquiries. During the second part of the seminar, your campaign will be instructed on how to use C-SMART. One staff member from each campaign will be given the opportunity to work hands-on with C-SMART as a CSU liaison instructs the group.

Group training seminars take place at the offices of the CFB during the afternoon and evening hours, and individual trainings are available during the day or evening **by appointment only**. To check for upcoming group training seminars, please refer to our web site: www.nycffb.info.

It is strongly recommended that all campaign staff who will be responsible for managing your participation in the Program and using C-SMART attend at least one training seminar.

*Questions about CFB assistance?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nycffb.info.*

Certification

To join the Program and be eligible to receive public funds, you MUST file a Certification form no later than June 1, 2005. You MUST do this to join the Program, even if you've already filed an FR! This form must either be in the CFB's offices by 5:00 p.m. on the due date or postmarked on the due date. By submitting the Certification you become legally bound to abide by the Program's spending limits and other rules and requirements, even if you do not appear on the ballot or receive public funds. The Certification must be signed by the candidate (and the principal committee treasurer, if one has been chosen) and notarized. **Late Certifications cannot be accepted.**

Filing a Certification does **not** mean that you **must** run for office. You simply agree to abide by the Program's requirements if you become a candidate for one of the five covered offices — mayor, public advocate, comptroller, borough president, or City Council member. Once you certify with the CFB, you and your treasurer are bound by the Program requirements, regardless of whether you appear on the ballot or receive public funds. The candidate, treasurer and committee are legally bound to adhere to CFB contribution limits and disclosure requirements whether or not you join the Program. The Certification requires information about your principal committee, your treasurer, liaison(s), and your bank account(s), as described below.

Committees

You must finance your campaign through only **one** campaign committee, which you establish with the BOE, and you must create a new committee for each election cycle. The CFB strongly recommends you change committee names with each new election cycle. If you are using the committee name from a previous election, please contact the Candidate Services Unit for guidance on how to avoid compliance problems.

Treasurers and Liaisons

Either the candidate or the treasurer may sign a disclosure statement, but both are legally responsible for its contents. If your treasurer will not be available regularly to speak with the CFB, you should designate at least one person who will be available and list this person(s) as a liaison(s) on the Certification form. Even if you designate a separate liaison for routine items, there will be occasions when the treasurer will be required to respond to CFB inquiries.

Once a campaign certifies with the CFB, the treasurer shares legal responsibility with the candidate and the committee and cannot leave the campaign without the campaign filing an amended Certification form which authorizes the appointment of a new treasurer that is signed by both the candidate and the new treasurer.

The treasurer is a very important position. Your treasurer must:

- Understand the Program's requirements;
- Maintain your campaign's books and records;
- File complete and timely disclosure statements; and
- Respond to inquiries from the CFB staff in a timely manner before, during, and after the election.

It is imperative that the treasurer you choose to oversee your campaign be able to perform these functions.

Bank Accounts

You must list all your committee's bank accounts and their current balances on the Certification. You must have at least one account with check-writing privileges. **The CFB strongly recommends that you maintain only one bank account. Multiple accounts will complicate your participation in the Program.** You must, however, always use a separate account for separate election cycles.

In order to simplify payments from the public fund to a qualified campaign, the CFB now will make public funds payments through an electronic funds transfer directly into the committee's bank account. This affords campaigns an alternative to physically picking up the payment from the CFB. In order to protect the campaign and verify the correct destination of the transfer, campaigns must include the committee's bank routing number (or ABA/routing number) and attach a voided check from the committee account on the Certification form.

Verification

The Certification must be signed and notarized by both the candidate and the treasurer.

By signing, you each verify that:

- You are the participating candidate and treasurer of the authorized committee that will be involved in the 2005 elections.
- You are in compliance with the requirements of the Program.
- You will remain in compliance with the Program.
- You acknowledge that you are bound by the Program's requirements, regardless of whether you appear on the ballot or receive public funds.
- If you are a citywide candidate, you agree to participate in public debates, as required by the Debate Law (see Chapter 15).

Changes in Campaign Information

Whenever your campaign information changes, such as opening a new bank account, changing your contact person, or changing any address, you **must** file an amendment to your Certification. An amendment is the only legal way to change information that appears on your Certification.

Before submitting an amendment, you must notify the Candidate Services Unit who will tell you whether you need to file an amendment. If the CFB has reason to believe that any information has changed, it will request that the treasurer promptly file an amendment. It is your responsibility to keep the information on the Certification up to date. Failure to do so may result in your campaign not receiving critical communications from the CFB that require a response.

Breach of Certification

Being found in breach of your Certification is one of the most serious — if not the most serious — consequence of failing to comply with Program requirements. Upon filing the Certification form, you are legally bound to abide by all Program requirements.

You may be considered in breach of your Certification if your campaign, among other things: (1) submits a disclosure statement which you knew or should have known includes substantial fraudulent matchable contribution claims; (2) uses public funds to make or reimburse substantial campaign expenditures which you knew or should have known were fraudulent; (3) cooperates in alleged independent expenditures that you knew or should have known were not independent (see p. 3-10); or (4) uses a political committee or other entity to conceal expenditures that directly or indirectly assisted your campaign. If you are found in breach of your Certification, you will be ineligible for public funds and must forfeit all public funds previously received. You may also be subject to civil and criminal sanctions.

Questions about the Certification?

Please call the Candidate Services Unit at (212) 306-7100

or e-mail us at csumail@nyccfb.info.

Terminating a Candidacy

If you have not received public funds, have ceased all campaign activity, and wish to terminate your candidacy, you can file a Verification of Terminated Candidacy form. Filing this form will relieve your obligation to file disclosure statements with the CFB, even if you continue to be on the ballot for the election. You remain subject to all other Program requirements, however, including recordkeeping, responding to CFB requests, an audit of your campaign finances, and paying penalties for violations of Program requirements.

The CFB, on its own, may determine that a candidacy is terminated if all three of the following are true:

- You have not submitted a petition for payment after final disqualification from the ballot; and
- You did not file ballot petitions, or you filed ballot petitions but were disqualified (and a court has not reversed the disqualification); and
- You have not received public funds.

IMPORTANT POINTS TO REMEMBER

- Obtain an EIN from the IRS.
- Open a bank account in your principal committee's name.
- Submit a Committee Designation of Treasurer and Depository form to the BOE.
- Submit an FR to the CFB.
- Submit a Certification form to the CFB by June 1, 2005 for the 2005 elections.

WHERE TO FIND IT

For more information, please refer to:

- EIN, please call the IRS at (800) 829-1040, or visit www.irs.gov
- BOE requirements, please call (212) 487-5300, or visit www.vote.nyc.ny.us
- Filer Registration: *CFB Rules, Chapter 1, rule 1-11(c)*
- Early disclosure: *CFB Rules, Chapter 3, rule 3-02*
- Candidate Certification: *CFB Rules, Chapter 2, rule 2-01*
- Terminating a candidacy: *CFB Rules Chapter 2, rule 2-09*

COMMON PITFALLS REGARDING GETTING STARTED WITH THE CAMPAIGN FINANCE PROGRAM

- Failing to open a new bank account for your committee.
- Failing to authorize your committee with the Board of Elections prior to raising and spending funds for your campaign.
- Failing to file the FR and subsequent disclosure statements as soon as you have any campaign activity.
- Failing to attend compliance training seminars and to communicate regularly with your CSU liaison.
- Failing to file the Certification by the deadline date.
- Failing to select a treasurer and staff who are capable and prepared to make the effort needed to understand and comply with the rules of the Program.
- Maintaining more than one campaign committee or bank account.
- Failing to amend your Certification to reflect changes in campaign information.

One role of the Campaign Finance Program is to provide public matching funds at a 4:1 rate for valid contributions raised by your committee. The purpose of this chapter is to provide you with information about the various rules that affect contributions and Program participation.

This chapter will address the following topics:

- Rules and requirements for contributions;
- Proper recordkeeping for contributions; and
- Proper backup documentation.

Contribution Limits

One of the purposes of the Campaign Finance Act is to significantly reduce the opportunity for campaign contributors to buy influence with candidates and decrease the overall effect of large contributions on the electoral process. To do this, the CFB limits the size and sources of contributions participants may accept. The limits encourage candidates to seek smaller contributions from a greater number of contributors, making candidates more responsive to their constituents and less beholden to a few large contributors.

Program Limits

NYC Contribution Limits for the 2005 Citywide Elections Limits are for the primary and general elections combined	
OFFICE	CONTRIBUTION LIMIT*
Mayor	\$4,950
Public Advocate	\$4,950
Comptroller	\$4,950
Borough President	\$3,850
City Council	\$2,750
* <i>The candidate may contribute to his or her own campaign up to three times the contribution limit. Non-participating candidates are not limited in the amount they can contribute to their own campaign from their own money.</i>	

These limits are for the primary and general elections combined. They apply to every type of contribution, including money (monetary contributions) or goods and services (in-kind contributions). They apply the same way to all contributors who are permitted to contribute to you **except** that the candidate may contribute up to three times the contribution limit to his or her own campaign. **To determine if you have complied with the contribution limit, the CFB will add together all contributions from the same contributor and affiliated contributors.** (See page 2-10 for more information about contributions from individuals.)

Once you have received public matching funds, you may not return a contribution unless it is prohibited, exceeds the contribution limit, or is illegal.

On rare occasions, a candidate for citywide office may, if authorized by the CFB, raise contributions under a separate run-off primary election limit. (See Chapter 12 for more information on run-off primary elections.)

State Law Limits

In addition to the limits imposed by the Campaign Finance Act, New York State election law also has contribution limits. Both State law and Campaign Finance Act limits apply to all candidates, regardless of whether they participate in the Program. In some instances, the State contribution limit may be lower than the Program's limit. If so, the State limit applies. Contact the BOE to learn more about how State contribution limits may affect your campaign.

Types of Contributions

There are two types of contributions that you may receive: monetary and in-kind. **Monetary contributions** are contributions made in cash, or by check, money order, or credit card. **In-kind contributions** are goods or services donated to a campaign free of charge or at a discount not available to others. Both types of contributions are subject to the Program's contribution limits.

Monetary Contributions

Monetary contributions must be deposited in your committee's bank account within 10 business days of receipt. Contributions in the form of checks, given to City Council candidates and received more than a year **prior to the election**, must be deposited within 20 business days of receipt. All other contributions to City Council candidates, and all contributions to other candidates, must be deposited within 10 business days. **The CFB urges City Council candidates to deposit contributions received at any point in the election cycle within 10 business days, so as not to violate Program rules in the election year because of failure to change campaign practices.**

You must keep, and submit to the CFB, backup documentation for **each** contribution received for which you are claiming matching funds. (A discussion on how to properly examine monetary contributions and to prepare backup documentation is on page 6-3.) You may not accept contributions from corporations. You may also not accept contributions from political committees unless they are registered with the CFB (see page 2-7).

State Law and Cash Contributions:

State law **prohibits** all campaigns from accepting cash contributions totaling more than \$100 from a single contributor.

example:

Dan Noonan has contributed \$50 cash to your committee, Committee to Elect Ralph Rella. Mr. Noonan later decides to make another cash contribution of \$75, making his total cash contributions \$125. In order to avoid violating State law, you must deposit only \$50 of the second contribution and return the remaining \$25 to Mr. Noonan. If you have already deposited the cash, you must refund the \$25 overage to Mr. Noonan immediately.

Credit Card Contributions

Credit card contributions carry their own special disclosure requirements. (If you are planning to accept credit card contributions, see page 2-30.)

Nominee Contributions

Nominee contributions are illegal. Nominee contributions are contributions made in the name of one person(s), but the actual money for the contribution comes from a different person or entity. When accepting contributions (especially cash or money order contributions), you must be sure the funds for the contribution have been provided by the person named as the contributor. Acceptance of nominee contributions could result in the suspension of all public funds payments and could lead to criminal prosecution.

example:

If Dan Noonan wishes to make a \$3,000 contribution to your committee, Committee to Elect Ralph Rella, he **may not** give \$250 to each of his 12 employees and tell them to give the money to your committee under their names.

example:

Lola Jones, CEO of Widgets Corporation, asks her 20 employees to give \$50 contributions to her brother’s City Council campaign by writing checks from their personal accounts. Ms. Jones reimburses her employees for their contributions. These are nominee contributions and **are illegal and could result in the criminal prosecution of Lola Jones, the candidate, the campaign and the treasurer.**

In-kind Contributions

In-kind contributions are goods or services donated to a campaign free of charge or at a special discount not available to others. Examples of in-kind contributions include, but are not limited to, office space, office equipment, and the use of phone banks by a campaign free of charge or below market cost. You must report the fair market value of all in-kind contributions. “Fair market value” is the price you would normally pay for the goods or services at the time they were received.

Because the campaign would have had to pay for these goods or services if they had not been donated, an in-kind contribution **is treated as both a contribution and an expenditure**. In-kind contributions cannot be received from a corporation, are not matchable, and are subject to the Program’s contribution and expenditure limits.

All in-kind contributions must have a contract or other documentation from the contributor written at the time the in-kind contribution was made, which includes how the value of the goods or services was determined.

example:

Candidate Linton needs a personal computer that has a retail price of \$1,000 at Computertech, a partnership. The store owner, a supporter of Linton, decides to donate the computer to the Linton campaign. The donation is a \$1,000 in-kind contribution to and a \$1,000 expenditure by the Linton campaign.

To determine the value of Computertech’s in-kind contribution, the campaign would find out the regular price Computertech charges for the computer — in this case, \$1,000. The campaign would ask for and keep a record from the store to document the value of the computer.

If you purchase goods or services at a price below the fair market value, the difference between the fair market value and the amount charged to you is the amount of the in-kind contribution and expenditure.

example:

Keller's Printing Shop sells 500 signs to the Committee to Elect Gallo, for the market price of \$1,000. When the Committee to Elect Gallo orders 500 more signs, however, Keller, who supports Gallo, gives the committee a \$200 discount on the second order. Thus, he charges the committee \$800 rather than \$1,000 for the additional signs. Keller does not normally give a similar discount to his other customers. The discount the Committee receives on the second order of signs is a \$200 in-kind contribution. The total amount of the expenditure for the second order of signs is \$1,000 (\$800 actually paid plus the \$200 in-kind). The Committee must keep an invoice from Keller's Printing Shop showing the discount to document the value of the in-kind contribution.

Volunteer Services

A volunteer campaign worker's services are not a contribution, in-kind or otherwise. But services for the campaign which are paid for by a third party are in-kind contributions by the third party and campaign expenditures that are subject to the expenditure limit.

example:

If accountant Jones volunteers to help keep a committee's books and records, his volunteer services do not need to be reported as an in-kind contribution. If Jones directs his employee Smith to keep the committee's books and records and Jones pays Smith a salary, of which \$1,000 would be attributable to the time she works on the campaign, the committee must report the \$1,000 as an in-kind contribution from Jones.

Once you have received public matching funds, you may not pay a volunteer for services already performed. You may, however, hire that volunteer and pay him/her for future work.

example:

Mary agrees to volunteer for your campaign and write speeches for you. She starts volunteering in April. On August 7th you receive your first public funds payment. If you then decide to pay Mary for her work, you must draw up a written contract and may pay Mary only for work performed after August 7th. You may not pay her for work she performed as a volunteer.

example:

After realizing what a great volunteer Mary is, but before you receive public funds, you decide you would like to hire her to work for the campaign. Due to a lack of funds, you agree to pay her after you receive public funds. You must draw up a written contract at the time you hire her showing how much she is to be paid, and you should report that amount as an outstanding liability each month until you are able to pay her in full.

Credit from a Vendor

A creditor who gives you credit for a period beyond 90 days has made a contribution equal in value to the credit, unless the creditor has made a commercially reasonable attempt to collect the debt. If a corporate vendor gives you credit, it will not automatically be considered a corporate contribution if you are able to show that the corporate vendor did not intend to make a contribution.

Restricted Contributions

The Program places restrictions on two sources of contributions: contributions received from corporations and contributions received from political committees that have not yet registered with the CFB. **It is your responsibility to scrutinize all contributions you receive prior to depositing them in your bank account. Carefully reviewing all your contributions prior to depositing them will help avoid the assessment of penalties by the CFB for accepting prohibited contributions.**

Corporate Contributions

Corporate contributions are **prohibited**. You may not accept contributions given either directly or indirectly by corporations. Should you accept a corporate contribution, you may be assessed a financial penalty. (See Chapter 10, Enforcement.) If you have accepted a corporate contribution,

you must immediately refund the contribution to the contributor using a **certified or bank check**. This applies to all corporate contributions, including those received before you joined the Program. The following words or acronyms on checks indicate that the contribution is from a corporation and must be returned: **Corporation, Incorporated, Limited, P.C., Corp., Inc., and Ltd.**

Indicates this is a corporation and must be returned

John Smith, M.D., P.C. 279
215 6th Street
New York, NY 10025

DATE April 4, 2004

Pay to the order of: Antonio Garcia for City Council \$ 2,000
Two Thousand 00/100 DOLLARS

MEMO _____

| : 000067894 | : 12345678 _____

John Smith

example:

The Committee to Elect Daniel Berns received a check for \$2,750 from Johnson Drilling, Inc. The committee's treasurer noticed that the check was from a corporation and was, therefore, a prohibited contribution. The treasurer immediately mailed the check back to Johnson Drilling, Inc. If the treasurer deposited the check, the committee would be required to report the acceptance of the contribution and the refund in C-SMART. The committee must refund the money using a certified or bank check. Further, the campaign would face a possible financial penalty for violating the ban on corporate contributions, unless the committee realized it made a mistake on its own and can show that it returned the contribution before the CFB notified the committee that it must do so.

Contributions from Political Committees

Political committees include political action committees (PACs), political party committees, and candidate committees. You may not accept contributions from a political committee unless the committee has registered with the CFB. To verify that a political committee is registered, check the CFB's web site at www.nycffb.info or call the Candidate Services Unit. Be sure that the name of the

political committee as it appears on the contribution check is reported correctly in C-SMART and **it is exactly the same as the name that is registered with the CFB.** If the committees' name is not exactly the same, the contribution will be questioned and there may be a delay in public funds payments to you.

It is important not to rely simply on the word of the political committee that it is registered with the CFB. Political committees register with different government agencies, such as the BOE and the Federal Election Commission, and their representatives may not realize that they are not registered with the CFB.

If the political committee is not registered, **do not deposit** the contribution into your bank account. If the committee registers with the CFB within 10 days of your receipt of the contribution, you may then deposit the contribution. If the political committee does not register within 10 days, you will be required to return the contribution. It is your responsibility to ensure that a political committee is already registered with the CFB, and if it is not, that the political committee registers before you deposit the contribution. Should you accept and keep a contribution from an unregistered political committee, you may be assessed a financial penalty. If you have accepted a contribution from an unregistered political committee, you must immediately refund the contribution to the political committee with a certified or bank check.

Political committees register with the CFB by completing and submitting a "Political Committee Registration Form." This form can be downloaded from our web site, www.nyccfb.info, or you can request one by calling the Candidate Services Unit. **Contributions from political committees are not matchable and are subject to the contribution limit.**

It is **your** responsibility to make sure you are not accepting contributions from unregistered political committees, or indirect corporate contributions from political committees that are funded by corporate contributions.

If you accept a contribution that is over-the-limit you must return the excess by bank or certified check. If you accept a contribution that is prohibited you must return the full amount by bank or certified check. Refunding a contribution in any other manner may result in a delay in public fund payments to you. If your attempt to return the contribution to the contributor is unsuccessful, you may pay the amount of that contribution to the Public Fund instead.

*Questions about restricted contributions?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Non-Matchable Contributions

Contributions from residents outside of New York City, campaign vendors, political committees, unions, non-incorporated businesses, trust funds, business accounts, limited liability companies (“LLCs”), and partnerships or limited liability partnerships (“LLPs”) may be accepted but are **not** eligible for matching funds.

Contributions drawn on accounts that appear to be business accounts, such as those that contain the contributor’s professional title or the contributor’s business address, may not be valid for matching purposes. (See page A-4 for more information.)

The following contributions also are **not** matchable:

- in-kind contributions of property, goods, or services;
- money order contributions from any one contributor that aggregate to more than \$100;
- contributions from individuals under the age of eighteen years;
- contributions in the form of the purchase price paid for, or otherwise induced by, a chance to participate in a raffle, lottery, or a similar drawing for valuable prizes; and
- contributions in the form of the purchase price for a good or a service provided by the campaign.

The only exceptions to this rule are for contributions given in exchange for goods or services, such as those listed below, that do not have significant value:

- food or liquor;
- limited musical or other entertainment provided at an event that is otherwise campaign-related;
- campaign buttons;
- campaign literature; and
- campaign t-shirts.

Generally, contributions made in the form of the purchase price for tickets to entertainment events (e.g., theatrical or comedy shows, sporting events, and musical performances) will not be matched with public funds.

Types of Contributors

The Program’s contribution limits apply to all types of contributors: individuals (including relatives of the candidate), political committees registered with the CFB (including candidate committees, political action committees, and political party committees), partnerships, limited liability companies, organizations (including employee organizations/unions), and affiliated contributors. The only

exception to the contribution limit is that the candidate may contribute up to three times the amount of the contribution limit to his or her own campaign. **Please remember that any type of contribution from corporations is prohibited.** The various types of contributors are described below. In order to be in compliance with the public disclosure requirements of the Program you must accurately report the type of contributor.

Individuals

You may accept monetary and in-kind contributions from individuals. Only valid monetary contributions received from an individual New York City resident are eligible to be matched and to be applied toward the threshold requirement. Contributions from an individual drawn on personal checking or credit card accounts, or in the form of cash or money orders are the only types of contributions that are considered matchable. Contributions from individuals will be combined with contributions from entities which those individuals control when determining your compliance with the contribution limits.

Contributions by Minors

You may accept a contribution from a child less than 18 years of age if: (1) the decision to contribute was made knowingly and voluntarily by the minor; (2) the funds, goods, or services contributed were owned and controlled exclusively by the minor, such as income earned by the minor; and (3) the contribution was not made from the proceeds of a gift where the gift was made in order to provide funds for the contribution. Please note: contributions by individuals less than 18 years of age are not matchable.

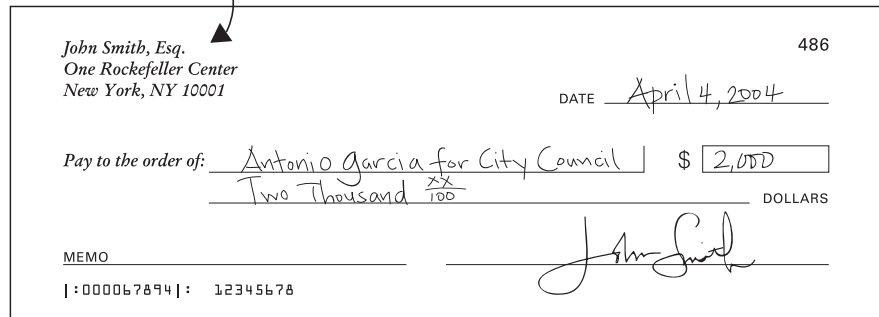
Campaign Vendors

If an individual is a vendor or a principal in an entity that is a vendor to the campaign, the contribution is not eligible to be matched. This provision does not apply to campaign workers.

Contributions Drawn on Business Accounts

Campaign contributions drawn on accounts that appear to be business accounts, such as those that contain the contributor’s professional title or the contributor’s business address, will not be valid for matching purposes unless the campaign provides evidence demonstrating that the contribution actually came from personal funds. (See page A-4 for more information).

The check has the contributor’s professional title and this address is a business address. This indicates that this contribution may be from a business account.



Political Committees

Political committees include political action committees (PACs), political party committees, and candidate committees. You may **not** accept contributions from a political committee unless it has registered with the CFB. To verify that a political committee is registered, check the CFB's web site, www.nyccfb.info, or call the Candidate Services Unit. (For more information on political committees, see page 2-7.)

Partnerships, LLPs, and LLCs

You may accept contributions from partnerships, limited liability partnerships, and limited liability companies. These contributions are subject to the contributions limits and are not matchable. State law and CFB rules require that if a contribution from one of these entities is greater than \$2,500, you must report this in a two step process.

1. As a contribution from the partnership
2. As coming from each partner or member of the business, divided according to a person's ownership share of the business, if that share would make their contribution over \$99. This will count toward that person's contribution limit.

example:

The advertising firm Patterson & Rice, LLC contributes \$4,950 to Adams, a mayoral candidate. Ms. Rice receives 60 percent of the firm's profits; Mr. Patterson receives 40 percent. Because the contribution exceeds \$2,500, the committee must also report Ms. Rice as having contributed \$2,970 (60 percent of the \$4,950 contribution) and Mr. Patterson as having contributed \$1,980 (40 percent of the \$4,950 contribution). The committee may then accept only an additional \$1,980 from Ms. Rice, and an additional \$2,970 from Mr. Patterson as individuals, and nothing more from the firm because it has given the \$4,950 limit.

example:

Pope & Agoos, a law firm, makes a contribution of \$4,500 to mayoral candidate Kendall. The treasurer of the Committee to Elect Kendall contacts the law firm to inquire about the contribution and learns that there are 60 equal partners in the firm. The firm's contribution must be reported, but the contribution need not be attributed to the individual partners, because each partner's share of the contribution is not over \$99.

*Questions about partnerships, LLPs or LLCs?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Organizations & Unincorporated Businesses

You may accept contributions from unincorporated organizations such as community groups, employee organizations/unions, and associations. You may also accept contributions from unincorporated businesses such as sole proprietorships. **If an organization is incorporated, the contribution is prohibited.** Contributions from organizations are not matchable with public funds but are subject to the contribution limits.

Affiliated Contributors

Contributions are affiliated when they are controlled or maintained by the same person, organization, committee, or entity.

You must report contributors — individuals or organizations — that are affiliated with one another. Affiliated contributors are considered one contributor, so the total amount of contributions received from affiliated contributors may not exceed the contribution limit.

You, your treasurer, or your campaign staff must regularly check committee records to make sure that multiple contributions from the same or affiliated sources, when added together, remain within the contribution limits. If you are unsure whether contributors are affiliated, you must check with the contributors about the facts concerning their relationship. The most common type of affiliation is between an individual and a business, political committee, or other entity he or she controls. For more information about affiliated contributors, call the Candidate Services Unit.

example:

Mr. Dawson owns Dawson's Automotive, a sole proprietorship. Mr. Dawson makes a personal \$2,500 contribution to participating mayoral candidate Johnson, and Dawson's Automotive makes a \$2,450 contribution to Johnson for an aggregated total of \$4,950. Since this is the maximum contribution permitted for mayoral candidates, Johnson cannot accept any more contributions from either Mr. Dawson or Dawson's Automotive. Johnson must also report both Mr. Dawson and Dawson's Automotive as affiliated contributors.

example:

Phil Johnston owns two non-incorporated businesses, Johnston Tires and Ace Paper Supply. Johnston Tires contributes \$1,000 to participating City Council candidate Russo. Ace Paper Supply gives \$1,000 to candidate Russo as well. Since these two businesses are owned by the same individual, Phil Johnston, the aggregate total contributions from Johnston Tires and Ace Paper Supply is \$2,000. Mr. Johnston has not yet contributed the maximum to candidate Russo, and he or any of his businesses may contribute an additional aggregate total of \$750 to remain within the City Council contribution limit of \$2,750.

example:

The Iron Workers Union gives \$3,000 from its general treasury to mayoral candidate Patton. The Iron Workers Union also would like to give candidate Patton a contribution from its political action committee. Due to the affiliation between the union and the union's political action committee, the political action committee may give only \$1,950 to candidate Patton. The \$1,950 is the difference between the original contribution from the Iron Workers Union and candidate Patton's \$4,950 contribution limit.

*Questions about affiliated contributions?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Types of Fundraising

You may raise contributions through many different types of fundraising. Fundraising encompasses many different activities, such as direct mail solicitation, dinners at restaurants, and small house parties. Each fundraising activity carries its own special disclosure requirements. (For more information about the disclosure requirements for fundraising activities, see page 2-22.)

All written fundraising materials, including Internet materials, must include the following statement, written in a way that is both clear and easy to notice:

“State law prohibits making a contribution in someone else’s name, reimbursing someone for a contribution made in your name, being reimbursed for a contribution made in your name, or claiming to have made a contribution when a loan is made.”

Contributions Delivered by Intermediaries (“Bundlers”)

Intermediaries are people who, or organizations that, solicit, collect, and deliver contributions to a campaign from other people or organizations. They are sometimes called “bundlers.” Since they could have influence over the candidate, the law requires that you report intermediaries and the contributions they deliver. A postal, delivery, or messenger service, or a contributor’s immediate relatives, are not considered intermediaries. You must keep written documentation of all intermediated contributions (see page A-2 for a copy of the required intermediary statement).

example:

Mark, a supporter of candidate Harry Johnson, asks all his co-workers to donate to the Johnson campaign. Mark collects all the contributions and delivers them to the campaign office. The Johnson campaign must report Mark as an intermediary for these contributions, and Mark must complete and sign an intermediary statement.

example:

Antonio, a supporter of candidate Miranda Vasquez, sends out a flyer to all of his friends urging them to make contributions to the Vasquez campaign. Through Antonio’s efforts, the campaign receives twenty-five contributions through the mail. Because the contributions came individually through the mail and were not delivered by Antonio, the campaign need not report him as an intermediary for the contributions.

*Questions about intermediaries?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Fundraising Agents

A fundraising agent is a paid or volunteer full-time campaign worker or a commercial fundraising firm retained by the campaign to accept contributions on behalf of the campaign. Fundraising agents must be reported in a cover letter with your disclosure statement, and not as intermediaries.

House Parties

House parties are small fundraising events held in supporters’ homes. Ordinarily, the host of a house party is not reported as an intermediary, as long as the cost of the house party is \$500 or less. However, a host must be reported as an intermediary for every contribution he or she collects and delivers from a contributor who gave more than \$500. When a contributor makes multiple contributions at several house parties given by the same host, those contributions should be added together to determine if they add up to more than \$500, and if they do, the host must be reported as an intermediary.

In addition, if the host spends more than \$500 for all house parties he or she gives, the host must be reported as an intermediary for **all** the contributions collected and delivered at the house party, including those of \$500 or less. Moreover, the portion of the party’s expenses that exceeds \$500 is an in-kind contribution from the host and must be reported. When a host gives more than one party, the costs of all parties given are combined to determine whether the \$500 limit has been exceeded. See the chart below for additional information on house parties.

IF THE TOTAL CONTRIBUTIONS FROM ANY INDIVIDUAL:	AND THE COST OF THE PARTY OR PARTIES:	IS THE HOST OF THE HOUSE PARTY AN INTERMEDIARY?
Do not exceed \$500	Does not exceed \$500	No.
Exceed \$500	Does not exceed \$500	Yes, but only for the individual contribution(s) over \$500.
Are any amount	Is greater than \$500	Yes, for all contributors. And the amount spent in excess of \$500 to host the party should be disclosed as an in-kind contribution from the host.

example:

Joan holds a house party for candidate Lawrence Santiago. Joan spends \$300 on food and invitations. She collects ten \$50 contributions and one \$1,000 contribution at the party. Since the cost of the party does not exceed \$500, Joan must be reported as an intermediary only for the \$1,000 contribution.

example:

Joan holds a second house party for candidate Lawrence Santiago and spends an additional \$300 on food and invitations. At this party, Joan collects fifty \$25 contributions. Since the combined cost for both parties exceeds \$500, Joan must be disclosed as an intermediary for every contribution she collected, including those collected at the first party. In addition, since the total cost of both parties is now \$600, candidate Santiago also must disclose a \$100 in-kind contribution from Joan.

*Questions about house parties?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Surplus Funds

You are permitted to use funds that were originally received for another election (surplus funds) by transferring them to your current principal committee. Surplus funds, however, are subject to the Program's contribution limits and prohibitions, and are not matchable. In addition, there are special disclosure requirements for transferring surplus funds. If you are transferring funds from a committee that was not covered by the Program, in addition to reporting the transfer, you must also report the contributions underlying the transfer, and the expenditures associated with raising those contributions. In addition, you will need to obtain a record from the contributor before you make the transfer that shows the contributor authorized the use of the contribution. For more information on disclosing transfers, see page 5-10.

How to Transfer Surplus Funds

To ensure compliance with the Program's requirements, surplus funds received for another election must be transferred in reverse chronological order (the last contribution or receipt that you receive is the first one transferred). Transfers must be reported contemporaneously, and documentation

detailing the contributions and receipts that you have transferred must be submitted with the disclosure statement covering the period during which the transfers were made. For more information on disclosing transfers, see page 5-10.

It can be a very complicated process to re-examine surplus funds to ensure they comply with the Program, and the CFB recommends that you do not transfer them into your campaign. For more information on how to transfer surplus funds, refer to the chart below.

example:

City Council candidate Hopkins has \$9,250 remaining in his 2000 State Senate authorized committee's bank account. Candidate Hopkins would like to transfer these surplus funds into his 2005 City Council principal committee's bank account. The table below shows the five contributions totaling \$9,250 that Candidate Hopkins would like to transfer. As the table demonstrates, Candidate Hopkins can only transfer \$6,000.

To determine if you have complied with the contribution limit, the CFB will add together all contributions to the principal committee from the same contributor, including the contributions included in the amount you transferred from another committee into your principal committee.

CONTRIBUTION TYPE	CONTRIBUTION AMOUNT	DATE RECEIVED	TRANSFERABLE	AMOUNT TRANSFERRED	ORDER OF TRANSFER DATE
Individual	\$500	10/08/00	Yes	\$500	1
Individual	\$5,000	08/17/00	Yes (cannot exceed the contribution limit)	\$2,750	2
Corporation	\$1,000	06/14/00	No	\$0	–
PAC registered with the CFB	\$750	04/07/00	Yes	\$750	3
Individual	\$2,000	02/01/00	Yes	\$2,000	4
Total	\$9,250	–	–	\$6,000	–

Questions about surplus funds?
 Please call the Candidate Services Unit at (212) 306-7100
 or e-mail us at csumail@nyccfb.info.

Joint Contributions

All check contributions are considered to be received **from the person who signs the check**. If you receive a contribution from a joint checking account, you may attribute the contribution to both account holders **only** if both account holders sign the check. If both account holders sign the check, you should report two contributions (divided equally) from each of the account holders.

example:

Jane and Thomas Henley wish to contribute to the Friends of Paul Harvelle. Jane and Thomas Henley share a joint account. Mr. Henley writes an \$800 check to the committee and only he signs the check. Since Mr. Henley signed the check (see right), the contribution is considered to be from Mr. Henley alone, even though both Jane and Thomas Henley wished to contribute. The committee should report an \$800 contribution from Mr. Henley.

Jane and Thomas Henley
 44-22 Roosevelt Avenue
 Jackson Heights, NY 11372

280
 DATE September 5, 2005

Pay to the order of: Friends of Paul Harvelle | \$ 800
Eight Hundred Dollars ^{xx}/₁₀₀ DOLLARS

MEMO good Luck! Thomas Henley

1:000067874 | 12345678

example:

For the committee to be able to attribute the contribution to both Jane and Thomas Henley, the Henleys would both need to sign the check (see right). The committee would report a \$400 contribution from Thomas Henley and a \$400 contribution from Jane Henley.

Jane and Thomas Henley
 44-22 Roosevelt Avenue
 Jackson Heights, NY 11372

280
 DATE September 5, 2005

Pay to the order of: Friends of Paul Harvelle | \$ 800
Eight Hundred Dollars ^{xx}/₁₀₀ DOLLARS

MEMO good Luck! Jane Henley Thomas Henley

1:000067874 | 12345678

Joint Fundraising

Joint fundraising with another candidate raises difficult disclosure and compliance issues. The attribution of both the fundraising costs and contributions received is extremely complicated.

The CFB strongly recommends that you do not participate in this activity if you want to keep Program compliance simple. If you hold a joint fundraiser, it is very important that you, and the campaign that is co-hosting the event with you, keep careful documentation of how the two campaigns split the cost.

The Program requires that all costs for joint fundraising events be shared among the candidates in proportion to the benefits derived from them. Should one campaign's share of the cost exceed the proportion of the benefit it derives, that campaign is making an in-kind contribution to the other campaign. Additionally, this contribution to the other campaign, whether it is in-kind or monetary, could possibly cause a reduction of public funds to the campaign making the contribution. (For more information on reductions in public funds payments, see page 7-7.)

Furthermore, to maintain clear documentation, it is important to pay your share of the fundraising costs directly to each vendor with checks written from your committee's checking account, not to the other campaign.

It is strongly recommended that your campaign does not participate in joint fundraising activity. But if you do, please contact the Candidate Services Unit before engaging in these activities.

example:

Mayoral candidate Smith and City Council candidate Johnson hold a joint fundraiser at a local pub. The overall cost of the fundraiser (*i.e.*, space rental, food, and beverages) is \$5,000. Each candidate invited the same number of guests, and each candidate was given the same amount of time to speak. Both campaigns raise the same total of contributions at the event. Candidate Smith pays \$3,000 of the cost and Johnson pays \$2,000. Since Johnson received 50% of the benefits of the fundraiser, but only paid 40% of its costs, Smith has made an in-kind contribution of \$500 to Johnson's campaign. In addition, this in-kind contribution may result in a reduction of public funds for candidate Smith.

If you choose to support other candidates during the election cycle, the following limited activities will not be considered a contribution to or an expenditure by your campaign:

- the act alone of endorsing or appearing with another candidate;
- communication of an endorsement by the candidate you endorsed, if your name is one of several names appearing on a letter or campaign material, as long as your name is of equal prominence as the other names;
- fundraising assistance in the form of a letter or other campaign material that does not promote your candidacy, and your name or likeness appears alone or with others and is of equal prominence as the names or likenesses of other candidates; and
- a typical communication by a political club to its members which includes your name, provided:
 - that you are already a member of the political club;
 - the political club has fewer than 500 members; and
 - the communication does not solicit funds on behalf of or otherwise promote your candidacy.

Communications of an endorsement not limited to the above, as has always been the case, may be considered a contribution to and an expenditure by your campaign. The CFB will take the following factors into consideration when determining the value of the contribution and/or expenditure:

- the focus of the communication;
- the geographical distribution or location of the communication;
- the subject matter of the communication;
- the references to you and your appearances in the communication;
- the relative prominence of the references to you or your appearance, including the size and location of the reference and any photographs; and
- the timing of the communication.

*Questions about joint fundraising?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nycffb.info.*

Earmarked Contributions

If a political committee receives a contribution from someone who directs that the committee, in turn, should make a contribution to you, the political committee's contribution to you counts as a contribution made to you both from the political committee and from the original contributor. These "earmarked" contributions are subject to the Program's limits and prohibitions. In addition, the original contributor must be disclosed to the CFB in a cover memo accompanying your disclosure statement.

Recordkeeping

The purpose of this section is to show you how to create records properly to document every contribution you receive. The law requires you to keep records that allow the CFB to review your disclosure statements and your public funds claims, and to confirm that you are complying with the Program. You must keep, and be able to produce, copies of checks, money orders, and contributions cards for cash, money order, and credit card contributions. (This documentation is known as "backup documentation.") Contributions made by credit card require additional documentation efforts (see page 2-30). In order to qualify for matching funds, you must submit documentation on all contributions for which you are claiming matching funds. The CFB will review your records to ensure that the information you report is accurate and complete.

You must keep track of all money coming into your committee (contributions and other receipts), and these records must be created and recorded **at the time each transaction occurs**. Otherwise, the records will not be accepted as valid evidence of the transaction. You accomplish this by setting up internal procedures within your campaign to record, summarize, and communicate information in an orderly and efficient manner.

You will find it helpful to maintain clear and accurate records. This will allow the CFB to review them easily at any time during the campaign. Keeping accurate records eases the audit process and will help you receive public funds more quickly. **Be sure to keep copies of all the documents you send to the CFB.**

You must obtain all missing documentation.

Records Your Committee Must Keep

Receipts

- Copies of checks and money orders.
- Copies of contribution cards signed by the contributor for cash, electronic and bank teller checks, money order and credit card contributions.
- Credit card contribution records.
- Deposit slips for all bank accounts.

- Documentation of all of your in-kind contributions, demonstrating how their fair market value was determined.
- All written fundraising materials, including Internet materials, which must include the following statement, written in a way that is both clear and easy to notice:

“State law prohibits making a contribution in someone else’s name, reimbursing someone for a contribution made in your name, being reimbursed for a contribution made in your name, or claiming to have made a contribution when a loan is made.”

Campaign Fundraising Events

- A detailed record of each fundraising event indicating the date and location of the event.
- A list of each contribution received at/or in connection with the event, including the contributor’s name, address, and employment information, and the amount of the contribution.

Monetary Contributions

Record all the information you need to complete your disclosure statements properly. For each contribution, this must include: the date received; the contributor’s name, address, and employment information; the check or money order number (if applicable); and the type of contributor, *e.g.*, individual, candidate, family member. Remember that employment information has three parts: the employer’s name, the employer’s address, and the contributor’s occupation. If the contributor is unemployed, retired, a student, or a homemaker, he or she must be reported as such. You will not receive public matching funds for any contribution over \$99 for which you have not reported complete employment information.

If an intermediary delivers the contribution, you must also record the intermediary’s name, address, and employment information. Specific records are discussed below.

Backup Documentation

You are required to submit properly referenced backup documentation verifying the validity of contributions claimed for matching funds (see page 5-6.) You must keep records documenting every contribution received, and submit copies of checks, money orders, and credit card contribution records, and contribution cards for each cash, money order, credit card, and electronic and bank teller check for every contribution you are claiming as matchable. If these records are not maintained properly, your public funds payment may be less than you anticipated or you may not be eligible to receive public funds.

Contribution Cards

You must obtain a contribution card for each contribution made in cash, by money order, by credit card, or by electronic or bank teller check. This card must be signed and dated by the contributor, and must have separate entries for the contributor’s name, address, and employer information, and contribution type, and amount. **The following statement must be placed above the contributor’s signature:**

“I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal funds, is not being reimbursed in any manner, and is not being made as a loan.” **If a contribution card is missing any of the above information, the contribution will not be valid for matching funds or threshold purposes.**

Please note: the affirmation must be printed directly above the signature line. You must submit contribution cards for all such contributions with disclosure statements even after the threshold is met. To avoid any potential questions about authenticity, **the contributor should complete this card at the time he or she makes the contribution.**

Contribution cards allow the CFB to verify that the contributions received by the committee are actually coming from the person who completes the contribution card and signs the affirmation statement on the card.

Contribution Card

Committee Name _____

Cash Money Order in the amount of \$ _____

Name _____

Home Address _____

City/State/Zip _____

To comply with Campaign Finance Reporting Rules,
please give the following information:

Employer _____

Occupation _____

Business Address _____

I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal funds, is not being reimbursed in any manner, and is not being made as a loan.

Contributor's SignatureDate of Contribution

Affirmation →

Signature →

A contribution “card” need not be a card or be professionally printed. It can be in any format as long as the proper and complete committee name and contributor information are placed on the card. Blank versions of the sample card above can be found on page A-47 and can be duplicated for

your use. Remember, if you choose to use this sample card, you **must** complete your committee name (the one you filed with the BOE and reported on your FR and/or Certification) in the appropriate location.

Contributions by Check

In order to meet threshold and qualify for matching funds, the CFB requires a properly referenced (see page 5-7) copy of each contributor’s check to be submitted with your financial disclosure statements. Remember, contributions by check are the easiest to document. If a designated agent or bank representative, however, signed the check, you must supply a document signed by the contributor that states that the designated agent is authorized to sign the contributor’s checks, the date and amount of the contribution, and the committee’s name. You must submit copies of checks with disclosure statements **even after the threshold is met.**

example:

The Smith campaign receives a \$250 check contribution from John Brown. Jack Freed, Mr. Brown’s authorized business agent, signed the check. In order for this contribution to be eligible for matching funds, the Smith campaign must send the CFB a document signed by the contributor, John Brown, explaining that Jack Freed is a designated business agent and has the legal authority to sign Mr. Brown’s checks, the date and amount of the contribution, and the committee’s name.

example:

The Smith campaign receives a \$250 bank teller check contribution from Joe Johnson. The funds were drawn from Mr. Johnson’s bank account, but because it is a bank-teller check, the branch manager at the bank signed the check. In order for this contribution to be eligible for matching funds, the Smith campaign must provide the CFB with a contribution card from Mr. Johnson, verifying his personal contributor information.

In order for a contribution to be matched, the CFB must be certain the contribution originated from the contributor, with his or her knowledge and intent. For this reason, the CFB will not match any check contributions indicating that the check is not from the individual, such as checks designated as being from a trust.

Indicates that this is a trust fund and the contribution will not be matched with public funds

Jason Gibbons Trust 215 6th Street New York, NY 10025	282
	DATE <u>MARCH 3, 2005</u>
Pay to the order of: <u>ANTHONY FARRELL FOR CITY COUNCIL</u>	\$ <u>2,000</u>
<u>TWO THOUSAND</u> ⁰⁰ / ₁₀₀	DOLLARS
MEMO _____	<u>Jason Gibbons</u>
: 000067894 : 12345678	

Cash Contributions

If you are claiming matching funds for cash contributions, you must provide the CFB with properly referenced (see page 5-6) and completed contribution cards. If a contribution card meeting CFB requirements is not provided, the contribution will not be valid for matching funds or threshold purposes. In addition, cash contributions over \$100 are illegal. If an individual's aggregated cash contributions exceed \$100, all cash contributions from that contributor will be invalid for matching funds or threshold purposes, and the amount in excess of \$100 must be returned. If you will be accepting cash contributions, you should have the **contributor** complete the contribution card at the time he or she makes the contribution.

Due to the possibility of cash and money order contributions being given in a fraudulent manner, extra documentation to verify these contributions is needed.

Money Order Contributions

A copy of the money order and a contribution card must be kept and submitted to the CFB for every money order contribution your committee receives (a copy of the money order receipt is **not** acceptable documentation). To receive matching funds for money order contributions, the money order **and** the contribution card must be filled out and signed by the contributor. If a valid contribution card is not provided, the contribution will not be valid for matching funds or threshold purposes. Because the CFB has, in the past, discovered fraudulent transactions involving money orders, money order contributions will be scrutinized very closely. Moreover, money orders numbered in sequence may be invalidated for matching and threshold purposes if there is reason to believe they are improper. Money order contributions greater than \$100 are not matchable.

Credit Card Contributions

Before you begin accepting credit card contributions, you must first establish a unique merchant account number. This unique merchant account number is necessary to process credit card transactions and is linked to a bank account to which the credit card company makes its deposits. You must provide your unique merchant account number to the CFB on the FR and/or Certification. These forms ask for the acquirer's name, and the unique merchant account number for each account you open. If you are accepting credit card contributions over the Internet, you must also provide your web site address on these forms.

All credit card contributions must be subject to real-time address verification by your credit card or processing company. Real-time address verification occurs when information provided by the contributor is checked against data the company has on file for the account holder as the contribution is being processed. **To be valid for public funds, the residential address provided by the contributor must match the billing address on file for the credit card holder.**

To be valid for public funds, a credit card contribution must be accompanied by an authorization card that contains the name of the credit card issuer (*e.g.*, Visa or Mastercard) the name of the credit card account holder (the contributor), the credit card number and expiration date, and the following statement: “I understand that state law requires that a contribution be in my name and from my own funds. I hereby affirm this contribution is being made from my personal credit card account, billed to and paid for my personal use, and having no corporate or business affiliations and is not being made as a loan.” If you are receiving contributions over the Internet, contributors must affirm this statement electronically. (A sample authorization card can be found on page A-43.)

For your credit card contributions to be valid for matching funds, you must supply the following information with each disclosure statement:

- a copy of the properly referenced (see page A-11) authorization card for each credit card contribution with all but the last four digits of the account number redacted.
- a copy of the authorization slip or approval codes report showing that the transaction has been processed.

For credit card contributions received over the Internet to be valid for matching funds, you must provide the CFB with the same backup documentation as for other credit card contributions. (See the Appendix for more information.)

You must maintain copies of all checks and/or all records of electronic transfers received from credit card companies. You also must maintain evidence that the real-time address verification procedures are taking place, and when a match is not found, the contribution is rejected. Finally, all statements and correspondence relating to your campaign’s credit card transactions are subject to CFB audit and must be kept on file.

For additional information on accepting credit card contributions, please see page A-7.

Contributor Employment Information

If a contribution is \$99 or less, employment information (the contributor's employer, his or her business address and occupation) is not necessary. However, the CFB suggests you obtain it, in case additional contributions from that contributor are received and result in an aggregate total of over \$99.

The Board may suspend public funds payments entirely if your campaign's overall reporting of employment information, whether the contributions are matchable or not, is very poor.

If a matchable contribution is over \$99, employment information is required. If this information is not provided, the contribution will not be matched. To obtain this employer information, you should send contribution cards with all fundraising mailings, and have them available at all fundraising events.

You must provide employment information for any contribution received from someone that works for you or your spouse/domestic partner, for a business other than the campaign that you or your spouse/domestic partner own more than 10% or have a management position.

Deposit Slips

You must keep a copy of all bank deposit slips. If your bank does not provide deposit slips, you must keep a record of deposit information on your own. Loans and other receipts you accept must be deposited in your committee's bank account within ten business days of receipt. Contributions in the form of checks, given to City Council candidates and received more than a year **prior to the election**, however, must be deposited within 20 business days of receipt. All other contributions to City Council candidates, and all contributions to other candidates, must be deposited within 10 business days. **The CFB urges City Council candidates to deposit contributions promptly, and to do so within 10 business days, so as not to violate Program rules in the election year because of failure to change campaign practices.**

In-kind Contributions

You must keep a contract or other written documentation of all in-kind contributions, including how the fair market value was determined. The documentation should come from, and be signed by, the contributor. In addition, the same contributor information required for monetary contributions is required for in-kind contributions.

example:

A union grants candidate Samuels exclusive use of an office without charge. Samuels occupies the office for three months. The union pays \$300 per month in rent for that space. The value of the in-kind contribution from the union is \$900, or the monthly rent multiplied by 3 months ($\$300 \times 3 = \900). Samuels would record the union's name and address, the value of the in-kind contribution, a description of the in-kind contribution, an explanation of the calculation similar to the one above, and how this value was determined. A union representative would sign the record. All in-kind contributions are also expenditures by the candidate, and are counted toward the contribution and expenditure limits.

Intermediated Contributions

You must keep written documentation of all intermediated contributions. This documentation must be signed by the intermediary, and include the intermediary’s name, residential address, employer, occupation, and business address as well as the names of the contributors and amounts contributed. The following statement must be placed above the intermediary’s signature: “I hereby affirm that I did not, nor to my knowledge, did anyone else, reimburse any contributor in any manner for his or her contribution and none of the submitted contributions were made by the contributor as a loan.” In addition, the record must contain the following statement: “The making of false statements in this document is punishable as a Class E felony pursuant to Section 175.35 of the Penal Law and/or a Class A misdemeanor pursuant to Section 210.45 of the Penal Law.” For a copy of an intermediary statement, see page A-2.

Intermediary Statement

Committee Name: Friends of Easley
 Intermediary's Name: Thomas Winchester
 Home Address: 37 Burlap Lane
 City/State/Zip: Hastings, NY 11068
 Employer: Frank's Sporting Goods
 Occupation: Salesperson
 Business Address: 133 Crescent Street
 City/State/Zip: Hastings, NY 11068

Contributor's Name	Amount Contributed
1. <u>John Smith</u>	<u>\$25</u>
2. <u>Jane Doe</u>	<u>\$1,000</u>
3. <u>Juan Gonzalez</u>	<u>\$650</u>
4. <u>Ralph Gomez</u>	<u>\$300</u>
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____

Attach additional pages if the intermediary has more than ten (10) intermediated contributions.

I understand that the making of false statements in this document is punishable as a Class E felony pursuant to Section 175.35 of the Penal Law and/or a Class A misdemeanor pursuant to Section 210.45 of the Penal Law.

I hereby affirm that I did not, nor to my knowledge, did anyone else, reimburse any contributor in any manner for his or her contribution and none of the submitted contributions was made by the contributor as a loan.

Intermediary's Signature Thomas Winchester date 3/5/05

*Questions about intermediaries?
 Please call the Candidate Services Unit at (212) 306-7100
 or e-mail us at csumail@nycfb.info.*

Referencing and Preparing Backup Documentation

To maximize your ability to receive a timely public funds payment on the first possible payment date, you should adhere to the following process when you receive a contribution. These steps will help you streamline the processing of incoming contributions. You should keep all backup documentation in order and in a separate file so you can submit it with the appropriate disclosure statement.

Contributions Given by Check

For every contribution you receive by check, you should:

1. Inspect the check to be sure that it is not a prohibited contribution (see page 2-6). You may be assessed a penalty if you deposit a prohibited contribution.

2. Photocopy the check.
3. Enter the contribution into C-SMART using the name of the contributor as it appears on the check. Be sure to proofread the contributor name so that it exactly matches the name on the check. Remember, the person who signed the check is the contributor.
4. Check the C-SMART “totals” box to verify that the contribution, when aggregated with other contributions by the same contributor, does not exceed the contribution limits for your office.
5. Write the C-SMART transaction ID number and statement number on the photocopy of the check. This is the **backup documentation** for that contribution. You will submit this to the CFB along with your disclosure statement.
6. After completing steps 1–5, deposit the check in your committee’s bank account and properly file your deposit slip.

Contributions Given in Cash

If you receive a cash contribution, you **must** obtain a contribution card signed by the contributor. For every contribution you receive in cash, you should:

1. Review the contribution card to ensure it is complete and signed by the contributor.
2. Enter the contribution into C-SMART.
3. Check the C-SMART “totals” box to make sure you have not accepted more than \$100 in cash from this contributor. You may be assessed a penalty if you deposit a cash contribution that exceeds the \$100 limit.
4. Check the C-SMART “totals” box to verify that the contribution, when aggregated with other contributions by the same contributor, does not exceed the contribution limits for your office.
5. Write the C-SMART transaction ID and statement number on the original contribution card.
6. Make a photocopy of the signed contribution card. Do not photocopy the actual cash as this is a violation of federal law. This is the **backup documentation** for that contribution. You will submit this to the CFB along with your disclosure statement.
7. After completing steps 1–6, deposit the cash contribution into your committee’s bank account and properly file your deposit slip.

Contributions Given by Money Order

If you receive a money order contribution, you **must** obtain a contribution card signed by the contributor. The information written on both the money order and the contribution card **must** be legible. For every contribution you receive by money order, you should:

1. Inspect the money order for irregularities and indications that they are not nominee contributions (see page 2-3).

2. Enter the contribution into C-SMART.
3. Check the C-SMART “totals” box to verify that the contribution, when aggregated with other contributions by the same contributor, does not exceed the contribution limits for your office.
4. Write the C-SMART transaction ID and statement number on the money order and the original contribution card.
5. Make a photocopy of both the money order and the signed contribution card. This is the **backup documentation** for that contribution. You will submit this to the CFB along with your disclosure statement.
6. After completing steps 1–5, deposit the money order into your committee’s bank account and properly file your deposit slip.

Contributions Given by Credit Card

If you receive a credit card contribution, you **must** obtain an authorization card signed by the contributor, unless the credit card contribution was received over the Internet (for more information about Internet contributions see page A-7). For every contribution you receive by credit card, you should:

1. Follow all credit card requirements, including those for Internet contributions, in the Appendix.
2. Enter the contribution into C-SMART.
3. Check the C-SMART “totals” box to verify that the contribution, when aggregated with other contributions by the same contributor, does not exceed the contribution limits for your office.
4. Write the transaction ID and statement number on the original authorization card.
5. Make a photocopy of the authorization card and authorization slip or approval codes report showing that the transaction has been processed. This is the **backup documentation** for that contribution. You will submit this to the CFB along with your disclosure statement.
6. In most instances, the credit card company will electronically transfer the contribution into your committee’s bank account. Properly file your statements from the bank and the credit card company.

*Questions about properly referencing backup documentation?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

IMPORTANT POINTS TO REMEMBER

- Your campaign is limited in the amount of money that it can receive from a contributor.
- You may receive monetary contributions by cash, check, money order, and credit card. Remember to keep detailed documentation about each contribution you receive. **You will need to submit that documentation to the CFB.**
- New York State law prohibits campaigns from accepting cash contributions in excess of \$100.
- Contributions over \$99 must have employee information to be considered for matching funds.
- Money order contributions from any one contributor that aggregate to more than \$100 are not eligible to be matched.
- Only contributions from individual NYC residents are eligible to be matched and count toward the threshold.
- **Committees must submit backup documentation with every disclosure statement.**
- Money order and cash contributions will be closely scrutinized.

WHERE TO FIND IT

For more information, please refer to:

- Contributions: *CFB Rules Chapter 1, rule 1-04*
- Funds originally received for other elections: *CFB Rules Chapter 1, rule 1-07*
- Claiming matchable contributions: *CFB Rules Chapter 3, rule 3-04*
- Records to be kept: *CFB Rules Chapter 4, rule 4-01*
- Credit card contributions: *CFB Rules Chapter 4, rule 4-01(b)(6)*

COMMON PITFALLS REGARDING CONTRIBUTIONS

- Failing to adhere to the contribution limit.
- Failing to deposit contributions within ten days of receipt, and failing to use those ten days to scrutinize **every** contribution you receive.
- Accepting cash contributions totaling more than \$100 from a single contributor.
- Accepting nominee contributions.
- Accepting prohibited contributions.
- Failing to use a bank or certified check to refund prohibited contributions.
- Failing to check with the CFB to determine whether a political committee is registered.
- Depositing political committee contributions before they are registered.
- Failing to meet requirements for contributions received over the Internet. (See page A-7.)
- Failing to attribute partnership and limited liability company contributions of more than \$2,500 to the individual partners or members of the respective entity whose share of the contribution exceeds \$99.
- Failing to aggregate affiliated contributions.
- Failing to transfer surplus funds properly.
- For joint contributions, failing to disclose only those person(s) who signed the check.
- Failing to allocate joint fundraising costs properly.
- Failing to keep copies of all the documentation sent to the CFB.
- Failing to provide employment information for contributions over \$99.
- Failing to submit complete, accurate, timely, and properly referenced backup documentation.
- Failing to maintain clear and accurate records and to record names of contributors on disclosure statements exactly as they appear on the backup documentation.

campaign spending

By joining the Program, you voluntarily agree to abide by strict limits on campaign spending.

This chapter will address the following topics:

- Spending limits for the election cycle;
- Making expenditures on behalf of your campaign; and
- Documenting your expenditures.

Spending Limits

The Program limits the amount of money participants can spend on their campaigns. The spending limits are intended to curb excessive campaign spending, and level the playing field by preventing candidates with access to large financial resources from significantly outspending their opponents, thereby allowing for a broader range of candidates to compete effectively.

Spending Limits for the 2005 Election#				
	MAYOR	PUBLIC ADVOCATE/ COMPTROLLER	BOROUGH PRESIDENT	CITY COUNCIL
2002 – 2003*	\$90,000*	\$90,000*	\$60,000*	\$3,000*
2004*	\$180,000*	\$180,000*	\$120,000*	\$40,000*
2005 Primary Election	\$5,728,000	\$3,581,000	\$1,289,000	\$150,000
Total Primary Limit†	\$5,998,000	\$3,851,000	\$1,469,000	\$193,000
2005 General Election	\$5,728,000	\$3,581,000	\$1,289,000	\$150,000
<p>* Spending above these amounts will be charged against your first limit in 2005. For example, if a borough president candidate spent \$320,000 in 2004, his/her 2005 primary limit would be reduced to \$1,089,000. If you spend below these amounts during the period to which they apply, you will lose the opportunity to use these spending limit amounts. For example, if a borough president candidate only spends \$20,000 in 2004, he/she can still only spend a maximum of \$1,289,000 in 2005, not \$1,389,000.</p> <p>† If no primary election is held and a primary election spending limit is not applicable, the amount in this row will constitute the limit for the general election.</p> <p># Spending caps may be raised or removed if you are facing a high spending non participant. Please see “The Bonus Situation” Chapter 11.</p>				

Candidates who run in both the primary and general elections have two separate spending limits. The first covers spending up to and including the date of the primary election, and the second covers spending up to the general election.

example:

Public Advocate candidate Richardson is allowed to spend \$180,000 in 2004. If Candidate Richardson spends only \$30,000, he does not have an additional \$150,000 to spend for the primary of the 2005 elections. But, if Candidate Richardson spends \$200,000 in 2004, his 2005 primary expenditure limit is reduced by \$20,000.

Please note: the CFB’s most substantial penalties have generally been assessed for expenditure limit violations because there is no way to “correct” these violations after the election is over and because these violations can significantly affect the outcome of an election. In addition, as it has in the past, the CFB will suspend public funds payments to candidates who violate the spending limit. It may also require the candidate to return any public funds received even though the CFB has not required payment in the past.

Attributing Spending to an Election

Spending is attributed to the year in which the goods are received or used, or the services are rendered, regardless of when the money is spent (*i.e.*, if a candidate purchases \$30,000 worth of postage on December 31, 2004, that \$30,000 will count towards the 2005 spending limit because the postage will not actually be used until 2005).

If you are unopposed in the primary election, all your spending in the calendar year of the election, even spending before the primary, will count toward your general election spending limit unless you file the required primary disclosure statements in a timely manner through statement 13 **and:**

The CFB will assess penalties on, suspend public funds payments to, and/or require the return of any public funds received from any candidate who violates the spending limit.

1. another party has a primary for the same office you are seeking; and/or
2. you have spent for a primary in reasonable anticipation of a primary that ultimately did not occur. (If this happens, you must be able to document to the CFB that you reasonably believed a primary was going to occur.)

If you have both a primary and a general election spending limit, the CFB will initially apply to the primary limit all spending reported through the date of the primary. Spending reported through the general election will be applied to the

general election limit. Expenses incurred but not paid before an election are still subject to that election's spending limits. Modest post-election expenditures to wind up the campaign are not subject to these limits, as described on page 13-2.

example:

Candidate Jones contracted to have a brochure mailed to the residents of his district prior to the primary election. Although the payment was made after the primary election, since the expense was incurred for the primary, and the benefit of the expense was received for the primary it is a primary expenditure and subject to the primary spending limit.

*Questions about spending limits?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Exempt Expenditures

Exempt expenditures are expenses that do not count against your spending limit. These include any spending to comply with the Program or New York State election law; expenses related to circulating and filing designating and nominating petitions; expenses related to petition litigation; expenses related to the canvassing of election results; and payments of debts for a previous election. Canvassing as an exempt expenditure is defined as the act of monitoring the count of vote totals. **Exempt expenditures must be claimed as they are made.** If your campaign will be making exempt expenditures, you must disclose them in their appropriate disclosure statement.

To simplify candidate reporting and CFB auditing of exempt expenditures, you have two options for documenting and reporting exempt expenditures:

- Option 1. Limit your aggregate exempt expenditures to an amount not greater than 7.5% of the applicable expenditure limit; or
- Option 2. Maintain detailed records substantiating that each exempt expenditure claim falls into an exempt category.

The CFB will determine which option you have chosen based on your reporting of exempt expenditures up to and including disclosure statement 17.

Option 1: You will have to maintain books and records generally required for all expenditures, but will not have to maintain more detailed records establishing that your expenditures are exempt. Expenditures claimed as exempt, however, must still be limited to those categories which are permitted as exempt under the Act. The CFB will not accept claims which do not fall into the categories listed above. If your total exempt claims exceed the 7.5% limit, you will need to have maintained contemporaneous documentation outlined in Option 2.

Please note: Because ballot petition litigation can be difficult to predict and can often equal more than 7.5% of the applicable expenditure limit, participants who use Option 1 will still be required to substantiate exempt claims for ballot petition litigation through detailed documentation, and these claims will not be subject to the 7.5% limit.

Option 2: If you are unable to keep your exempt expenditures under the 7.5% limit, you will be required to have kept contemporaneous detailed records showing that each expenditure you claim as exempt meets the definition of an exempt expenditure. For a more detailed explanation of the required records needed to fulfill this requirement, see the Appendix.

Exempt expenditures are expenses incurred in order to comply with the Act or the Election Law, and certain other limited election-related expenses.

Remember that regardless of which option you choose for documentation, you must still claim expenditures as exempt when you report them. For a more detailed explanation of the records needed to fulfill this requirement, see page A-12.

You should seriously consider in advance which option to choose. Option 1 can significantly simplify your compliance, and the 7.5% limit is well above what most campaigns have needed in the past. But, if you fail to keep the necessary documentation and you exceed the expenditure limit by more than 7.5% your campaign will be in violation of the expenditure limit.

Expenditures incurred for the following purposes are **never** exempt:

- maintaining checkbook registers, petty cash journals, bank records, and loan records;
- planning and managing the campaign's budget and the expenditures that will be made, including consideration of how to allocate spending within the expenditure limit;
- bookkeeping for payroll and paying vendors;
- fundraising, including all costs incidental to gathering information from contributors at fundraising events or in fundraising solicitations;
- mailings and telephone costs, except those made solely for the purpose of gathering contributors' employment and occupation information, and information about intermediaries;
- poll watching or any expense related to poll watching, including food or transportation; and
- campaign literature connected with petitioning besides the petitions themselves.

example

Candidate Collins is going door to door to obtain petition signatures for his City Council campaign. While gathering signatures, he hands out palm cards with his picture and the office he is running for. When he comes across a door that nobody answers, he hangs a flyer on the doorknob that reads, "Sign the petition for Collins and then vote in the upcoming primary." The palm card and the flyer are both considered campaign literature and cannot be claimed as exempt petitioning costs.

Poll watching is not an exempt expenditure. Unlike canvassing, there is still an opportunity to campaign because the election has not yet ended. Canvassing, which occurs post-election, consists of one or more individuals watching as votes are counted. Although canvassing is considered an exempt expenditure, any expenses incurred while canvassing, such as meals and transportation, are not exempt.

Remember that regardless of which option you use for documentation, you must claim expenditures as exempt when you file the appropriate disclosure statements. This will give the CFB the ability to review your claims to verify their exempt status so that you do not inadvertently violate the spending limit.

*Questions about exempt expenditures?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Making Expenditures

Expenditures made during the election cycle can be paid with a committee check, committee credit or debit card, certified check, or in cash if the expenditure is not greater than \$100. Whenever possible, however, **campaigns should use a campaign check when making expenditures**. The CFB considers an expenditure to be made when goods or services are received. If you prepay expenditures in the year(s) before the election for goods and services to be received in the election year, these payments will count toward your first expenditure limit in the election year.

example:

Candidate Bill Lawson is planning in November 2004 to have a mailing distributed in February 2005. He finalizes the details and pays for the mailing in November 2004. Since the mailing is not going out until February, the cost of the mailing is counted against the 2005 primary spending limit, or the general election spending limit if he does not have a primary.

Checks

All expenditures made during the election cycle should be paid for by check from the authorized committee's bank account. Expenditures made by check simplify recordkeeping and reduce unnecessary advances or petty cash expenditures, which are not qualified expenditures. (For more information on qualified expenditures, see page 3-14.)

Committee-Issued Credit and Debit Cards

You may acquire a credit or debit card in the name of your committee to make campaign-related expenditures. Expenditures made by a committee credit or debit card can simplify recordkeeping, and reduce unnecessary advances or petty cash expenditures, which are not considered qualified expenditures. (For more information on qualified expenditures, see page 3-14.)

Using a debit card allows expenditure payments to come directly from your committee bank account. This method is helpful because it lessens paperwork and reduces the need to make advances for small purchases.

When reporting expenditures made with credit or debit cards, you must list the actual vendor where the goods and/or services were purchased and the purchase price for each transaction, not the payment to the credit card company. Credit and debit card expenditures made by campaign workers using their personal accounts are considered advances and must be disclosed accordingly. **Advances are not qualified expenditures.** (For more information on qualified expenditures, see page 3-14.)

example:

Mr. Smith is the treasurer for Candidate Moran. Mr. Smith bought a fax machine at Radio Shack for the committee's office. Mr. Smith charged the fax machine on the campaign's American Express credit card. He recorded this transaction in C-SMART by documenting that he purchased the fax machine at Radio Shack for \$200.

Mr. Smith will not record that the committee paid American Express \$200 for the fax machine. He must, however, keep the receipt from Radio Shack, the American Express bill, and the committee's check to American Express to document the purchase.

Cash

Under state law and the Program's rules, only expenditures of \$100 or less can be made in cash. Any expenditure over \$100 **must** be made by check, credit/debit card, or certified check. The CFB recommends that you keep cash expenditures to a minimum, because they are not qualified expenditures. (For more information on qualified expenditures, see page 3-14.)

Petty Cash Fund

A petty cash fund is a convenient way for your campaign to make **small** expenditures without having to write a check. A petty cash fund is established by withdrawing funds from your committee's bank account and keeping them in a secure place, such as a safe or lock box. Your petty cash fund can have a balance of no more than \$500, out of which small expenditures of \$100 or less per expenditure may be made. C-SMART includes a petty cash journal for your convenience.

If an expenditure is greater than \$100 and the vendor does not accept campaign checks, use a certified bank check or a committee credit or debit card and get a receipt for your records. **The CFB recommends that you keep petty cash expenditures to a minimum because they are not qualified expenditures.** (For more information on qualified expenditures, see page 3-14.)

Questions about petty cash?

*Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Advances and Advance Repayments

Candidates, campaign workers, and others who use their personal funds — whether by cash, check, or credit card — to pay an expense on behalf of the campaign, for which they expect to be repaid, are making an advance. An advance is an in-kind contribution, subject to the contribution limit, until it is repaid. To determine whether contribution limits have been exceeded, contributions and unrepaid advances from the same person are added together. Once an advance is repaid, it is considered an expenditure by the committee. You must keep advance repayment vouchers submitted by the advancer. (A sample advance repayment voucher can be found in the Appendix.)

You are strongly discouraged from making advances because they make disclosure and recordkeeping more complex. The CFB recommends that you avoid advances or keep advances to a minimum because they are not qualified expenditures and you will not be able to use public funds for them. (For more information on qualified expenditures, see page 3-14.)

example:

Susan was in Staples when she remembered that her sister, Candidate Brown, needed some office supplies. Susan purchased the office supplies with her credit card. Later that week, Susan submitted an advance repayment voucher with the bill and the Brown committee reimbursed her for the full amount with a committee check. These office supplies will not be qualified expenditures, and the campaign will not receive public funds to cover them.

example:

City Council candidate Sanchez's brother Paul has made numerous advances to the campaign totaling \$2,500. None of these advances has been repaid. Paul makes an additional advance for some stamps totaling \$500. Candidate Sanchez does not have funds available to repay the advances by the deadline of the next disclosure statement. According to the rules of the Program, the final \$500 advance is prohibited because advances are in-kind contributions until repaid. By accepting \$3,000 in advances and not repaying them, candidate Sanchez will have accepted an over-the-limit contribution.

Questions about advances?

*Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info*

Joint Expenditures

A joint expenditure is an expenditure on behalf of two or more candidates for joint campaign materials or activities. For example, candidates might make joint expenditures for leaflets, brochures, or buttons supporting more than one candidate, rallies, or other activities supporting more than one candidate. The Program requires that the value of these materials or activities be shared among the candidates in proportion to the benefits derived from them. Otherwise, the result will be an in-kind contribution and an expenditure made from one candidate to the other, and may reduce the public fund payments of the candidate making the in-kind contribution.

Sharing the value of joint expenditures can be very complex and is not recommended. For more information about assigning joint expenditure costs, or if you run on a “ticket” with other candidates, please call the Candidate Services Unit.

example:

Citywide candidates Townsend and Garcia make a joint expenditure for a brochure featuring both candidates. The full cost of the brochure is \$5,000. Each candidate receives an equal amount of space in the brochure, but candidate Townsend pays \$3,000 and Garcia pays \$2,000. Since candidate Townsend paid more than candidate Garcia, when based on the facts the cost should have been evenly divided, Townsend has made an in-kind contribution of \$500 to Garcia’s campaign. In addition, this in-kind contribution may result in a reduction of public funds for candidate Townsend.

If you choose to support other candidates during the election cycle, the following limited activities in support of them will not be considered a contribution to, or an expenditure by, your campaign:

- the act alone of endorsing or appearing with another candidate;
- communication of an endorsement by the candidate you have endorsed, where your name is one of several names appearing on a letter or campaign material, as long as your name is of equal prominence as the other names;
- fundraising assistance for another candidate in the form of a letter or other campaign material that does not promote your candidacy and your name or likeness appears alone or with others and is of equal prominence as the name or likeness of the other candidates; and
- a typical communication by a political club to its members that includes your name, provided that:
 - you are already a member of the political club;

- the political club has less than 500 members; and
- the communication does not solicit funds on your behalf or otherwise promote your candidacy.

Communication of an endorsement not limited to the above may be considered a contribution to, and an expenditure by, your campaign. The CFB will take the following factors into consideration when determining the value of the contribution and/or expenditure:

- the focus of the communication;
- the geographical distribution or location of the communication;
- the subject matter of the communication;
- the references to you and your appearances in the communication;
- the relative prominence of the reference to you or your appearance, including the size and location of the reference and any photographs; and
- the timing of the communication.

*Questions about joint expenditures?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Independent Expenditures

Someone not connected with a campaign may spend money to benefit that campaign (such as paying for radio or television ads to promote a candidacy). These are “independent” expenditures, and they do not count toward a candidate’s spending limit, **as long as no one with the campaign authorized, requested, or coordinated the expenditure in any way.**

If the spending is **not** independent, it is an in-kind contribution to, and an expenditure by, the campaign. Generally, political party spending that simply promotes the party is not an in-kind contribution. But party spending on materials that identify a party nominee is an in-kind contribution (and an expenditure). The party nominee will be receiving an in-kind contribution unless he or she can show that the spending was truly independent. The CFB will use a number of factors to determine if spending is truly independent, such as:

- whether the individual or entity making the expenditure is an agent of the candidate;
- whether the person authorized to accept receipts or make expenditures for the party is an agent of the candidate;

- whether the candidate has in any way cooperated in the formation or operation of the individual or entity making the expenditure;
- whether the individual or entity making the expenditure has been established, financed, maintained, or controlled by any of the same individuals or entities that have established, financed, maintained, or controlled any committee authorized by the candidate; and
- whether the individual or entity making the expenditure and the candidate have been in communication with the same third party, or if the candidate knew or should have known that the communication with the third party would result in expenditures to benefit the candidate.

If your campaign claims that another entity's expenditures were independent when in fact your campaign cooperated in the spending, you may be ineligible for public funds and may be required to forfeit all public funds previously received.

If you would like to make independent expenditures to help another candidate, you must be sure that you have not coordinated with the other candidate in any way, and you must meet special disclosure requirements. **The burden is on the candidate to prove that independent expenditures are truly independent.**

example:

The County Democratic Party sent a mailing advocating the election of its nominee, City Council candidate William Sellers. The CFB will presume that candidate Sellers is receiving an in-kind contribution from the County Democratic Party unless candidate Sellers can prove otherwise.

example:

Union First PAC hires ABC Campaign Consultants to create an independent mass mailing project in support of Candidate Smith. However, ABC Campaign Consultants is also Candidate Smith's chief campaign manager. As a result, this expenditure will not be considered independent, due to the shared third-party relationship.

*Questions about independent expenditures?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Subcontracted Expenditures

You may hire primary contractors to provide goods or services to your committee. If one or more of your primary contractors cannot provide the complete services requested, they may hire a subcontractor.

If the goods or services provided by any one subcontractor exceed \$5,000, you must request and keep records of the name and address of the subcontractor, the services provided by the subcontractor, and the associated costs. This is in addition to the records you are required to keep for your payments to the primary contractor. Whenever you pay a contractor more than \$5,000 for goods and services, you should ask that contractor whether it subcontracted work and, if so, disclose the subcontractor(s), the services provided, and the amount they were paid. (See page A-22 for a sample subcontractor form).

example:

Comptroller candidate Springer hired Message Art, a media-consulting firm, to design and print signs for his campaign. Message Art charged candidate Springer \$15,000 for the completed services. Message Art created the designs for the campaign, but did not have the equipment to print them. Message Art subcontracted out to The Print Shop a total of \$7,500 in printing services. Candidate Springer must disclose how the money was spent, including the subcontractor's costs and services.

Wages for Campaign Staff

If you pay wages to campaign staff, you must create an employee earnings record. The earnings record must include the worker's full name, social security number, home address, the period covered, the hours worked during the period, a detailed description of the work performed, the rate of pay, the amount paid for the period, and a signature of receipt of the wages. **This record must be prepared at the time the work is performed.** A sample of the wage record can be found on page A-16.

You must prepare an employment contract for full-time campaign workers, signed by the worker and the treasurer or candidate, which contains the worker's full name, social security number, home address, the period covered by the contract, a description of the work to be performed, and the rate of pay. **Again, this must be prepared and signed at or before the time the work is performed.**

If your campaign decides to use a payroll service to pay employees, the CFB requires all employees to be itemized on your disclosure statement when reporting campaign expenditures.

You must also keep a copy of the worker's W-2 or 1099 form, and copies of the cancelled checks used to pay the wages.

Working with Consultants

If you hire consultants to assist your campaign, you must maintain a copy of the agreement that outlines the service being provided, the period covered by the contract, and the cost of the services provided. **Consultant agreements must be prepared and signed at or before the time the work is performed.**

Outstanding Liabilities and Forgiven Debt

Outstanding liabilities are bills that remain unpaid at the time you file a disclosure statement. If you owe money on a bill or debt, but the creditor does not require you to pay your balance, the debt has been “forgiven” and it will be considered an in-kind contribution from the creditor. If a creditor forgives part of your debt, the difference between the amount of the bill and the amount paid is an in-kind contribution.

If a bill remains unpaid for 90 days and the vendor does not make a commercially reasonable attempt to collect the money, the value of the bill is considered an in-kind contribution even if the creditor does not formally agree to forgive it. Like all contributions, **these are also subject to the contribution limits. Remember, a forgiven bill from a corporation is considered a corporate contribution and is prohibited.**

example:

City Council candidate O’Sullivan purchased \$500 worth of buttons from Buttons ‘R’ Us, a sole proprietorship located in his district. The owner of Buttons ‘R’ Us believes that candidate O’Sullivan will do an excellent job as a Council member, so he chooses to forgive 20% of the \$500 bill. This forgiven percentage of the bill results in a \$100 in-kind contribution to the O’Sullivan campaign by Buttons ‘R’ Us, and must be reported as such on O’Sullivan’s disclosure statement. Because Buttons ‘R’ Us is not a corporation, the contribution is permitted.

Spending Public Funds: Qualified vs. Non-Qualified Expenditures

When you make expenditures on behalf of your campaign, they will be considered by the CFB as “qualified” or “non-qualified.” **You cannot use public funds to pay non-qualified campaign expenditures.** You must be able to document qualified expenditures of at least the amount of public funds you receive or you will be required to return the difference to the Public Fund.

Qualified Expenditures

An expenditure that you can pay for with public funds is called a **qualified expenditure**. Qualified expenditures are expenditures incurred to further the candidate's nomination or election during the election year.

Qualified expenditures must be properly documented at the time the expenditure is made (see page 3-5) and paid for in one of two ways:

- committee check; or
- committee credit or debit card.

Qualified expenditures can include but are not limited to:

- rent for a campaign office;
- compliance with CFB;
- staff salaries;
- campaign literature;
- advertisements;
- fundraising;
- mailings; and
- hiring consultants to assist with any of the above.

Non-Qualified Expenditures

An expenditure that you cannot pay for with public funds is called a **non-qualified expenditure**. Non-qualified expenditures include, but are not limited to:

- any cash payments;
- expenditures made through advances;
- litigation related to ballot petitions;
- payments to you, your relatives, or a business in which you or a relative has an interest of 10% or greater (relatives include a candidate's spouse, domestic partner, child, grandchild, parent, grandparent, brother, or sister, as well as the spouse or domestic partner of such child, grandchild, parent, grandparent, brother, or sister);
- spending that is not reported in a disclosure statement, or for which proper records were not kept at the time of the spending;

- contributions, transfers, or loans to other candidates or committees;
- spending before or after the calendar year of the election;
- gifts;
- payments above the fair market value of goods or services received;
- any illegal purposes;
- spending related to the canvassing of election results;
- any expenditures after the candidate's petitions are declared invalid, the candidate is removed from the ballot, or after all other opposing campaigns are removed from the ballot; and
- any purpose other than the furtherance of the participant's nomination or election.

If you have any questions about whether an expenditure is qualified or non-qualified, call the Candidate Services Unit for guidance. **You must be able to document that your qualified expenditures equal or exceed the amount of public funds you received for each election. If you cannot, you must repay the difference to the Public Fund.**

example:

The Friends of Candidate Lee committee received \$23,000 in public funds for the primary election. Because the committee can only document \$20,000 in qualified expenditures for the primary, it has to return \$3,000 to the CFB.

*Questions about qualified expenditures?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Restrictions on Using Campaign Funds

In addition to restrictions on the use of public funds, there are some prohibitions on the use of any campaign funds. Campaign funds must be used for campaign, and not personal, purposes. The CFB will question any expenditure that does not appear to be related to the campaign, such as spending for trips, lodging, and clothing. Spending deemed to be non-campaign-related will affect unspent campaign funds calculations for the purpose of determining public funds repayments.

example:

Candidate Mason takes a trip to Atlantic City and reports expenditures for this trip in his disclosure statements. Candidate Mason is running for Manhattan Borough President, so it is assumed that he was not campaigning in Atlantic City. The expenses for his trip are not qualified, will not be reimbursed with public funds, and may be violations of the law.

Please remember:

- After public funds are received and you make necessary repayments of public funds to the CFB, you may not reject or return any contributions. You may, however, return a contribution if the contribution exceeds the contribution limit, is from a prohibited source, is returned because of the particular source involved, or was deposited into a separate account in anticipation of a run-off primary election that was not held.
- After public funds are received, your committee may not pay expenses for a different election or transfer funds to another committee.
- You may not use public funds to pay for literature supporting a ballot proposal unless the discussion of the proposal is in the context of, and is incidental to, the campaign.
- Your committee may make payments for the current election only, and must do so from a bank account established and maintained exclusively for that election. You should use the same account for the primary and general elections.
- After public funds are received, your committee may not make post-election expenditures except for modest routine winding-up costs (for more information on winding-up costs, see page 13-2) or for post-election compliance with the CFB's audit process.
- Your committee may not use public funds to pay volunteers for services already performed, or to pay bonuses to campaign staff.

example:

Candidate Lawson arranges to provide an end of the year bonus for key staff members with some of the remaining campaign money. When he contacts the Candidate Services Unit to see if this is permissible, however, he is told that since the bonus was not stated in a contract created prior to the services being performed, it will not be allowed.

New York State election law has additional restrictions on the use of campaign funds. Call the BOE for more information.

Recordkeeping

The law requires you to keep records that allow the CFB to verify your disclosure statements and confirm that you are complying with the Program. You must keep, and be able to produce, copies of bills and other documents to verify your expenditures. **Unlike documentation for your matchable contributions, however, you should not submit expenditure documentation to the CFB until it is requested.** (If you do submit unsolicited documentation, you may be asked to provide it again, creating unnecessary work for your committee.) The CFB requires you to maintain clear and accurate records that will allow the CFB to review them easily at any time before, during, or after the election. Keeping accurate records simplifies the audit process and will help expedite the release of public funds.

You must keep track of all money flowing out of your committee. These records must be created by the vendor and recorded **at the time each transaction occurs**. Otherwise, the records will not be accepted as valid evidence of transactions. If you create records after the fact and submit them to the Board as evidence of past transactions, you will be submitting false records in violation of the law. To keep track of your campaign finances you should set up a system that will record, summarize, and communicate information in an orderly and efficient manner.

A checkbook register must be kept for each checking account to record all disbursements made from your committee's account, including expenditure payments, loan repayments, and bank charges. The register must record the date, payee name, purpose, check number, and amount for each expenditure. C-SMART will keep track of your checkbook register if you enter all of your expenditures properly. Transfers between bank accounts, or from bank accounts into a petty cash fund, should also be recorded. **To make compliance easier, the CFB strongly recommends that you have only one bank account.**

Records Your Committee Must Keep

Expenditures

- Copies of all bills, invoices, receipts, bank statements and the front and back of cancelled checks.
- For the payment of wages and salaries, detailed records documenting what services were provided at what cost, including the number of hours worked. **These records must be created at the time the work is performed.**
- Separate checkbook registers for each committee bank account. **The CFB strongly recommends that you use only one bank account.**
- Committee credit or debit card billing statements, and receipts identifying the vendor for each purchase using the committee's card.
- Documentation from primary contractors showing each subcontractor who was paid an amount totaling over \$5,000.
- Detailed documentation of when you retain or authorize a person or entity to provide goods or services that you know, or have reason to believe, will exceed \$1,000 in value. This could be a contract with the vendor written at the time the vendor was retained or, if no contract exists, a written record showing the date of retention, the name and address of the vendor, and a description of the goods or services the vendor is to provide.

Bills

You are required to keep a copy of all bills. You may find it useful to file all bills in chronological order. Some candidates find it helpful to mark the copy of the invoice with the C-SMART transaction numbers and the check numbers used to pay the bill. Make sure all copies include the name of the vendor or service provider, the date, and the amount of the bill. Bills to be used to document qualified expenditures must clearly state in detail the goods or services provided, the amount of each item, and the date provided. (A good rule in determining whether an invoice is detailed enough is to imagine whether a stranger to the campaign would be able to clearly tell what the bill was for.) Written documentation must be kept for all bills that are forgiven by a vendor or service provider. You must get documentation, such as a letter from the vendor, stating that the bill has been forgiven. (Bills that are forgiven become in-kind contributions; see page 2-4.)

Credit Card and Debit Card Purchases

If you make purchases by credit or debit card, you must report each individual transaction paid for with the card, not the overall payment to the credit or charge card company. Billing statements and receipts must be kept with records that list the vendors from the original purchase. You may find it helpful to file all credit card and debit card statements chronologically with other bills.

Petty Cash

All petty cash expenditures must be entered in a petty cash journal, which serves as a chronological record of all deposits to and withdrawals from the petty cash fund. This information can be maintained in your own journal, or it can be maintained in C-SMART. Journal entries must include the payee name, the date of payment, the amount, and the purpose. All corresponding receipts for petty cash expenditures must also be kept. **Expenditures made with petty cash are not qualified expenditures.** (For more information about qualified expenditures, see page 3-14.)

Advances

The CFB recommends you avoid expenditures made through advances; when advances are necessary, limit them to small amounts. To keep records of an advance, the person making the advance must give the committee a reimbursement voucher showing the dates he or she made the purchases, the vendors' names, and the amounts paid with an attached receipt. The voucher must indicate how the payment was made (listing the check number or credit card company, or noting it was made in cash). For every purchase listed on the voucher, a bill, invoice, or receipt from the vendor should be attached. **Expenditures made through advances are not qualified expenditures.** (For more information about qualified expenditures, see page 3-14.)

Campaign Fundraising Events

For fundraising events, you are required to keep:

- a detailed record of each fundraising event indicating the date and location of the event;
- an itemized list of all expenses for the event; and
- a list of each contribution received at or in connection with the event, including the contributor's name, address, and employment information, and the amount of the contribution.

Contracting and Subcontracting Goods and Services

If goods or services provided by a subcontractor exceed \$5,000, you must request and keep records of the name and address of the subcontractor, the services provided by the subcontractor, and the associated costs. This is in addition to records required for your payments to the primary contractor. If a vendor you contract with spends more than \$5,000 for goods and services to a single subcontractor, you must keep all the records of how the money was spent, including bank statements, cancelled checks, and any subcontractor information, and this must be disclosed to the CFB.

Again, be sure to keep copies of all your bank statements and both the front and back of all cancelled checks.

IMPORTANT POINTS TO REMEMBER

- The primary and general elections have separate spending limits.
- You can claim certain expenditures as exempt from the spending limit.
- You cannot use public funds for non-qualified expenditures.
- You cannot use public funds to support a ballot proposal.
- When making expenditures, it is in your campaign's best interest to make payments directly to vendors by committee check, or committee-issued credit or debit card.
- You should limit the number of expenditures you make from the petty cash fund and through advances, because you may not use public funds to pay for these expenditures.
- You may not use campaign funds for personal purposes.
- You must be able to document that your qualified expenditures equal or exceed the amount of public funds you received for each election.
- **The CFB's most substantial penalties have generally been assessed for expenditure limit violations** because there is no way to "correct" these violations after the election is over and because these violations can significantly affect the outcome of an election. In addition, as it has in the past, the CFB will suspend public funds payments to candidates who violate the spending limit and/or require the candidate to return any public funds received even though the CFB has not required payment in the past.

WHERE TO FIND IT

For more information, please refer to:

- Campaign spending: Campaign Finance Act § 3-706; *CFB Rules, Chapter 1, rule 1-08; Final Determination No. 2003-3 (September 12, 2003)*
- Spending public funds: *CFB Rules, Chapter 3, rule 3-04; Final Determination No. 2003-4 (October 30, 2003)*
- Records to be kept: *CFB Rules, Chapter 4, rule 4-01*

COMMON PITFALLS REGARDING CAMPAIGN SPENDING

- Failing to adhere to the expenditure limit.
- Failing to document exempt expenditures sufficiently, when the total amount of exempt expenditures exceeds 7.5% of your expenditure limit.
- Failing to make expenditures using a campaign check whenever possible.
- Making petty cash expenditures of more than \$100.
- Maintaining a balance greater than \$500 in your petty cash fund.
- Reporting the overall payment made to a credit card company rather than the actual vendor(s) from which you made the purchase(s).
- Failing to keep advances and petty cash expenditures to a minimum.
- Failing to disclose subcontractors.
- Failing to create wage records at the time the work is performed.
- Failing to properly document expenditures at the time they are made.
- Failing to properly document qualified expenditures.
- Making post-election expenditures for things other than routine winding-up costs and compliance with the CFB's audit process.

loans

This chapter provides you with information on loans. It will address the following topics:

- Receiving loans.
- Recordkeeping for loans.
- Disclosing loans.

During the election cycle, you may find it necessary to take out loans to cover expenses when money is not readily available. Some questions you need to ask yourself before agreeing to a loan include:

- From whom can I receive a loan?
- Are there limits on the loan?
- When does the loan need to be repaid?
- What documentation needs to be provided to the CFB?

Receiving Loans

You may accept a loan from:

- yourself (the candidate);
- a third party; or
- a bank or other lending institution.

You **may not**, however, accept a loan, loan guarantee, or loan security from:

- a corporation (except a bank that is incorporated); or
- a political committee (even if the committee is registered with the CFB).

There is no limit on the amount you may borrow. **Under New York State law, however, all loans that are not paid back by the date of the election in which you are running, whether it be the primary or the general election, are considered contributions, subject to the contribution limits and the possible assessment of financial penalties.**

With every loan you receive, you must keep accurate documentation. All loans need to be disclosed to the CFB in the disclosure statement covering the date the loan was made.

Due to the numerous factors that determine payment, the CFB cannot guarantee payments of public funds, in writing or otherwise, and therefore will not be able to help you secure a loan.

Repaying Loans

Loans must be paid back by the date of the next election held after the date the loan is made, whether it is the primary or general election, or the unpaid amount will be considered a contribution subject to the contribution limits. To determine whether contribution limits have been exceeded, contributions, outstanding advances, **and** unpaid loans from (or guaranteed by) the same individual or organization are added together.

Loans from the candidate to his or her own campaign must also be paid back by the date of the next election, or the unpaid amount will be considered a contribution by the candidate. Remember, however, that the candidate's contribution limit is three times the limit for other contributors.

example:

City Council candidate De Soto receives a \$2,750 loan from his brother in June and fails to repay the loan by the date of the primary election. De Soto has therefore received a \$2,750 contribution from his brother. Since his brother has not made any other contributions to his campaign, this does not violate the Program's City Council contribution limit of \$2,750.

If De Soto receives a \$5,000 loan from his sister in October, however, and only pays back \$1,000 by the date of the general election, the remaining \$4,000 is considered a contribution, which exceeds the \$2,750 contribution limit by \$1,250 and thus becomes a contribution and a contribution limit violation.

All loans received after the election are immediately considered contributions subject to the limit.

In previous elections, there was an exception for a candidate who had taken a "bridge" loan prior to the election in anticipation of receiving public funds, which for administrative reasons were not received. Changes in the Program's matching formula and disclosure statement schedule eliminated the need for this exception, and the "bridge loan" provision has been repealed. When considering whether to assess penalties for an over-the-limit contribution resulting from an unpaid loan, however, the Board will consider on a case-by-case basis the circumstances surrounding the loan.

*Questions about repaying loans?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Forgiven Loans

A lender, other than a bank, may forgive a loan. A loan is forgiven when the lender has agreed that the committee does not have to repay all or part of the loan. The forgiven portion of the loan is a non-matchable monetary contribution subject to the contribution limits and needs to be disclosed properly.

example:

City Council Candidate Lewis received a \$5,000 loan from his friend John before the date of the primary election. Since John admires the work candidate Lewis is doing in the community, John would like to forgive the loan. Since John previously made a \$2,000 contribution, the most John can forgive is \$750, resulting in a \$2,750 contribution. Forgiving more than \$750 would result in a contribution limit violation. Candidate Lewis, therefore, is required to pay back \$4,250 of the loan before the date of the primary election.

Recordkeeping

The law requires you to keep records that allow the CFB to verify your disclosure statements and confirm that you are complying with the Program. These records must be created and recorded **at the time the transaction occurs**, or they will not be accepted as valid evidence of the transactions.

The CFB requires that campaigns properly document and record every loan received. You must have written documentation from the lender, such as a promissory note or an agreement evidencing the loan, including detailed information about the loan. You must report the lender's name, address, employer, occupation, and business address; the amount and date of the loan; the date of the loan repayment; and any amount forgiven. If the loan is from a bank, you must disclose the same information about guarantors or other individuals or organizations providing security for the loan. You must submit this documentation with the appropriate disclosure statement in which the loan appears. You may also be asked to provide a copy of the check the lender gave you when making the loan.

An example of documentation needed for loans can be found on page A-19.

IMPORTANT POINTS TO REMEMBER

- Loans must be paid back by the date of the next election (primary or general), or the unpaid amount will be considered a contribution subject to the contribution limits.
- You must have written documentation from the lender for every loan you receive.
- You may not accept a loan, loan guarantee, or loan security from a corporation (except a bank), or from a political committee.
- Because of the numerous factors involved in payment determinations, the CFB cannot guarantee payments of public funds in writing or otherwise.

WHERE TO FIND IT

For more information, please refer to:

- Loans: *CFB Rules, Chapter 1, rule 1-05*

COMMON PITFALLS REGARDING LOANS

- Accepting a loan from a prohibited source.
- Maintaining an outstanding loan on the date of the election in excess of the contribution limit.
- Failing to add an individual's outstanding loans, contributions, and outstanding advances together to determine if the contribution limit has been exceeded.
- Failing to provide loan documentation with the appropriate disclosure statement.

As a candidate for NYC office, you are required periodically to disclose your financial activity to the CFB. Disclosure lets the public and the press see who contributes to your campaign and how you spend your money. Additionally, disclosure allows the CFB to review your finances to ensure that you are complying with the rules and requirements and to determine how much public money, if any, you are entitled to receive.

This chapter will address the following topics:

- Rules and requirements of disclosure.
- Submitting your disclosure statements to the CFB.

The *C-SMART User Guide* and CSU staff are available to assist you in understanding your disclosure requirements, how to use C-SMART, and how to enter transactions and produce disclosure statements.

Filing Disclosure Statements

Your campaign's financial activity will be disclosed by filing periodic disclosure statements. You must submit the required disclosure statements whether or not you are claiming public funds, have received public funds, have received the maximum public funds, or have won or lost the election.

Submitting disclosure statements via the Internet is an option with the 2005 version of C-SMART. C-SMART v7.0 allows campaigns to submit disclosure statements via the Internet provided they have filled out the appropriate affirmation documentation with the Board.

Password

Candidates who wish to file electronically must fill out and send to the CFB a notarized C-SMART Internet Delivery System Password Request Form available online and in the back of this handbook. This is an additional password to the one you use to access the data entry functions of C-SMART. Once the CFB receives the request we will call the number you provide in order to verify the identity of the candidate or treasurer. No one else in the campaign is authorized to receive the password. Once this verification is completed the CFB will issue a temporary password that will allow the user to access the Internet Delivery System. The authorized user must then set a new password. If the new password is forgotten, a new request form must be completed.

All campaigns are generally required to use the CFB's C-SMART (*Candidate Software for Managing and Reporting Transactions*) software for filing disclosure statements. C-SMART produces all the required disclosure statements for both the CFB and the BOE. If you have a special need to file without C-SMART, contact CSU for further information.

*Interested in receiving a copy of C-SMART?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

A disclosure statement consists of:

- a two-page CFB Cover Sheet, which must be signed and dated by either the candidate or the treasurer;
- a printout of disclosure schedules;
- a two-page Summary of Receipts/Disbursements;
- a C-SMART created disk containing your transactions for the reporting period; and
- any required attachments, such as:
 1. backup documentation for matchable contributions;
 2. loan documentation; and
 3. a list of fundraising agents.

A complete Internet disclosure statement consists of:

- a file that is transmitted over the Internet to the CFB; you will receive a delivery receipt that is emailed from the CFB; and
- any required attachments, as stated above, that must be hand delivered to the CFB or mailed with a timely post-mark. You will not receive payment in the four day turnaround unless all documents are received on time.

Incomplete disclosure statements will not be accepted. For more information about submitting your disclosure statement, including a submission checklist, please refer to the *C-SMART User Guide* provided to your campaign.

Filing Deadlines

On the following page is a table listing the deadline dates for each disclosure statement for the 2005 elections and the period the statement covers.

In order to be eligible for public funds, your disclosure statement must be filed complete and on time. Your disclosure statement will be considered on time if it is hand delivered to the CFB's offices by 5:00 p.m. on the deadline date, or if it is postmarked by the deadline date. **To be eligible to receive public funds within four business days after the deadlines for disclosure statements 11 through 15, these statements MUST be in the CFB's offices with complete backup documentation for matching claims by 5:00 p.m. on the deadline day.** If your disclosure statements are not submitted on time, you will be subject to a financial penalty for each day that a statement is late. If you submit a pre-certification disclosure statement late, the CFB will invalidate all matching claims on that statement.

BOE Filing Deadlines

Call the BOE for information about its filing deadlines and other disclosure requirements.

The First Disclosure Period

All prospective candidates running for mayor, public advocate, comptroller, borough president and City Council are required to register with and disclose financial activity to the CFB as soon as they set up a committee with Board of Elections and begin campaign activity. All candidates must disclose matchable contributions in the disclosure statement immediately after the contributions are received to be eligible to receive matching funds for them. If you do not disclose these contributions in the next complete and timely disclosure statement, they will not be matched with public funds and will not be considered for purposes of reaching threshold.

All campaigns are required to submit contemporaneous disclosure statements.

Contemporaneous Pre-Election Disclosure

In the two weeks immediately before the primary and general elections, you must disclose contributions and loans over \$1,000, and expenditures over \$20,000, using a Daily Pre-Election Disclosure Statement. This disclosure statement can be created by C-SMART and must be submitted within 24 hours of the contribution or expenditure. The forms must be signed by the treasurer or the candidate and may be faxed to the CFB's office. The transactions reported in Daily Pre-Election Disclosure Statements must also be reported in your next regular disclosure statement.

*Questions about disclosure statement deadlines?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

CFB 2005 Filing Deadlines		
STATEMENT NUMBER	DUE DATE	DISCLOSURE PERIOD
1	July 15, 2002	Jan. 12, 2002 - July 11, 2002
2	Jan. 15, 2003	July 12, 2002 - Jan. 11, 2003
3	July 15, 2003	Jan. 12, 2003 – July 11, 2003
4	Jan. 15, 2004	July 12, 2003 – Jan. 11, 2004
5	July 15, 2004	Jan. 12, 2004 – July 11, 2004
6	Jan. 18, 2005	July 12, 2004 – Jan. 11, 2005
7	March 15, 2005	Jan. 12, 2005 – March 11, 2005
8	May 16, 2005	March 12, 2005 – May 11, 2005
	June 1, 2005	Certification Deadline
	June 8, 2005	Voter Guide Candidate Submission Deadline
9*	June 21, 2005	Start of Election Cycle – May 11, 2005
10	July 15, 2005	May 12, 2005 – July 11, 2005 (PE/GE)
11	Aug. 12, 2005	July 12, 2005 – Aug. 8, 2005 [†] (PE)
12	Sept. 2, 2005	Aug. 9, 2005 – Aug. 29, 2005 [†] (PE)
Daily Pre-Election Disclosure	DAILY	Aug. 30, 2005 – Sept. 13, 2005 [†] (PE)
13	Sept. 23, 2005	Aug. 30, 2005 – Sept. 19, 2005 [†] (PE)
14	Oct. 7, 2005	Sept. 20, 2005 – Oct. 3, 2005 [‡] (GE)
15	Oct. 28, 2005	Oct. 4, 2005 – Oct. 24, 2005 [‡] (GE)
Daily Pre-Election Disclosure	DAILY	Oct. 25 2005 – Nov. 8, 2005 [‡] (GE)
16	Dec. 5, 2005	Oct. 25, 2005 – Dec. 1, 2005 [‡] (GE)
17	Jan. 17, 2006	Dec. 2, 2005 – Jan. 11, 2006 (PE/GE)

* Please ignore. The rules requiring all candidates to disclose their financial activity to the CFB has rendered statement 9 obsolete.

† Candidates who are not in a primary election need not submit these disclosure statements unless the candidate claims to have expenditures subject to a primary election spending limit. Candidates who wish to receive the earliest possible general election payment must file statement 13.

‡ Candidates who are not in the general election need not submit these disclosure statements.

Filing Exceptions

Small Campaigns

You do not have to file an itemized disclosure statement if the total amount of money you have raised or spent for the entire campaign to date is less than the following amounts, which are three times the contribution limit for the office you are seeking:

- \$8,250 for City Council;
- \$11,550 for borough president; and
- \$14,850 for public advocate, comptroller, or mayor.

In this case, you only need to file a signed cover sheet (provided by the CFB) affirming that you are a “small campaign.” You must file this cover sheet by the statement deadline. If you have been filing as a small campaign but at some point raise or spend more than three times the contribution limit, you must file on the next disclosure statement deadline a complete, itemized report of all your financial activity to date. If you are a small campaign throughout the entire election cycle you should file a complete, itemized disclosure statement of all your campaign’s financial activity in Statement 17, the last statement of the election cycle. **If you file a small campaign statement instead of an itemized disclosure statement, the contributions raised within the disclosure period will not be matched with public funds and they will not be considered for purposes of reaching the threshold.**

Deferment of Filing

You do not have to file an itemized disclosure statement if your authorized committee has not accepted \$2,000 or more in contributions and loans since the last disclosure statement and the committee’s expenditures to date do not exceed 45% of your office’s expenditure limit. You must submit a signed cover sheet on the statement deadline affirming you can defer the filing. You cannot defer statements 1 through 10, or 17. **Contributions received but not reported due to a deferred statement will not be matched with public funds and will not be considered for purposes of reaching the threshold.**

Your Disclosure Statement

This section will explain in detail the information you must provide on your disclosure statements. Disclosure statements contain all the financial activity of your campaign during a specific period of time (a “disclosure period”).

Disclosure of Contributions

All contributions to your committee — monetary contributions made by check, cash, credit card, or money order, and in-kind contributions — must be disclosed to the CFB. Be sure the name of the contributor on your disclosure statement is exactly as it appears on the check or other backup documentation for the contribution. Contributor names that do not match the backup documentation will be questioned and may delay public funds payments to you. You must itemize every contribution over \$99, and every contribution — no matter what the amount — that you are claiming as matchable. For all contributions over \$99 per contributor and all contributions totaling over \$99 per contribution, you must obtain and report to the CFB the contributor’s employer, business address, and occupation. Requests for this information should be made on solicitations and fundraising literature. When a contributor gives under \$100 total to your campaign, you can choose not to itemize that contribution in your disclosure statement. Unitemized contributions, however, are not matchable.

Contributions you choose not to itemize may be disclosed as a lump sum of unitemized contributions. But when multiple contributions from a single contributor add up to more than \$99, you must itemize all the contributions from that contributor, including previous contributions which were not itemized. The contribution(s) received before the total exceeds \$99 are reported as “previous amounts.” The CFB recommends that you always itemize contributions regardless of their amount to avoid questions raised later if a contributor makes more than one contribution to your campaign.

Backup Documentation for Matchable Contributions

You must submit backup documentation, for all matchable contributions with each disclosure statement. This includes copies of all checks, credit card information, and money order contributions, and copies of all signed contribution cards for cash, credit cards, and money order contributions you have received. **You must continue to submit backup documentation for all contributions you are claiming as matchable with each disclosure statement throughout the entire election cycle.**

You must write the statement number and the C-SMART Transaction ID number (which can be found in the upper right corner of the transaction screen in C-SMART) — in that order — for each contribution on the copy of the check, contribution card, or money order. The copies must be submitted in the same order as they appear on the disclosure statement.

The diagram illustrates the relationship between a physical check and its corresponding entry in the C-SMART system. On the left is a check from Nancy Smith, dated July 14, 2004, for \$150, payable to the CFB Test Committee. The check number is 1200. Handwritten in the upper right corner of the check is '2/15'. On the right is a screenshot of the C-SMART 'Monetary Contributions' screen. The screen shows the same donor information and contribution details. In the upper right corner of the screen, 'Transaction ID: 15' and 'Statement No: 2' are displayed. Two callout boxes, labeled 'Statement #' and 'Transaction ID', have arrows pointing from the handwritten '2/15' on the check to the 'Statement No: 2' and 'Transaction ID: 15' on the screen, respectively.

Backup documentation that is submitted without proper referencing will be returned to you, and may delay public funds payments to you.

Questions about backup documentation?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.

Refunded Contributions

Should you need to refund a prohibited contribution (*e.g.*, a corporate or an over-the-limit contribution), you must do so with a bank or certified check. You must also record the contribution as having been refunded in C-SMART.

Once you have received public funds, you cannot refund a contribution unless the contribution exceeds the contribution limit, is prohibited, is returned because of the particular source involved, or was deposited into a separate account for a run-off primary election that is not held. (For more information on run-off elections, see Chapter 12.)

“Bounced” Contribution Checks: If a contributor’s check bounces, you should contact the contributor and make a second attempt to deposit the check. If the second attempt fails, you should return the check to the contributor and record the transaction in C-SMART as a refund due to a returned check. Any associated bank charges should be reported as an expenditure.

Intermediaries (Bundlers)

Intermediaries, or “bundlers,” are people or groups that solicit and deliver contributions to you from others. You must report an intermediary’s name and home address and keep written documentation of all intermediated contributions. This documentation must be signed by the intermediary and include the intermediary’s name, residential address, employer, occupation, and business address as well as the names of the contributors and amounts contributed. The intermediary must sign the following statement:

“I hereby affirm that I did not, nor to my knowledge, did anyone else, reimburse any contributor in any manner for his or her contribution and none of the submitted contributions was made by the contributor as a loan.”

In addition, the record must contain the following statement:

“The making of false statements in this document is punishable as a Class E felony pursuant to Section 175.35 of the Penal Law and/or a Class A misdemeanor pursuant to Section 210.45 of the Penal Law.”

For a sample Intermediary Statement, please see page A-2.

*Questions about disclosing intermediaries?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Disclosure of Expenditures

To disclose expenditures you must first disclose the bill, and second, the associated expenditure payment. You must itemize all payments of \$50 or more. Payments of less than \$50 may be reported as a lump sum total of unitemized payments. Unitemized payments are not qualified expenditures.

Exempt Expenditures

There are certain expenses exempt from the spending limit. They are called **exempt expenditures**. You must indicate in C-SMART, at the time the expense is incurred, that you are claiming an expenditure as exempt. (For more information about exempt expenditures, see page 3-3.)

*Questions about disclosing exempt expenditures?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Credit Cards

When reporting expenditures made with the committee's credit or debit cards, committees must disclose the **actual vendor and purchase price**, not the payments made to the credit or debit card company. (For more information on credit card expenditures, see page 3-6.)

Subcontractors

When you pay a vendor who employs a subcontractor, and the subcontracted expense totals more than \$5,000, you must disclose information about the subcontractor and the payments to the subcontractor. (For more information about subcontractors, see page 3-12.)

*Questions about disclosing subcontractors?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Disclosure of Loans

When reporting loans made to your committee, you must provide the lender's full name, address, employer, business address, occupation, date, and amount of the loan. You must disclose when a loan is repaid or forgiven, including the date and amount of the transaction. You must also keep and submit documentation of indebtedness, *e.g.*, a loan agreement or promissory note, with the applicable disclosure statements. (For more information about loans, see Chapter 4.)

Disclosure of Advances

When reporting advances made on behalf of your committee, you must include the advancer's name and address as well as the name and address of the vendor from whom the purchase was made. Until the advance is reimbursed, it is an in-kind contribution subject to the contribution limits. You must also enter the reimbursement of the advance in C-SMART. This will help you keep track of your advances and what is outstanding, because the advances will not appear on your disclosure statements. Further, you must maintain vouchers/records that identify the advance, the advancer, and the repayment. **Advances are not qualified expenditures.** (For more information about qualified expenditures, see page 3-14.)

*Questions about disclosing advances?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Disclosure of Transfers

These instructions apply only to committees that disburse funds to, or receive funds from, a political party or constituted committee.

A transfer is an exchange of funds, or any item of value, between certain types of political committees. These exchanges are reported differently from contributions and expenditures.

Type 1 Transfers

An exchange of funds between your committee and a party committee — which New York State election law recognizes as a transfer — is a “type 1” transfer, and should be disclosed that way. A type 1 transfer into your committee is a contribution subject to the Program's contribution limit, and a type 1 transfer out is an expenditure subject to the Program's spending limit. Although type 1 transfers are either contributions or expenditures under the Program for purposes of the limits, they are reported as transfers and not as contributions or expenditures.

example:

City Council candidate Williamson receives a contribution from the Kings County Republican Party. Since this contribution is from a party organization, it is considered a type 1 transfer into Williamson's committee and should be disclosed as such. This type 1 transfer is subject to the contribution limits.

Type 2 Transfers

There is only one kind of transfer into your committee that is not subject to the contribution limits. This is an exchange of funds between two committees that are supporting the same candidate, but for different elections. There are different reporting requirements depending upon whether the committee you are transferring the funds from was used for an election in which you were a Program participant.

All transfers must be reported in the disclosure statement that covers the period during which the transfer was made. If you are transferring money from a committee that was used in an election in which you were a Program participant, you do not need to disclose anything else. If you are making a transfer from a committee you used for an election in which you were not a Program participant, you must also report the contributions and receipts that make up the amount transferred and any expenditures associated with raising those funds. Remember, surplus funds are transferred in reverse chronological order.

Further, for every contribution that you transfer, you must submit a signed affirmation statement from the contributor authorizing the use of their original contribution for the current election. This affirmation statement must be obtained before the contribution is transferred, and must contain the following verification, signed and dated by the contributor:

"I understand that this contribution will be used by the candidate for an election other than that for which the contribution was originally made. I further understand the law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution was made from my personal funds, is not being reimbursed in any manner, and is not being made as a loan."

example:

State Senator Jimenez is running for Public Advocate in 2005. In early 2005, he decides to transfer \$20,000 from his State Senate committee to his principal committee. The \$20,000 is comprised of 50 contributions in reverse chronological order. Before he can transfer these funds, Senator Jimenez must first obtain signed affirmation statements from all of the original contributors authorizing the use of their contribution for the 2005 election. In the next disclosure statement, Senator Jimenez must disclose the total amount of the transfer, the individual contributions and receipts that have been transferred, and the costs of the 2003 fundraiser during which the contributions were raised. The 2003 fundraiser expenses count towards the 2005 election cycle and towards the Board's 2005 spending limit for Public Advocate.

Misreporting Transfers

Several types of transactions are often mistakenly reported as transfers. For example, funds received from or given to:

- Another candidate's committee or a political action committee ("PAC"); or
- A committee authorized by more than one candidate ("multi-candidate" committees).

These are not transfers under New York State election law or the Program and should not be reported as such. These transactions should be reported as contributions or expenditures.

Remember, transfers from a party or constituted committee, or from one of your candidate committees from a different election, are allowed only if those committees have registered with the CFB. A list of registered committees is on the CFB's web site: www.nyccfb.info. You can also call or e-mail the Candidate Services Unit to find out if a political committee is registered.

Transfers Made by Your Committee

You may transfer funds to another committee authorized by you but not involved in your current election cycle, before you receive public matching funds. (This is reported by the committee as a type 2 transfer-out.) This transfer may reduce your public funds payments. (For more information on reduction in public funds payments, see page 7-7.)

Once you have received public matching funds, your principal committee may not make a transfer to any other of your committees. This prohibition continues until you make all required repayments of public funds to the CFB.

*Questions about transfers?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Disclosure Statement Review Process

Before You Submit Your Disclosure Statement

To ensure that your campaign is in full compliance with the Program, you should:

1. actively screen for over-the-limit and corporate contributions, contributions from unregistered political committees, and contributions from affiliated entities prior to deposit;
2. immediately return, by bank or certified check, contributions you accepted and deposited that are in violation of Program requirements, and report the refunds;
3. fully and accurately report all transactions;
4. actively monitor campaign spending to ensure compliance with Program spending limits;
5. cooperate with the CFB's audit process by maintaining all required documentation and providing it to the CFB auditors promptly upon request;
6. run a draft submission from C-SMART for review;
7. run the final submission from C-SMART, review the checklist, and inspect the submission disk to ensure that appropriate disclosure files have been saved;
8. sign the Cover Sheet; and
9. reference and order your backup documentation.

Presenting Your Disclosure Statement to the CFB

Contents of a Complete Disclosure Statement

When you deliver your statement to the CFB, it is essential that you bring a complete disclosure statement. A complete disclosure statement includes the following:

1. **Your signed disclosure statement.** Any statement that does not have an original signature (or verification if filed over the Internet) or is missing information will be rejected. A rejected disclosure statement will not be considered complete and timely unless the

errors are corrected and the statement is resubmitted by hand by 5:00 p.m. on the due date or postmarked by the due date. If you fail to resubmit your completed statement by the deadline date, you may be assessed financial penalties. (For more information on the disclosure statement rejection policy, see page 5-16.) **If you mail your statement, you should get a dated receipt from the Post Office or delivery service.**

2. **The submission disk.** When you run a final submission, C-SMART saves the disclosure information to a disk. This “submission disk” must be delivered to the CFB with your statement. Your submission disk must be labeled with the candidate’s name and ID, the election cycle, the committee ID, the statement number, and date the submission was produced. Make sure that you bring the submission disk and not just a backup of your database. **Remember to check your disk to make sure that it contains a zip file that says “csmart.zip”. If it does not say “csmart.zip” then the CFB will not be able to accept your disk and your submission will be rejected.**
3. **All required backup documentation.** Any statement that is missing backup documentation will be rejected. A rejected disclosure statement will not be considered complete and timely unless the errors are corrected and the statement is resubmitted by hand by 5:00 p.m. on the due date or postmarked by midnight of the due date. If you fail to resubmit your completed statement by the deadline date, you may be assessed financial penalties.

Requirements of a Complete Internet Disclosure Statement

1. **Verification.** Only the candidate or treasurer can submit a disclosure statement over the Internet. When you file a statement via the Internet, the candidate or treasurer who is submitting the statement will be asked to check several boxes confirming that he or she is the person who is filing the statement. Final submission cannot take place without this verification.
2. **Internet delivery.** When you run a final submission, your statement or amendment will be processed and sent to the CFB, a copy of the submission and your BOE statement will be sent to your printer. A confirmation receipt will be emailed to you from the CFB.
3. **All required backup documentation.** Backup documentation will not be accepted via the Internet. Backup documentation must be delivered by hand by 5:00 p.m. on the due date or postmarked by midnight of the due date in order for the campaign to be eligible for payment on the next payment date. If you fail to submit your backup documentation, your submission will be placed on hold until this information is received. If corresponding backup information is not received timely, that statement pre-certification will become ineligible for matching funds. Further, failing to submit your completed statement by the deadline date may subject your campaign to financial penalties.

Tips to Ease the Disclosure Process

1. Arrive at the CFB early. Each disclosure statement covers a period ending four days prior to the date on which the statement is due. Submitting a disclosure statement during those four days will help expedite the review process and allow you extra time to correct problems.
2. Bring all required statements, disks, and backup documentation.
3. If you send a messenger or campaign staff member to deliver your statement, be sure that he/she will be able to get in touch easily with the person(s) responsible for C-SMART and reporting to the CFB. This is essential should there be a problem with filing your statement and a member of CSU needs to explain to your campaign staff how to resolve the problem.
4. The CFB recommends hand-delivering disclosure statements rather than mailing them. Hand-delivering a complete disclosure statement will sometimes allow you to correct errors that would otherwise prevent you from filing complete and timely statements (like missing signatures, etc.). Delays resulting from the mail may also cause a delay in public funds payments. If you do file by mail, get a dated receipt from the Post Office or delivery service.
5. When filing a disclosure statement claiming matching funds using the Internet delivery system, remember that backup documentation needs to be submitted. To ensure that there are no problems with those documents the campaign should deliver them by hand. Campaigns have the option of mailing backup documentation to the CFB, as long as it has a timely postmark. This, however, is not recommended. If the backup documentation is incomplete or not accurate, this will hinder your campaign receiving payment during the four-day turnaround.

In order to be eligible to receive public funds for the 2005 elections within four business days after the deadline for the disclosure statements 11 – 15, these statements MUST be in the CFB's offices by 5:00 p.m. on the deadline day.

The CFB cannot guarantee payment to qualifying campaigns within four business days if they choose to mail their disclosure statements. For more information about the four-day turnaround, see page 7-10.

*Questions about how to submit your disclosure statement?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Disclosure Statement Rejection Policy

The following are the most common reasons why the CFB will reject your disclosure statement:

1. **Submission of a draft version of the disclosure statement.** A draft submission does not create a corresponding submission disk and is therefore not complete.
2. **Submission created on an outdated version of C-SMART.** Submissions created on an outdated version of C-SMART are rejected because they are no longer compatible with the CFB's updated systems. (Updated versions of C-SMART are provided to all participants.)
3. **Illegibility.** The CFB cannot perform a variety of quality control checks if your disclosure statement or cover sheet is illegible.
4. **Associated paper copy of disclosure statement not provided.** Without the paper copy the CFB will not be able to perform certain quality control checks.
5. **Submission disk not provided.** Without the submission disk, the CFB will not be able to upload your disclosure statement to the internal database. This prevents the CFB from reviewing your statement and posting your financial activity to the CFB's web site.
6. **Blank, invalid, or unreadable files on disk.** If the submission disk is blank, invalid, or unreadable, the CFB is not able to upload your disclosure statement to its database. This prevents the CFB from reviewing your statement and posting your financial activity to the CFB's web site.
7. **Disclosure statement not signed, unless filed over the Internet.**

IMPORTANT POINTS TO REMEMBER

- You must file periodic disclosure statements that are complete and on time.
- Filing a late disclosure statement will result in the invalidation of all matching funds claimed on that statement.
- You must submit referenced backup documentation to support your claims for matching funds. Inconsistent information reported on your disclosure statement and in the backup documentation will be questioned and may delay public funds payments to you.
- Disclosure statements must be signed by either the candidate or the treasurer, unless filed over the Internet.
- Any statement that is not signed or is missing information will be rejected and must be resubmitted by the deadline.
- C-SMART generates disclosure statements for both the CFB and the BOE.
- Only the candidate or treasurer may submit a disclosure statement over the Internet.
- The candidate and treasurer **cannot** give the Internet disclosure password to anyone else.

WHERE TO FIND IT

For more information, please refer to:

- Definitions: *CFB Rules, Chapter 1, rule 1-02*
- Campaign Finance Disclosure Statements: *CFB Rules, Chapter 3*
- Submitting documents to the CFB: *CFB Rules, Chapter 1, rule 1-09*

COMMON PITFALLS REGARDING DISCLOSURE OF YOUR FINANCIAL ACTIVITY

- Failing to submit complete and timely disclosure statements.
- Failing to submit Daily Pre-Election Disclosure Statements.
- Failing to submit backup documentation for all contributions you are claiming as matchable with each applicable disclosure statement throughout the entire election cycle.
- Failing to disclose a transfer accurately.
- Failing to run a draft submission and review it to ensure that you have reported all your transactions completely and accurately.
- Failing to ensure that the C-SMART files are on the submission disk or included in your Internet filing.
- Failing to sign the cover sheet.
- Failing to submit backup documentation.
- Failing to enter matching claims information into C-SMART correctly, resulting in discrepancies between your reporting and the documentation you submit.
- Mailing a disclosure statement instead of hand-delivering it. Hand delivering a complete disclosure statement may permit correction of errors that prevent timely and complete filings. Delays resulting from the mail may cause a delay in public funds payments. If a disclosure statement is not received by 5:00 p.m. on the deadline day, the CFB cannot guarantee prompt payment.
- Sending a messenger to deliver a disclosure statement at the close of business on a filing deadline who does not have the means to contact the campaign. Each disclosure statement covers a period ending four days prior to the date in which the statement is due. Having a campaign representative submit a disclosure statement early may allow you time to correct filing problems and help expedite the review process.

compliance review

Submitting disclosure statements allows the CFB to review your financial activity to ensure that you are adhering to Program requirements and to verify your eligibility to receive public funds. All disclosure statements go through a vigorous review process where all your financial transactions are scrutinized. This process is referred to as “Compliance Review.”

This chapter will address the following topics:

- Audit review.
- Backup documentation review and invalid matching claims.
- Disclosure statement errors.

Once the CFB has received your completed disclosure statement, your statement will undergo a multi-step review process.

The CFB reviews all campaign documentation to ensure that public funds are paid only for contributions from individual NYC residents and are being used for qualified expenditures.

Audit Review Process

Initial Receipt and Review

It is your responsibility to review each disclosure statement prior to running a final submission to ensure that all required information is included. Furthermore, you are strongly encouraged to run a draft submission of your disclosure statement. Running a draft submission allows you to review the disclosure statement and to make necessary changes prior to running a final submission. (For more information on the submission process, see the *C-SMART User Guide*.)

The Candidate Services Unit will perform an initial review of your disclosure statement upon receipt at the CFB only to ensure the following:

- you submitted a final version of your disclosure statement (not a draft);
- your disclosure statement is produced using the current version of C-SMART;
- your disclosure statement is legible;
- the associated paper copy of your disclosure statement is included;

- your submission disk is included or Internet submission has been received;
- your submission disk contains the appropriate C-SMART files, and that they can be opened;
- your Summary Pages and Cover Sheet, signed by the treasurer or candidate, are provided; and
- your backup documentation is included.

If any of these conditions are not met, your statement will not be accepted.

It is strongly suggested that you bring your filing to the CFB prior to the actual deadline date, so CSU can check your filing for possible errors.

Audit Review and Reports

After your disclosure statement is accepted, an audit review will be performed. The Audit Unit will review your reported data and verify that, according to your statement, you are in compliance with Program requirements.

When reviewing your statement, the Audit Unit looks to see whether you are in compliance with the Program's requirements, including if you have:

- accepted contributions from unregistered political committees;
- accepted corporate contributions;
- accepted over-the-limit contributions (which may include unpaid advances);
- failed to report employer information;
- exceeded the expenditure limit; and
- failed to report intermediaries.

During the pre-certification period, if the Audit Unit finds that you are in violation of Program requirements, you will receive a letter and detailed reports describing the violations, and you will have the opportunity to respond and show that your campaign is in full compliance. After you have certified with the Program and you begin to move into the payment period, the Audit Unit will notify your campaign of compliance problems and violations and allow you an opportunity to respond, but payment cannot be guaranteed within the four-day turnaround period. (For more information about the four-day turnaround, see page 7-10.) **If you have not clearly complied with all Program requirements you will not be eligible to receive public funds.** Further, if there are violations, financial penalties may be assessed. (For more information on penalties, see Chapter 10.)

Backup Documentation Review and Invalid Matching Claims

In order to meet the threshold requirements (for more information about threshold requirements, see page 7-2) and to be eligible for public funds, you are required to submit properly referenced backup documentation verifying the validity of contributions claimed for matching funds. If you have failed to submit your required backup documentation with your disclosure statement or are missing substantial portions of documentation, you will not receive public funds.

The CFB reviews your backup documentation to determine the accuracy of your reporting and the validity of your contributions claimed as matchable. In addition, the CFB reviews your claims for missing data and other discrepancies. Failure to maintain and submit proper backup documentation in a timely fashion may delay or reduce your public funds payment, and cause you to be ineligible for public funds. After receiving your backup documentation, the Payment Unit will review your matchable claims item by item and compare them to the backup documentation to check for inaccuracies. When reviewing your backup documentation, the Payment Unit is checking for the following items, among others:

- contributor name on the backup documentation matches the person reported as the contributor;
- contributor lives in New York City at a residential address;
- contribution amount matches the amount reported;
- contributor is the person who signed the check and/or contribution card;
- contribution is payable to the proper committee;
- contribution is from an individual and not an entity; and
- any indication of possible fraudulent activity.

Contributions that are not accurately reported or that do not have adequate accompanying backup documentation will be invalidated. Invalid matching claims are not eligible to be matched with public funds **or** to be counted for threshold purposes. Invalid contributions will be assigned an invalid code(s) describing the reason(s) for invalidation (for invalid codes, see page A-24). During the pre-certification period, after all your claims have been reviewed and invalid codes have been assigned, you will be sent an Invalid Matching Claims Report and will have an opportunity to respond (for a sample of an Invalid Matching Claims Report, see page A-23).

Invalid claims are not counted for the purposes of meeting the threshold or payment of matching funds.

Threshold Status

To be eligible to receive public funds you must reach a two-part threshold (see page 7-2). In determining if your campaign has reached the threshold, the Payment Unit will review all valid contributions and verify that the monetary and residential standards have been met. **Invalid claims are not counted for the purposes of meeting the threshold or payment of matching funds.**

example:

On his first disclosure statement, City Council candidate Murphy reported a total of \$5,500 in contributions from 100 contributors, 80 of whom live in his district. As part of the backup documentation review, the CFB found 16 contributions invalid, 6 of which were from district residents. After adjusting for the invalidated contributions, candidate Murphy now has \$5,100 from 74 district residents. Although the Murphy campaign has raised over \$5,000 from New York City residents, the CFB has determined that the Murphy campaign has not yet met the threshold because after reviewing for invalid matching claims, the campaign only has 74 valid contributions from district residents.

Backup Documentation Errors

After each disclosure statement is reviewed, the Payment Unit will determine how many claims have been invalidated because of flaws in your backup documentation. The Payment Unit will then calculate an error rate from the number of total claims. Candidates with high error rates will not receive public funds. You can lower your error rate by not claiming matching funds for contributions which have not been properly documented or supplying missing documentation.

*Question about backup documentation error rates?
Please call the Payment Unit at (212) 306-7100.*

IMPORTANT POINTS TO REMEMBER

- Should the CFB notify you about possible discrepancies in your disclosure statement, it is imperative that you respond to the CFB immediately. Failure to do so can result in a delay in payment. It is important that the CFB have up-to-date contact information for your campaign so that the CFB staff can reach your campaign quickly. It is your responsibility to keep the CFB apprised of any changes in contact information.
- Failure to maintain and submit backup documentation properly may delay or reduce your public funds payment, or cause you to be ineligible for public funds.
- Invalidated contributions will not be counted for the purposes of threshold or payment of matching funds.
- If you have a high backup documentation error rate, you will not be eligible for a public funds payment, regardless of your threshold status or previous payment history.

WHERE TO FIND IT

For more information, please refer to:

- Preliminary review of disclosure statements: *CFB Rules, Chapter 5, rule 5-01(b)*
- Validity of matchable contribution claims and projected rate of invalid claims: *CFB Rules, Chapter 5, rule 5-01(d)*

COMMON PITFALLS REGARDING COMPLIANCE REVIEW

- Submitting backup documentation that is not referenced or in transaction ID order.
- Claiming matching funds for contributions that are not properly documented.
- Failing to respond to the CFB's attempts to contact you or to get information from you.
- Failing to keep your contact information current.

If you adhere to strict contribution and spending limits and provide full public disclosure of your campaign activity, you may be eligible to have your contributions from individual New York City residents matched with public funds. Public matching funds are not guaranteed even if you are a Program participant. In order to be eligible to receive public matching funds, candidates are required to fully adhere to the guidelines of the Program and meet the eligibility threshold.

This chapter will address the following topics:

- Eligibility.
- Reduction/suspension of public funds.
- The payment process.
- Post-election activities.

Eligibility

To be eligible to receive public funds, you must:

1. be on the ballot and have an opponent on the ballot;
2. meet a two-part threshold;
3. provide the CFB with an original raised seal receipt from the Conflicts of Interest Board evidencing submission of your personal financial disclosure statement;
4. repay any debt owed to the CFB from a previous election; and
5. be in compliance with all Program requirements.

If you do not meet all these requirements or if you have problems with your disclosure statements, you will not receive a public funds payment until all requirements are met and outstanding problems are resolved.

Public funds will not be paid until after the BOE conducts hearings on ballot petitions (typically in early August of the election year), except if the CFB determines that delays in BOE proceedings necessitate making payments earlier.

Ballot Status

You must be on the ballot and opposed by a candidate who appears on the ballot in order to be eligible for a public funds payment.

Disqualified from the Ballot

Public funds will not be paid to a candidate who is disqualified from the ballot by the BOE, or all of whose opponents have been disqualified by the BOE, until the candidate or the opponent(s) are restored to the ballot by a court. If you or all of your opponents are disqualified from the ballot, you must immediately notify the CFB in writing and indicate whether you are seeking to appeal and whether you need permission from the court to appeal. You must also notify the CFB in writing if you or your opponent's disqualification from the ballot is reversed on appeal.

Ultimately Disqualified from the Ballot

If you were temporarily on the ballot and opposed, but are ultimately disqualified from the ballot or all of your opponents are disqualified from the ballot, you may submit a petition to the CFB for payment for expenses incurred during the period you were on the ballot and opposed. **The deadline for submitting this written petition is 30 days after the date of final disqualification.**

If you or all of your remaining opponents have been disqualified from the ballot at any time, call the Candidate Services Unit.

Write-In Candidacy

If you are seeking nomination or election as a write-in candidate, you must promptly notify the CFB in writing and file all required disclosure statements. You are not eligible to receive public funds or to appear in the Voter Guide for any election in which you are exclusively a write-in candidate. Further, you are not eligible to receive public funds if your sole opponent is seeking nomination or election exclusively as a write-in candidate.

Threshold Requirement

The CFB requires that you meet a two-part threshold before you can receive public funds. The purpose of the threshold requirement is for you to demonstrate that you have significant community support. To meet the threshold requirement, you must:

1. Raise a certain amount of money from individual New York City residents; and
2. Collect a certain number of contributions of \$10 or more from individuals within the area you seek to represent.

Note: Only \$250 of each **valid** matchable contribution counts toward the threshold.

CFB 2005 Threshold Requirements		
OFFICE	DOLLAR AMOUNT*	NUMBER OF CONTRIBUTORS†
Mayor	\$250,000	1,000 New York City Residents
Public Advocate	\$125,000	500 New York City Residents
Comptroller	\$125,000	500 New York City Residents
Borough President		
Bronx	\$26,653‡	100 Bronx Residents
Brooklyn	\$49,307‡	100 Brooklyn Residents
Manhattan	\$30,744‡	100 Manhattan Residents
Queens	\$44,588‡	100 Queens Residents
Staten Island	\$10,000‡	100 Staten Island Residents
City Council	\$5,000	75 Residents from your Council District

* Including all matchable contributions from New York City residents in amounts of up to \$250.

† Each must have given a matchable contribution of \$10 or more.

‡ These amounts are based on 2000 census figures for the population in each borough.

example:

Charlie Campo is a City Council candidate for a Brooklyn City Council district. He has accepted 80 valid contributions of \$10 or more from contributors in his Council district. He has met one part (the number of contributors) of the two-part threshold.

example:

Ms. Brown is a City Council candidate. She has received a total of four contributions of \$2,500 each. All four contributors are individual New York City residents, and three live in her district. Since she can only count \$250 per contributor toward the \$5,000 threshold dollar amount, she has received \$1,000 toward the monetary part of the threshold requirement, for which she must raise \$5,000. She has also only received three contributions of \$10 or more from district residents. She will need an additional 71 contributions of \$10 or more from her district to meet the district resident part of the threshold requirement. Therefore, candidate Brown has not met either part of the threshold requirement.

You demonstrate your progress toward meeting the threshold requirement by disclosing your matching claims on periodic financial disclosure statements (for more information, see page 5-1). After reviewing your statements and your matching claims, the CFB will inform you in writing when you have met the threshold. Remember, you must actually report a separate amount to indicate the portion of the contribution that you are claiming for public matching funds, and also indicate which individuals are district residents, for threshold purposes. **Failure by your committee to identify which contributions were received from district residents can result in your campaign not fulfilling the threshold requirements.** Further, the CFB strongly recommends that you closely review your draft submission to make sure that the contribution information on your district residents is reported completely and accurately. Even slight misreporting of in-district contributions may result in the CFB being unable to verify your threshold status. Only contributions that the CFB has determined are valid after each compliance review will be applied toward the threshold requirement.

*Question about the threshold requirements?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Backup Documentation Requirements

Throughout the election cycle, you will be required to submit backup documentation with each disclosure statement for all contributions claimed as matchable. This includes copies of all checks, money orders, and credit card contribution records, as well as copies of signed contribution cards for all cash, money order, credit card, and electronic and bank teller check contributions claimed to be matchable.

Conflicts of Interest Board Requirement

All candidates must provide the CFB with an original, raised seal receipt from the Conflicts of Interest Board showing submission of their personal financial disclosure statement. **This receipt must be submitted to the CFB by the last business day in July of the election year.** If you do not file this financial disclosure statement with the COIB, you will not be eligible for public matching funds. The COIB will be distributing the financial disclosure packets in March of the election year and the Campaign Finance Board will have these packets available in May.

If you have any questions about this requirement please contact the Conflicts of Interest Board at (212) 442-1400.

Matchable Contributions

A contribution is matchable only if it has been properly and accurately disclosed to the CFB and:

1. it is from an individual New York City resident who is not a vendor to your campaign;
2. you reported complete employer information if the contribution is greater than \$99; and
3. it meets all other Program requirements.

Please note: If the contribution appears to have come from a business account, you must have evidence that shows the contribution in fact came from personal funds.

The following contributions are **never** considered matchable:

- in-kind contributions of property, goods, or services;
- money order contributions from any one contributor that aggregate to more than \$100;
- contributions from individuals under the age of eighteen years;
- contributions in the form of the purchase price paid for, or otherwise induced by, a chance to participate in a raffle, lottery, or a similar drawing for valuable prizes; and
- contributions in the form of the purchase price for a good or a service provided by the campaign.

The only exceptions to this rule are for contributions given in exchange for goods or services, such as those listed below, that do not have significant value:

- food or liquor;
- limited musical or other entertainment provided at an event that is otherwise campaign-related;
- campaign buttons;

- campaign literature; and
- campaign t-shirts.

Generally, contributions made in the form of the purchase price for tickets to entertainment events (e.g., theatrical or comedy shows, sporting events, and musical performances) will not be matched with public funds.

The Matching Rate

Contributions are matched at a rate of \$4 in public funds for every \$1 raised up to the first \$250 given by an individual New York City resident, for a maximum of \$1,000 per contributor.

example:

If your committee receives a \$50 contribution from a New York City resident, by applying the matching formula, you can receive \$200 in public funds for that contribution. If your committee receives a \$500 contribution from a New York City resident, the matching formula will be applied to the first \$250, resulting in \$1,000 in public funds.

Public Funds Cap

Unless you are in a small primary or have limited opposition (see page 7-7), the maximum amount in total public funds you can receive for each election equals 55% of your spending limit:

- \$3,150,400 for the office of mayor,
- \$1,969,550 for the offices of public advocate and comptroller,
- \$708,950 for the office of borough president, and
- \$82,500 for the office of City Council member.

example:

City Council candidate Martinez raised \$25,000 in matchable contributions of \$250 each. The campaign is eligible to receive \$82,500 (not \$100,000) in public funds, because that is the maximum amount of public funds a City Council campaign can receive for each election.

If you are running against a well-financed candidate who is not participating in the Program see Chapter 11 for more information about the Program's bonus provisions, which can increase your matching rate and increase the maximum amount in public funds you are eligible to receive.

If you have opposition on the ballot, you will still only receive one-quarter of the maximum amount of public funds available to the office you seek unless:

- you are opposed by a participant who has qualified for public funds;
- you are opposed by a candidate who the CFB has determined has raised or spent more than one-fifth of your office's expenditure limit; or
- you submit in writing, to the CFB, a signed statement attesting to and stating the reasons why you need additional public funds.

Reduction in Public Funds Payments

The following disbursements from your committee are considered to be made from your matchable contributions, which may reduce your public funds payment:

- transfers and other disbursements from your principal committee to another committee you control;
- expenditures for a previous election;
- loans to, or spending for other candidates, party committees, or political clubs that are not reimbursed within 30 days, unless you can show that the expenditure is made for a tangible item that directly promotes your election, such as an advertisement in a fundraising journal; and
- contributions to political committees unless the aggregate of those contributions does not exceed:
 - (a) \$3,000 for the office of City Council;
 - (b) \$5,000 for the office of borough president; or
 - (c) \$10,000 for city-wide office; **and**

- the committee has received non-matchable contributions totaling the lesser of these amounts or the amount of the contributions to the other political committees.

Further, some of these expenditures are prohibited after you have received public funds (see page 3-16.)

example:

City Council candidate Wright has raised \$2,000 in non-matchable contributions and \$15,000 in matchable contributions of \$250 each, so his committee is eligible to receive \$60,000 in public funds. If his committee makes a \$1,000 contribution to a political committee, the contribution would not be deducted from its total matchable contributions, since the contribution is within the \$3,000 “safe harbor” for City Council candidates and his committee has more than \$1,000 in non-matchable contributions.

example:

Borough president candidate Phillips has raised \$20,000 in non-matchable contributions and \$150,000 in matchable contributions of \$250 each, so his committee is eligible to receive \$600,000 in public funds. If his committee makes \$15,000 in contributions to five political committees, \$10,000 would be deducted from its total matchable contributions, leaving the committee with \$140,000 in matchable contributions, which would yield only \$560,000 in public funds.

example:

City Council candidate Martinez has raised \$5,000 in non-matchable contributions and \$30,000 in matchable contributions of \$250 each. If Martinez made a \$5,000 contribution to a political committee, \$2,000 would be deducted from his total matchable contributions, leaving him with \$28,000 in matchable contributions. However, since \$28,000 in matchable contributions at the 4:1 rate (\$112,000) would still exceed the maximum amount of public funds a City Council campaign can receive, the \$5,000 contribution to the political committee would not have an effect on the total amount of public funds Martinez receives for the election.

Avoiding Deductions from Payments

To avoid deductions in valid matching claims as a result of contributions to other political committees, you should limit contributions to the amounts allowable for each office (see page 7-7). In addition, to avoid deductions for contributions over these amounts or for the other types of disbursements described on page 7-7, you must: (1) create a segregated bank account holding only contributions to be used for those types of disbursements; (2) have the contributor confirm in writing that he or she knows that the contribution will only be used for such disbursements and will not be matched with public funds, using a contribution card containing the specific language described below; and (3) provide copies of checks, bank statements, and the signed confirmations with each disclosure statement for the segregated account. Contributions deposited into these segregated accounts will not be matchable. **Please contact the Candidate Services Unit for guidance before establishing a segregated account. When soliciting contributions for a segregated account, the contribution card must include specific language, a sample of which is provided on page A-51.**

When soliciting contributions for a segregated account, the contribution card must include the following verification:

“I understand that this entire contribution will be used only (i) to pay expenses or debt from a previous election; (ii) by the candidate for an election other than the election for which this contribution is made; or (iii) to support candidates other than the candidate to whose campaign this contribution is made, political party committees, or political clubs. I further understand that this contribution will not be matched with public funds. I understand that State law requires that a contribution be made in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal funds, is not being reimbursed in any manner, and is not being made as a loan.”

Segregated Account/Non-Matchable Contribution Card	
Committee Name _____	
To comply with Campaign Finance Reporting Rules, please give the following information:	<input type="checkbox"/> Cash
	<input type="checkbox"/> Money Order # _____
In the amount of \$ _____	<input type="checkbox"/> Check # _____
Name _____	
Home Address _____	
City/State/Zip _____	
Employer _____	
Occupation _____	
Business Address _____	
<p>I understand that this entire contribution will be used by the candidate only (i) to pay expenses or debt from a previous election; (ii) by the candidate for an election other than the election for which this contribution is made; or (iii) to support candidates other than the candidate to whose campaign this contribution made, political party committees, or political clubs. I further understand that this contribution will not be matched with public funds.</p> <p>I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal funds, is not being reimbursed in any manner, and is not being made as a loan.</p>	
Contributor's Signature _____	Date of Contribution _____

Suspension of Public Funds Payments

If you violate certain Program requirements, the result may be an immediate suspension of public funds payments. Such violations include, but are not limited to:

- failing to file or filing a late disclosure statement;
- material misrepresentations, including but not limited to:
 - fraudulent backup documentation
 - fraudulent matching claims
 - fraudulent expenditures
- accepting prohibited contributions;
- failing the backup documentation review;
- exceeding the contribution or expenditure limits (If you exceed the expenditure limit, you may additionally be required to return all public funds already received even though the CFB has not required repayment in the past.);
- failing to repay funds owed to the CFB from prior elections;
- violating State or Federal election law; and
- failing to provide a receipt showing compliance with the COIB personal financial disclosure statement requirement.

Review of Payment Determination

If you ask the Board to review a payment determination it has already made, the Board will not consider documentation or factual information for use in its review if you had not already given that documentation or information to the Board prior to its original payment determination, unless you can demonstrate a good reason for failing to provide the documentation or information earlier.

Payment during the Four-Business Day Turnaround Period

The CFB will attempt to make public funds payments within four business days after the deadlines for disclosure statements 11 – 15. To be eligible to receive public funds within four business days after the deadlines, those statements **must** be free of errors and hand-delivered to the CFB's office by 5:00 p.m. on the statement due date. Should you mail or be late in filing your statement, the CFB cannot guarantee that the statement will be reviewed in time for a payment decision to be made within four business days.

The CFB cannot guarantee that there will be an opportunity during the four-day turnaround period for you to correct violations that are discovered during disclosure statement reviews after the filing due date. If violations are discovered within the four-day turnaround period, payment may be denied or delayed. The CFB may only contact you regarding these violations after the four-day period. The following table lists the dates public funds payments are tentatively scheduled to be made. Only in unusual circumstances will the Board authorize payments on dates other than those listed. The Board may approve some payments contingent on the participant's correction of certain easily correctable compliance problems before receiving his or her public funds payment.

2005 ELECTION PAYMENT DATES	INCLUDES VALID CONTRIBUTIONS THROUGH DISCLOSURE STATEMENT	PAYMENT TYPE
1st week of August*	#10	PE
August 18, 2005	#11	PE
September 9, 2005	#12	PE
September 29, 2005	#13	GE
October 14, 2005	#14	GE
November 3, 2005	#15	GE

* *Public funds payments will not be paid until after the BOE conducts hearings on ballot petitions.*

Calculation of Payment

Upon confirmation of your committee's eligibility to receive public funds, a payment calculation will be performed. Payment calculations are cumulative. They take into account all reported matching claims and all invalid claims reported in disclosure statements filed before the payment date. **No additional primary payments will be made after the last primary payment date until after the post-election audit is complete. No general election payments will be made after the last general election payment date until after the post-election audit is complete.** It is in your best interest, therefore, to maximize your matching funds claims and respond to invalid matching claims reports early in the election cycle. The CFB will withhold 5% of your eligible public funds payment until the final payment before the election.

There are two different methods of calculating payment, the summary calculation and the detail calculation.

Summary Calculation

A summary calculation payment uses the matching totals reported on the cover sheet of your disclosure statement(s). A summary calculation is done when time permits only a preliminary review of the disclosure statement for compliance but not a more detailed review for invalid matching claims. The summary calculation applies an error rate to the total number of claims in a disclosure statement to arrive at an approximate amount of invalid claims. The error rate is formulated by dividing the total amount of invalid claims in previously reviewed disclosure statements by the total amount of claims in those statements. After the first payment, the summary calculation is generally only applied to claims contained in the most recent disclosure statement. Summary calculations, however, may be performed on more statements if, for example, you submitted other disclosure statements late.

example:

In disclosure statements 8 through 11, candidate Pearson reported \$10,000 in claims for public matching funds, \$700 of which are invalid. This gives candidate Pearson an average error rate of 7%. The CFB applies the 7% error rate to statement 12. candidate Pearson reported \$8,000 worth of matching claims on disclosure statement 12. Based on Candidate Pearson's calculated error rate, there will be a withholding of \$560 worth of claims (or 7% of \$8,000) and a public funds payment of \$29,760.

For instances in which there are no verified detail numbers from prior statements to determine the error rate (e.g., at the first payment date), a standard error rate will be applied to the summary numbers.

The CFB is required by law to request a return of public funds if upon review of matching claims the CFB determines that an overpayment occurred. If a subsequent review of submitted claims reveals more actual errors than the estimated rate, the next payment will reflect an adjustment based upon that information. If further review reveals fewer actual errors than the estimated rate used, additional public funds will be disbursed to your committee on the next payment date, provided the campaign maintains compliance.

For a sample payment report, see page A-20, 21.

Detail Calculation

Payments using detailed calculations are based on total matching claims minus actual invalidated matching claims.

The CFB makes a great deal of effort to issue payments using detailed calculations when practicable. However, it is not always possible to do so because of the four day turnaround and the number of candidates potentially receiving payment. Therefore, at times payments will be made using summary calculations.

example:

Candidate Luiz reports \$10,000 worth of matching claims on disclosure statement 11. The CFB's review found \$2,000 worth of invalid claims. Therefore, candidate Luiz has \$8,000 in valid claims and can expect to receive a \$32,000 public funds payment.

*Questions about the payment process?
Please call the Payment Unit at (212) 306-7100.*

Disbursement of Public Funds

Based on the review of your disclosure statements, CFB staff will present payment recommendations to the Board. The Board will vote on payments during the public session of its next meeting. CFB staff will notify you if payment to your campaign has been approved. CFB staff will prepare and send you a payment package that generally consists of a cover letter, a copy of the "Detail Payment Report," which explains the payment calculation, and in some cases an Invalid Matching Claims Report ("IMC"), which lists claims excluded from the payment and allows you the opportunity to resolve invalid matching claims, sometimes before the next payment date. (For more information on invalid matching claims, see page 6-3.) For the 2005 election cycle, the CFB will be issuing public funds payments via electronic transfer. This means that the funds will be available upon transfer. However, CFB staff will only prepare the transfer after the Board meeting. This process may take a few hours. In order to be eligible, campaigns must provide an ABA/routing number and a voided check as part of the Certification form.

Please note: CFB staff does not have information regarding the status of your payment until after the Board makes a determination at its meeting on the scheduled payment date. Calling CFB staff in advance of a Board meeting to check payment status will not get you special information and may delay the payment process.

Primary Election Payments

Payments for the Primary Election will be made on claims submitted through disclosure statement 12, due on September 2, 2005. For any candidates not in the General Election, any remaining claims will be processed as post-election claims contingent on the audit process and timetable. (See Post-Election Payments, page 7-16.)

General Election Payments

All payments for the General Election will be made on claims submitted through disclosure statement 15, due on October 28, 2005. The first general election payment will be made on September 29, 2005 based on claims through statement 13. Therefore, although candidates who are only in the general election are not required to file statement 13, it is advised that you do so to maximize your first general election payment. Any remaining claims will be processed as post-election claims contingent on the audit process and timetable. (See Post-Election Payments, page 7-16.)

Repayments to the Public Fund

You can choose not to use the public funds you receive. If you prefer not to use the public funds, you should write a check to or endorse your public funds check over to the “New York City Election Campaign Finance Fund.” **You will not be able to get public funds back once you have returned them.** If you do not wish to receive public funds, you may send a letter to the CFB and a payment will not be issued to you.

In certain cases, your campaign will be required to repay some or all of your public funds. Repayment may be required, for example, if you:

- are ultimately disqualified from the ballot;
- have unspent campaign funds left over after the election;
- have not made or documented enough “qualified” expenditures (see page 3-14);
- received more public funds than you were actually entitled to receive;
- do not respond to the draft audit report;
- exceed the expenditure limit, even though the CFB has not required repayment in the past; or
- have certain kinds of serious Program violations.

Unspent Campaign Funds

Unspent campaign funds are funds left over after your last election, regardless of their source. Unspent campaign funds are calculated, after your last election, by adding all your campaign receipts and subtracting all your campaign disbursements. In your post-election audit report, the Audit Unit may make adjustments to this calculation. Some common adjustments are:

- reported expenditures for which checks remain uncashed;
- expenditures that from their purpose appear not to be campaign-related; and
- improper post-election spending.

If your campaign has received public funds, the use of unspent funds is restricted. You may use these funds to pay campaign expenses incurred **before** the election. Paying expenses after your last election is only permitted if you have documentation that shows that these expenses were incurred **before** the election and liabilities were reported timely. You may also use these funds to make **modest** post-election expenditures for routine activities involving nominal costs associated with winding up a campaign, such as:

- utility bills and rent for office space;
- payment of taxes and other reasonable expenses for compliance with applicable tax laws;
- reasonable staff salaries and consultancy fees for responding to the post-election audit;
- reasonable moving expenses related to closing the campaign office;
- holiday card mailings to contributors, campaign volunteers, and staff; and
- thank-you notes for contributors, campaign volunteers, and staff.

Do not use unspent campaign funds for any other purpose, since all remaining funds (up to the full amount of public funds you received) must be repaid to the public treasury.

Routine wind-up costs **do not** include such items as:

- post-election mailings other than those specifically mentioned above;
- making contributions;
- making bonus payments or gifts to staff or volunteers;
- holding any post-election day event, including, but not limited to, any meals or parties;
- making expenditures for transition and inauguration activities.

Unspent funds — up to the amount of public funds you have received — must be returned by the conclusion of the Board’s post-election audit of your campaign. If you delay the audit process, however, the repayment may be due immediately.

Post-Election Public Funds Payments

Payments of public funds after the election are contingent upon your providing the CFB's Audit Unit with all the relevant documentation and information requested during the post-election audit of your campaign (see page 13-3). Good recordkeeping practices must be maintained throughout the election cycle and they are equally important during the post-election audit process. Before the CFB makes a final public funds payment, you must:

- have valid matching claims upon which you were not paid;
- have outstanding debt;
- show a deficit in your unspent campaign funds;
- have sufficient documented qualified expenditures to justify a post-election payment; and
- be in full compliance with Program requirements.

If you meet these requirements, you may receive a public funds payment equal to the lesser of (i) valid matching claims on which you have not been paid; (ii) the outstanding debt; (iii) the unspent campaign funds deficit; and (iv) the qualified expenditures.

Sixty days after receiving a post-election public funds payment, you must show that these public funds were used to pay the outstanding debt by providing copies of the fronts and backs of cancelled checks.

The CFB will not make post-election payments based upon:

- Disclosure statement amendments or resubmissions filed after December 31, 2005.
- Amendments or resubmissions to disclosure statement 17 (due January 17, 2006). (Except for amendments submitted solely to respond to invalid claims.)

Note: The Audit Unit will attempt to issue all draft audits before the end of the calendar year following the election. You cannot receive a post-election public funds payment until the completion of your post-election audit and issuance of your final audit report. You and your campaign must understand and plan in advance for a delay in possible funds that may be due to the committee as a result of the audit process.

Recordkeeping

In order for the CFB to verify that you have used public funds appropriately, you must maintain, and be able to produce, documents supporting all matching claims, as well as copies of bills, invoices, receipts, cancelled checks, and other documents to verify your qualified expenditures. You must be able to document that your qualified expenditures equal or exceed the amount of public funds you received for each election. If you cannot, you must repay the difference to the public treasury. (For more information, please see page 3-15.)

IMPORTANT POINTS TO REMEMBER

- To receive public funds you must meet the threshold and be in full compliance with the Program.
- Joining the Program does not guarantee receipt of public funds.
- Public funds are not distributed until ballot status is determined by the Board of Elections.
- You must respond to requests from CFB staff in a timely manner.
- CFB staff does not have information regarding your payment status before the Board makes a determination on the payment date.
- The CFB will withhold 5% of your eligible public funds payment until the final payment before the election.
- You may be required to repay some or all of your public funds after the election.
- Contributions from vendors to your campaign are not eligible to be matched.
- Post-election payments will not be made until the conclusion of your post-election audit. Be prepared for the audit process to take up to a year or, in some cases, more.
- You must to repay any funds owed to the CFB in order to be eligible for public funds.
- You must provide a receipt showing compliance with the Conflicts of Interest Board personal financial disclosure statement requirement.
- You must provide the CFB with a valid ABA/routing number in order to receive your public funds payment electronically.
- The CFB will suspend public funds payments, as it has in the past, and require the return of all public funds from campaigns that exceed the expenditure limit, even though it has not done so in the past.

WHERE TO FIND IT

For more information, please refer to:

- Receiving public funds: *Campaign Finance Act, §§3-703, 3-710*
- Public funds: *CFB Rules, Chapter 5*

COMMON PITFALLS REGARDING PUBLIC MATCHING FUNDS

- Thinking you have reached the threshold before receiving official notice from the CFB.
- Failing to identify which contributions were received from district residents.
- Failing to submit all required backup documentation with each disclosure statement.
- Failing to refund prohibited contributions immediately using a bank or certified check.
- Making disbursements that could result in a reduction of your public funds payment, such as paying debt from a prior election using your current committee.
- Mailing a disclosure statement instead of hand delivering it. Hand delivering a complete disclosure statement ensures prompt review. Delays resulting from the mail may cause a delay in public funds payments. If a disclosure statement is not received by 5:00 p.m. on the deadline day, the CFB cannot guarantee payment during the four-day turnaround.
- Failing to sufficiently document qualified expenditures.
- Making impermissible post-election expenditures, such as bonuses to staff or parties.
- Failing to provide a receipt showing compliance with the Conflicts of Interest Board personal financial disclosure statement requirement.

audit responses and amendments

Throughout the election cycle, you are required to keep in regular contact with the CFB and respond to requests in a timely manner. After the review of your disclosure statement is complete, the CFB may request that you respond to a variety of reports that ask for additional information and documentation and that may require you to submit amendments to your disclosure statement.

This chapter will address the following topics in detail:

- Responding to Invalid Matching Claims (“IMC”) Reports.
- Responding to audit reports.
- Generating amendments.

During the pre-certification period, once the CFB has reviewed your disclosure statement and backup documentation you will, if necessary, be mailed reports containing various findings, including an IMC Report. Although most findings will be included in the review after each disclosure statement, there may be times when later statement reviews will include findings from earlier statements.

You will be given a strict deadline for all responses. Failure to respond to these reports adequately and in a timely manner will directly affect your eligibility to receive public funds. In addition, after you submit your Certification, failure to respond may result in your being referred to the Legal Unit and recommended for assessment of a financial penalty.

Invalid Matching Claims Reports

Once the CFB has finished reviewing your disclosure statement and backup documentation, an IMC Report will be sent to you. The IMC Report lists all contributions claimed for matching funds that the CFB review found apparently invalid. Most contributions are found to be invalid due to discrepancies between what you reported to the CFB and what is actually contained in the backup documentation.

You will be given an opportunity to respond to the Audit Unit’s findings, and your response must include a copy of the IMC Report and any missing or additional backup documentation, comments and explanations, and/or amendments to your disclosure statements supporting the additional disclosure information.

Although IMC Reports offer you the opportunity to show that invalid claims are actually valid, it is imperative that you screen all contributions, backup documentation, and disclosure statements **before** submitting them to the CFB. Doing so will help you avoid IMC Reports with numerous invalid matching claims and a high error rate (see page 6-4), and may help you receive more public

funds earlier in the election cycle. If you return IMC Reports without the amendments reflecting the changes, or if you submit amendments without the corresponding IMC Reports, the CFB will not be able to process your submission or to validate your claims.

You will receive IMC Reports periodically throughout the election cycle. These reports will detail invalid claims from your most recent submission, as well as claims that appeared on previous reports but have yet to be resolved to the CFB's satisfaction. Please note that some claims may not be correctable and the only way to remove them from the IMC report is to withdraw the claim.

example:

Candidate Brown received her first IMC Report from the CFB. Several of her contributions were noted as invalid because the cash and money order contribution cards did not have a place for the contributor to write in the amount of the contribution.

In an attempt to fix her mistake, Candidate Brown returned her IMC Report with the same contribution cards as previously submitted, but with the contribution amount written on the side of each card. Since Candidate Brown needed to solicit new contribution cards from the contributors who had signed the original cards with no contribution amount filled in, the CFB did not accept these modifications, and the claims were left invalid.

When Candidate Brown receives her next IMC Report, the same contributions will continue to appear, giving her another opportunity either to validate or withdraw the claims, but the delay in correcting this problem may delay her receipt of public funds, or even prevent her from receiving them. The correct response would be for Candidate Brown to provide the CFB with **new**, fully completed contribution cards.

It is important for you to resolve invalid claims as quickly as possible. **Having numerous invalid claims will affect your threshold count, error rate, and eligibility to receive a public funds payment.**

You will find examples of invalid codes which appear in IMC Reports, and instructions on how to correct contributions invalidated for those reasons, on pages A-23 and A-24.

Audit Reports

Audit reports detail apparent Program violations and reporting errors the Audit Unit has found during its review of your disclosure statement. Failure to respond to these violations can result in a suspension of public funds payments and the assessment of a financial penalty. The most common audit reports are explained below, including information on how to respond to them.

Prohibited Contributions Report

The Program prohibits the acceptance of contributions from corporations and unregistered political committees. If you have accepted prohibited contributions, you will receive a report listing them. If you have accepted a prohibited contribution, you must refund the prohibited contribution using a bank or certified check only. A copy of this check must be submitted to the CFB. (For information on returning prohibited contributions, see page 5-8.) You must also enter the refund into C-SMART to reflect this change.

example:

Candidate Wilson received and deposited a \$500 contribution from Genuine, Inc. As a result, Candidate Wilson received a prohibited contributions report from the CFB Audit Unit notifying him that he has violated the prohibition on corporate contributions. In order to respond adequately to the prohibited contributions report, Candidate Wilson will need to prove he has refunded the contribution. Candidate Wilson needs to refund the money to Genuine, Inc. via a certified or bank check and provide a copy to the CFB. He also needs to enter the refund into C-SMART.

If you are unable to return the contribution to the contributor because, for example, the contributor has moved without providing a forwarding address, or a corporate contributor has gone out of business, you may pay to the Public Fund an amount equal to the prohibited contribution. The payment to the Public Fund must include a cover letter explaining your efforts to return the prohibited contribution before paying the Fund to resolve the violation.

If you disagree with an audit report finding you should write your explanation directly on the report, and you must include documentation, *e.g.*, a copy of a refund check as evidence for your claim.

Aggregate Contributions Over-the-Limit Report

The Program prohibits the acceptance of contributions exceeding the limit set for your particular office. If you are found in violation of this requirement, you will receive a report listing all of the contributions in question. If you accept the finding, you must refund the amount that exceeds the contribution limit via certified or bank check, and provide a copy of the certified or bank check to

the CFB. You must also enter this refund into C-SMART to reflect this change. If you believe the finding is in error, write the explanation directly on the report and return it to the CFB. You should also include any documentation to support your explanation.

If you are unable to return the contribution to the contributor because, for example, the contributor has moved without providing a forwarding address, you may pay to the Public Fund an amount equal to the prohibited contribution. The payment to the Public Fund must include a cover letter explaining your efforts to return the prohibited contribution.

Expenditures Over-the-Limit Report

This report will be sent to you if the Audit Unit has reason to believe you have violated the expenditure limit. The report will detail the amount by which the expenditure limit appears to have been exceeded based on your reporting. If you believe this finding is in error, you must provide an explanation and documentation in support of your explanation, including any documentation for exempt expenditure claims.

Suspected Intermediaries Report

This report will be sent to you if patterns in contributions suggest that you may not have properly reported contributions received from an intermediary. The report will group the contributions that appear to have been intermediated. If the contributions listed on the report were, in fact, intermediated, you must list the contributions as being intermediated in C-SMART, submit an amendment to the CFB reflecting this change, and request an intermediary statement from the intermediary. If you did not receive the listed contributions through an intermediated source, you must write your response on the report explaining the circumstances of the receipt of the contributions.

Missing Employment Information Report

The missing employment information report will be sent to you identifying all contributions greater than \$99 for which employment information is incomplete or entirely missing. After receiving the employment information from the contributors, you must enter this information into C-SMART and submit an amendment(s) to the CFB reflecting this change.

You must obtain missing employer information. A disclosure statement grossly deficient in providing employment information will prevent you from receiving public funds (see page 6-4).

Unattributed Partnership or LLC Report

If you accept a contribution from a partnership or LLC in excess of \$2,500, you must properly attribute the funds to each partner or member whose share is greater than \$99 (see page 2-11). This report will be sent to you if it appears that you have not properly attributed this type of contribution.

In situations where an attribution is necessary, you must enter each partner or member's share of the contribution into C-SMART reflecting this change. If the partnership or LLC contribution in question does not require an attribution, you must provide an explanation directly on the report and submit it to the CFB.

Generating Amendments

Amendments are necessary when certain information on previously submitted disclosure statements must be altered. The majority of these instances occur when changes are made to your C-SMART database when responding to an IMC or audit report. The CFB may also request amendments when disclosure is incomplete, unclear, or inaccurate. Amendments are **only** accepted upon CFB request and approval. Do not submit amendments unless you are requested to do so. Prior to running an amendment, it is extremely important to make sure that all necessary information has been modified. (For more information on submitting amendments, see the *C-SMART User Guide*.)

Instances that often cause the CFB to require campaigns to submit amendments include:

- disclosing previously undisclosed intermediaries.
- adding missing employer information.
- adding missing address information.
- correcting dates, contribution amounts, or other relevant information in response to the IMC report.

example:

The Committee to Elect Adams collected 10 contributions from an intermediary, but did not have the intermediary information by the closing date of the committee's last statement period. When the Audit Unit sent the committee the suspected intermediary report, the committee, which by then had the required information, responded to the report by writing its confirmation of the intermediary on the report, making the necessary changes in C-SMART, and submitting an amendment to the CFB.

*Have questions about whether you need to submit an amendment?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

IMPORTANT POINTS TO REMEMBER

- You must respond to IMC Reports and audit reports in a timely fashion. Failure to do so may result in a reduction or suspension of public funds.
- You must receive permission from the Candidate Services Unit or the Audit Unit before you may amend your disclosure statements.

WHERE TO FIND IT

For more information about CFB audits, please refer to:

- Accounting and auditing: *CFB Rules, Chapter 4*

COMMON PITFALLS RELATING TO AUDIT RESPONSES AND AMENDMENTS

- Failing to respond to Invalid Matching Claims and audit reports in a complete and timely manner.
- Failing to provide documentation to verify explanations of apparent violations.
- Failing to use a bank or certified check to refund prohibited contributions.
- Failing to obtain approval from the Candidate Services Unit before producing an amendment.
- Submitting amendments in response to Invalid Matching Claims and audit reports without also submitting the reports, or submitting reports without the corresponding amendments.

compliance visits

A CFB auditor may visit your campaign's headquarters, and/or location where campaign records are kept, at least once during the election cycle. The compliance visit(s) will be scheduled at the CFB's discretion. The CFB may also visit your headquarters unannounced. The compliance visit will usually be conducted once you are close to or claim to have met the threshold, **and may be required before you can receive public funds.**

This chapter will address the following topics:

- The compliance visit.
- Compliance visit findings.

The Compliance Visit

The purpose of the compliance visit is, among other things, to verify your compliance with the CFB's recordkeeping guidelines. You may not be eligible to receive public funds if you have not had a compliance visit. During the compliance visit, the CFB auditor will conduct an interview with your treasurer and review financial records of the committee. Your treasurer (and campaign staff) will be responsible for having all the records available during the visit, as well as preparing copies for the CFB of any documents requested by the CFB auditor.

A compliance visit is a preliminary assessment of your campaign's adherence to the Program's guidelines.

Below are some examples of the documentation auditors will examine during a compliance visit:

- lease agreement(s) for campaign offices, storage facilities, etc;
- consulting agreement(s) and/or time sheet(s) for individuals paid by the committee;
- bank records (statements, deposit slips, cancelled checks) for committee bank accounts;
- credit card statements for campaign credit cards;
- merchant account statements, if your campaign is accepting credit card contributions;
- invoices for expenditures made by the committee;
- contribution records (backup documentation) submitted to the CFB for matching funds;

- documentation of the valuation of in-kind contributions;
- petty cash journal; and
- other documentation, such as advance repayment vouchers and loan promissory notes.

The above are only examples; additional documents **must** be presented to the CFB auditor upon request. **You may use this time with the CFB auditor to raise any questions and concerns you may have about campaign compliance and the audit process.**

Compliance Visit Findings

After a compliance visit, the Audit Unit may send a letter to the treasurer detailing compliance problems and requesting documents or the auditor's findings may be included with your next statement review. If a letter is sent, it will include a deadline for you to respond to the CFB's findings. Failure to respond to the letter, or failure to provide an adequate response, will result in a referral to the Legal Unit and may affect your eligibility to receive public funds. If the CFB does not need further information after the compliance visit, it will not send a letter. The compliance visit is only one step in the audit process and is **not** a substitute for the disclosure statement reviews, the post-election audit, or any other audit action that may occur. Since the purpose of the compliance visit is different from the post-election audit, during the post-election audit, the CFB may ask to see some of the same documentation reviewed during the compliance visit.

IMPORTANT POINTS TO REMEMBER

- A compliance visit typically must take place before you can receive public funds.
- You must have all committee records available at the compliance visit, and be able to present any required documentation at the request of the CFB auditor.

WHERE TO FIND IT

For more information, please refer to:

- Audits: *Campaign Finance Act, §3-710(1), CFB Rules, Chapter 4, Rule 4-05*

COMMON PITFALLS RELATED TO COMPLIANCE VISITS

- Failing to cooperate in scheduling a compliance visit prior to your first public funds payment.
- Failing to have all of your campaign records available and organized for the CFB auditor to review.
- Failing to make copies of requested documentation for the CFB auditor.
- Failing to provide a complete and timely response to an audit findings letter.

The CFB is responsible for ensuring that all campaigns adhere strictly to the requirements of the Act and that public funds are distributed only to those campaigns that satisfy those requirements. Maintaining the integrity of the public fund and ensuring full and accurate disclosure are responsibilities that the CFB takes very seriously. If you are found to be in violation of the Act, you may be assessed a financial penalty. This goes for Program participants, limited participants, and non-participants alike. Also, for Program participants, you may have your public funds suspended, and/or may be required to return public funds previously received.

This chapter will address the following topics:

- Types of violations.
- 2005 Penalties Guidelines.
- Baseline penalties for common Act violations.
- Penalty assessment process.
- Penalty payment process.
- Web posting for disclosure statements not filed timely.

Penalties

Failure to comply with Act requirements may lead to the assessment of a financial penalty by the Board. The Campaign Finance Act generally provides for civil penalties of up to \$10,000 per violation of any of the Act's provisions. **For spending limit violations, however, the Act provides a penalty of up to three times the amount by which the spending limit has been exceeded, in addition to the separate possible consequence of having to return all public funds received, or forego public funds otherwise due. Also, if you are a Program participant and you fail to respond to the draft audit report, the Act authorizes a penalty amount equal to ten percent of the amount in public funds you received even if that penalty amount exceeds \$10,000.** Criminal sanctions are also provided for under the Campaign Finance Act and other City and State laws. The candidate, the treasurer, and the candidate's committee, and any agent of the candidate or his or her committee, are jointly and severally responsible for any penalty and/or public funds repayment obligation. Ignorance of Act requirements is not an excuse for non-compliance. The Candidate Services Unit is available to assist you with questions or problems you may have, but it is ultimately your responsibility to comply with the law.

Types of Violations

Certain violations will result in the assessment of civil penalties and the immediate suspension of public funds. For these violations, public funds will remain suspended unless and until the campaign takes action to demonstrate that the campaign is in full compliance (*e.g.*, returning a corporate contribution to the contributor). These violations include but are not limited to:

- failure to file or late filing of a disclosure statement;
- accepting an over-the-limit contribution;
- accepting a prohibited contribution;
- exceeding the expenditure limit (Program participants and limited participants only); and
- material misrepresentations, including, but not limited to:
 - fraudulent backup documentation;
 - fraudulent matching claims (Program participants only); and
 - fraudulent expenditures.

If the Board staff identifies an apparent violation by a Program participant that may require the suspension of public funds, it will attempt to notify the campaign and provide it with an opportunity to respond before the next payment. Depending upon the violation, you may also be required to return all public funds already received.

The amount of time you will have to respond to these violations will vary depending on what phase the election cycle is in when the violation is found. For example, if a violation is found in August of the 2005 election year, three days before a scheduled payment and you are a Program participant, you may only have until the close of the business day to respond if you want to receive public funds within the four-day turnaround. When time is less pressing, you may have more time to respond.

example:

For the 2005 elections, Candidate Alexander, a Program participant, submits disclosure statement 11 (due August 12, 2005), which reveals that he accepted a corporate contribution. Assuming that a scheduled payment date is two days away, Candidate Alexander must refund the contribution immediately using a bank or certified check and provide the CFB with a copy of the check before the CFB will issue a payment to his campaign.

Other violations that generally will result in the assessment of a penalty include:

- failing to report transactions in a disclosure statement;
- failing to respond to certain requests for documentation or information, including the initial request for audit documentation necessary to start the post-election audit process;
- failing to respond to the draft audit report;
- failing to disclose required employment information;
- making prohibited post-election expenditures prior to return of public funds;
- failing to keep sufficient records and document transactions;
- failing to report intermediaries;
- making cash contributions greater than \$100, or maintaining a petty cash fund of greater than \$500;
- failing to attribute contributions by partnerships and LLCs among members of the firm; and
- failing to comply with requirements for transition and inauguration entities.

These violations usually will be brought to your attention in the CFB's post-election audit. If you fail to provide an adequate response in the audit process, the CFB staff will recommend a civil penalty for the violation. This is not an exhaustive list, and in addition to the violations listed here, the CFB may assess penalties for other types of violations of the Act.

Current Penalty Guidelines

The staff bases its penalty recommendations to the Board for specific Act violations on penalty guidelines. Keep in mind that these are just guidelines and the Board may assess penalties that are higher or lower than the penalties listed.

Baseline Penalties

The penalty guidelines for staff recommendations include “baseline” penalties for specific Act violations. The final penalties assessed by the Board may be adjusted based on a variety of aggravating or mitigating factors, including:

- the sophistication and size of your campaign;
- the amount of financial activity during the statement period or election cycle, including aggregate public funds received;
- return of prohibited or over-the-limit contribution, or other corrective action;

- your campaign’s level of knowledge or intent;
- repeated violations after notice from the CFB; and
- actions taken by the campaign to prevent violations.

Baseline penalties for some common Act violations for the 2005 elections are described below and can be found on the CFB’s web site www.nyccfb.info.

Disclosure Statement Violations

Late Filing of Disclosure Statements

The baseline recommended penalty for filing a late disclosure statement will be calculated according to the formula below, by factoring in how late the disclosure statement was filed and the size of the campaign (including, if you are a participant, whether you received public funds). In addition, the CFB staff will evaluate any aggravating or mitigating factors, and increase or reduce the recommended penalty accordingly.

$$\text{Daily Penalty} \times \text{Multiplication/Reduction Factor} = \text{Baseline Penalty}$$

Failure to File a Disclosure Statement

The baseline recommended penalty for failing to file a disclosure statement will be calculated according to the formula below by factoring the size of the campaign (including, if you are a participant, whether you received public funds). In addition, the CFB staff will evaluate any aggravating or mitigating factors, and increase or reduce the baseline recommended penalty accordingly.

$$\text{Stock Penalty} \times \text{Multiplication/Reduction Factor} = \text{Baseline Penalty}$$

DAILY PENALTY — The daily penalty for filing a disclosure statement late is as follows: for City Council, \$25; for Borough President, \$50; for Public Advocate and Comptroller, \$75; and for Mayor, \$100. If you file a disclosure statement after the deadline for the next statement, however, the penalty is calculated according to the formula for failure to file disclosure statements.

STOCK PENALTY — The stock penalty for the failure to file a disclosure statement is as follows: for City Council, \$500; for Borough President, \$1,000; for Public Advocate and Comptroller, \$1,500; and for Mayor, \$2,000.

MULTIPLICATION/REDUCTION FACTOR — If the larger of your contributions and expenditures is below certain levels, and you have not received any public funds, in most cases you will qualify for one of the reduction factors below; if the larger of your contributions (including any public funds) and expenditures is above certain levels, in most cases you will qualify for one of the multiplication factors below. Candidates who receive public funds are not eligible for any reduction factor.

City Council Multiplication/Reduction Factors

RECEIPTS (INCLUDING PUBLIC FUNDS) OR EXPENDITURES	MULTIPLICATION/REDUCTION FACTOR
\$0 – \$500	Violation, No Penalty
\$501 – \$3,000	80% reduction
\$3,001 – \$8,250	60% reduction
\$8,251 – \$15,000	25% reduction
\$15,001 – \$25,000	No Factor
\$25,001 – \$100,000	2x multiplication
\$100,001 – \$175,000	3x multiplication
\$175,001 – \$250,000	4x multiplication
More than \$250,000	5x multiplication

example:

Candidate John Murphy filed his disclosure statement four days late. Candidate Murphy has \$6,000 in contributions and \$4,000 in expenditures and has not received public funds. Candidate Murphy is recommended for a \$40 penalty as demonstrated in the formula below:

$$\begin{array}{rclcl}
 \text{Daily Penalty} & \times & 1 - \text{Reduction Factor} & = & \text{Baseline Penalty} \\
 \\
 \mathbf{\$100} & & \mathbf{40\%} & & \mathbf{\$40} \\
 (\$25 \times 4 \text{ days}) & & & &
 \end{array}$$

Borough President Multiplication/Reduction Factors

RECEIPTS (INCLUDING PUBLIC FUNDS) OR EXPENDITURES	MULTIPLICATION/REDUCTION FACTOR
\$0 – \$15,000	Violation, No Penalty
\$15,001 – \$32,500	80% reduction
\$32,501 – \$65,000	60% reduction
\$65,001 – \$100,000	25% reduction
\$100,001 – \$175,000	No Factor
\$175,001 – \$300,000	2x multiplication
\$300,001 – \$650,000	3x multiplication
\$650,001 – \$1,100,000	4x multiplication
More than \$1,100,000	5x multiplication

example:

Borough President Candidate Jefferson filed disclosure statement 12 (due on September 2, 2005) on September 25, 2005. Since disclosure statement 12 was filed after the deadline for disclosure statement 13 (September 23, 2005), disclosure statement 12 is treated as a “failure to file.” Candidate Jefferson has \$250,000 in contributions and \$175,000 in expenditures and has received \$75,000 in public funds. Candidate Jefferson is recommended for a \$3,000 penalty as demonstrated in the formula below:

$$\begin{array}{rclcl}
 \text{Stock} & & & & \text{Baseline} \\
 \text{Penalty} & \times & \text{Multiplication Factor} & = & \text{Penalty} \\
 \\
 \mathbf{\$1,000} & & \mathbf{3} & & \mathbf{\$3,000}
 \end{array}$$

Public Advocate and Comptroller Multiplication/Reduction Factors

RECEIPTS (INCLUDING PUBLIC FUNDS) OR EXPENDITURES	MULTIPLICATION/REDUCTION FACTOR
\$0 – \$45,000	Violation, No Penalty
\$45,001 – \$90,000	80% reduction
\$90,001 – \$180,000	60% reduction
\$180,001 – \$360,000	25% reduction
\$360,001 – \$625,000	No Factor
\$625,001 – \$1,000,000	2x multiplication
\$1,000,001 – \$1,750,000	3x multiplication
\$1,750,001 – \$3,250,000	4x multiplication
More than \$3,250,000	5x multiplication

example:

Comptroller Candidate Markus Musial filed his disclosure statement four days late. Candidate Musial has \$300,000 in contributions and \$300,000 in expenditures and has received \$50,000 in public funds. Candidate Musial is recommended for a \$300 penalty as demonstrated in the formula below:

$$\begin{array}{rclcl}
 \text{Daily} & & & & \text{Baseline} \\
 \text{Penalty} & \times & \text{Reduction Factor} & = & \text{Penalty} \\
 \\
 \text{\$300} & & \text{N/A (received public funds)} & & \text{\$300} \\
 (\$75 \times 4 \text{ days}) & & & &
 \end{array}$$

Mayoral Multiplication/Reduction Factors

RECEIPTS (INCLUDING PUBLIC FUNDS) OR EXPENDITURES	MULTIPLICATION/REDUCTION FACTOR
\$0 – \$71,750	Violation, No Penalty
\$71,751 – \$143,500	80% reduction
\$143,501 – \$287,500	60% reduction
\$287,501 – \$575,000	25% reduction
\$575,001 – \$1,250,000	No Factor
\$1,250,001 – \$2,000,000	2x multiplication
\$2,000,001 – \$3,000,000	3x multiplication
\$3,000,001 – \$5,250,000	4x multiplication
More than \$5,250,000	5x multiplication

example:

Mayoral candidate Hammel fails to file a disclosure statement. Candidate Hammel is a non-participant who received \$4,500,000 in contributions and spent \$2,000,000. Candidate Hammel is recommended for an \$8,000 penalty as demonstrated in the formula below:

$$\begin{array}{rcccl}
 \text{Stock} & & & & \text{Baseline} \\
 \text{Penalty} & \times & \text{Multiplication Factor} & = & \text{Penalty} \\
 \\
 \mathbf{\$2,000} & & \mathbf{4} & & \mathbf{\$8,000}
 \end{array}$$

Pursuant to the CFB's Infraction Policy, if you attempt in good faith to submit a complete disclosure statement on or before the filing deadline, but the statement is rejected, the late filing may be considered an infraction if the statement is refiled in an acceptable form within two business days after notification of the rejection. (For more information on the Infraction Policy, see page 10-10.)

Contribution Limit Violations

The baseline recommended penalty for violating the contribution limit will be calculated according to the chart below, using the aggregate overage from any one contributor as the overage amount. In addition, the CFB staff will evaluate any aggravating or mitigating factors, and increase or reduce the baseline recommended penalty accordingly. These baseline penalties are applicable to all offices.

Overage Amount	Up to \$3,000	\$3,001 – \$6,000	\$6,001 – \$10,000	\$10,001 – \$20,000	\$20,000 or more
Penalty if not returned	Overage plus \$250	Overage plus \$500	Overage plus \$1,000*	\$10,000*	\$10,000*
Penalty if overage returned	\$125	\$250	\$500	\$750	5% of overage*

* The maximum penalty that may be assessed for an over-the-limit contribution pursuant to Administrative Code §3-711 is \$10,000.

If you return the overage prior to CFB staff notification that you have accepted an over-the-limit contribution, in the ordinary course the CFB will not make a finding of violation or assess any penalty for the over-the-limit contribution.

example:

City Council Candidate Vomo receives a \$2,000 contribution from James Clark and a second \$2,000 contribution from Clark's Snacks, a sole proprietorship owned by Mr. Clark. Since these contributors are affiliated, City Council candidate Vomo has effectively accepted a \$4,000 contribution, which exceeds the contribution limit by \$1,250. Because she has not returned the overage, City Council candidate Vomo is recommended for a \$1,500 penalty (\$1,250 plus \$250). If she had returned the contribution promptly upon notification from the CFB staff, she would have been recommended for a \$125 penalty.

Pursuant to the CFB's Infraction Policy, if you accept an over-the-limit contribution that is no greater than \$500 over the applicable contribution limit and the over-the-limit portion of the contribution was returned to the contributor after notification from the CFB staff, the contribution may be considered an infraction. (For more information on the Infraction Policy, see page 10-10.)

Acceptance of Prohibited Contributions

The baseline recommended penalty for accepting contributions from a corporation or, in the case of a Program participant, an unregistered political committee, will be calculated according to the chart below. In addition, the CFB staff will evaluate any aggravating or mitigating factors, and increase or reduce the baseline recommended penalty accordingly. These baseline penalties are applicable to all offices. **The unregistered political committee contribution ban applies only to Program participants. These baseline penalties do not apply to limited participants.**

Pursuant to the CFB’s Infraction Policy (see below), if you accept and promptly return a limited number of small prohibited contributions, the acceptance of the prohibited contribution may be considered an infraction.

Accepting a contribution from a corporation or an unregistered political committee	Amount of contribution plus \$250
Accepting a contribution from a corporation or an unregistered political committee if contribution is promptly returned upon notification from the CFB staff	Amount of contribution or \$125, whichever is smaller
Accepting a contribution from a corporation or an unregistered political committee if contribution is returned before the CFB staff notifies the campaign of the violation	No violation

Infraction Policy

The CFB characterizes certain limited instances of non-compliance as “infractions” rather than as violations for those campaigns which otherwise have strong compliance records. The CFB may assess a monetary penalty of up to \$500 for each infraction and will make a determination in public session that an infraction has occurred. Any non-compliance for which the penalty exceeds \$500 cannot be considered an infraction. Infractions will be noted in the final audit report for the campaign.

Disclosure Statement Infractions

If you attempt in good faith to submit a complete disclosure statement on or before the filing deadline, but the statement is rejected, the late filing will be considered an infraction if the statement is refiled in an acceptable form within two business days after notification of the rejection. **This will apply to only one disclosure statement per election cycle.** If other disclosure statements are late, the later disclosure statements, as well as the first one, will be considered violations and additional penalties will be assessed as appropriate.

Contribution Infractions

Contribution infractions include a campaign's acceptance of up to a **total** of three of the following prohibited contributions during the election cycle:

- a corporate contribution of \$250 or less that is returned to the contributor upon notification from the CFB staff;
- a contribution from an unregistered political committee of \$250 or less that is returned to the contributor upon notification from the CFB staff (Program participants only); and
- an over-the-limit contribution that is no greater than \$500 over the applicable contribution limit if the over-the-limit portion of the contribution is returned to the contributor upon notification from the CFB staff.

If a fourth impermissible contribution is received, the three previous contributions and all subsequent contributions will be converted to violations and additional penalties will be assessed as appropriate. The policy will cover only three contributions in the above categories combined. Therefore, if a candidate accepted two corporate and two over-the-limit contributions, all four contributions would be treated as violations.

If a campaign properly returns a prohibited contribution (or the over-the-limit portion of a contribution) on its own **before** notification by the CFB staff, the acceptance of the contribution will not be considered an infraction or violation. The campaign must be able to show that the timing of the correction preceded notification from the CFB staff of the infraction or violation. The infraction policy does not affect the CFB's suspension of public funds for impermissible contributions. If, during a statement review, the CFB staff identifies a contribution that constitutes an infraction, public funds will be suspended until the prohibited contribution (or over-the-limit portion of the contribution) is returned to the contributor. However, the Board may approve payment on a payment date subject to correction of certain easily correctable violations, therefore minimizing delays in payment to your campaign if corrections are made promptly.

The contribution infraction policy does not apply to limited participants.

Expenditure Limit Violations (Program participants and limited participants only)

For expenditure limit violations, the Campaign Finance Act provides for a civil penalty of up to three times the amount by which the spending limit has been exceeded. In addition to assessing penalties for such violations, the CFB may deny any additional public funds payments to campaigns that exceed the expenditure limits, and/or may require the return of public funds already paid to such campaigns.

The baseline recommended penalties for expenditure limit violations are as follows:

Percentage of amount spent over the expenditure limit	Baseline Penalty
Spent less than 2.5% over the limit	The amount spent over the limit
Spent 2.5% – 4.9% over the limit	1.5 times the amount spent over the limit
Spent 5% – 9.9% over the limit	2 times the amount spent over the limit
Spent 10% – 14.9% over the limit	2.5 times the amount spent over the limit
Spent 15% or more over the limit	3 times the amount spent over the limit

In addition to these baselines, the CFB staff will evaluate any aggravating or mitigating factors, and increase or reduce the baseline recommended penalty accordingly.

Failure to Respond to Audit Requests

A campaign's failure to respond to a request for audit documentation or a draft audit report is a serious violation because it obstructs the Board's ability to perform its mandated responsibilities of verifying compliance with the law and, in the case of campaigns that have received public funds, insuring that those funds were used properly.

If the campaign has received public funds, the baseline penalty for failing to respond to a request for audit documentation or a draft audit report is 10% of the amount of public funds received. If the campaign has not received public funds, the baseline penalty is 1% of the larger of aggregate receipts or expenditures, up to a maximum penalty of \$10,000. A campaign's failure to respond to a request for audit documentation and a draft audit report represent separate violations, and the campaign may be assessed penalties for both violations. These baseline penalties apply to all offices and to Program participants, limited participants, and non-participants.

In addition to these penalties, failing to respond to a request for audit documentation or a draft audit report may result in a Program participant who has received public funds being required to repay some or all public funds received for the election. For example, a campaign may be obligated to return public funds because it has not demonstrated that the funds were spent on qualified campaign expenditures or because the receipts and expenditures reported by the campaign indicate that it had unspent campaign funds after the election that must be repaid to the Board.

If the campaign responds to penalties recommended by the Board staff by supplying the complete documentation and information requested by the Board, the staff may reduce its recommended penalty.

Penalty Assessments

Once the CFB staff has determined a recommended penalty amount, the Legal Unit will send you a Notice of Recommended Penalty, and will make a formal recommendation to the Board. The Notice of Recommended Penalty will outline the CFB staff’s findings, the recommended penalty, the deadline for your response, and the date of the Board meeting at which the Board will consider the matter. You can respond in writing and appear before the Board to present any factual information or legal arguments as to why the penalty should not be assessed or should be reduced, but you will not be permitted to appear if you have not submitted a timely, substantive written response. (This is to permit the Board an opportunity to read your response before the Board meeting.) **All documentation supporting your argument must be submitted to the CFB prior to the Board meeting, as outlined in your Notice of Recommended Penalty.** This is the only opportunity you will have to respond to the recommended penalty. Once the Board’s final determination is made, it cannot be reversed.

In determining the correct penalty to be assessed, if any, the Board will consider staff recommendations and any response by the campaign, and will apply any aggravating or mitigating factors it believes appropriate. The Board will make its determination in public session of a Board meeting, and you will receive written notice of the determination.

Penalty Payment

You (personally), your committee, and your treasurer are jointly and severally responsible for payment of any penalties assessed. Additionally, any agent of your committee or yourself may be responsible for payment. If you have been assessed a penalty during the election cycle and you are eligible to receive a public funds payment, the assessed penalty may be withheld from the public funds payment. If a penalty is assessed after the election cycle (during the final audit process), or has been assessed during the election cycle but after all public funds have been disbursed, you will have 30 days to make payment. If payment is not received within 30 days, the candidate’s name will be placed on the CFB’s web site as an individual who owes money to the Board (see “Outstanding Penalties and Repayments of Public Funds Owed,” www.nycffb.info), and litigation may be commenced by the CFB against the candidate, treasurer, and the campaign committee to recover sums owed.

Web Posting of Campaigns that Fail to File a Disclosure Statement Timely

The CFB will post to its web site after each disclosure statement a list of candidates — Program participants, limited participants, and non-participants alike — whose disclosure statements are not properly filed by the deadline date.

The posting will make clear that no actual finding of violation has been made, and that any appropriate violation and penalty determinations will be made after notice and opportunity to appear before the CFB.

IMPORTANT POINTS TO REMEMBER

- Use the ten-day grace period to scrutinize all contributions before you deposit them into your bank account.
- Proofread disclosure statements and backup documentation to catch violations and correct them before you are notified of the potential violations by the CFB staff.
- Submit your disclosure statements complete and on time.
- Contact the CFB before problems arise.
- Keep in regular contact with the Candidate Services Unit.
- Respond promptly to requests for information.
- Give complete responses to potential violations, both explanations and supporting documentation, to the CFB staff.
- Candidates and treasurers will be personally responsible for assessed penalties.
- Read all CFB materials, including the CFB Rules, Act, and the Campaign Finance Handbook.
- The CFB will post to its web site a list of candidates whose disclosure statements are not submitted by the deadline date.

WHERE TO FIND IT

For more information, please refer to:

- Penalties: *Campaign Finance Act* §§3-710.5, 3-711

COMMON PITFALLS REGARDING ENFORCEMENT AND PENALTIES

- Failing to meet your responsibility to comply with all Act and Board requirements.
- Failing to submit complete and timely disclosure statements.
- Failing to use the ten-day grace period to scrutinize all contributions before depositing them into your account.
- Accepting prohibited contributions.
- Exceeding the contribution limits.
- Exceeding the expenditure limits (Program participants and limited participants only).
- Failing to report and document transactions appropriately.
- Failing to respond promptly to CFB staff requests for information and documentation.
- Failing to respond to the Legal Unit's Notice of Recommended Penalty.
- Failing to pay an assessed penalty within 30 days.

running against a well-financed non-participant: the bonus situation

11

If you are running against a well-financed candidate who is not participating in the Program, you can qualify to receive additional public funds at an increased matching rate (“bonus matching funds”) and have your spending limit raised or removed. The first tier of the bonus situation is triggered when you are running against a non-participant who raises or spends more than half of the spending limit for your office but does not spend more than three times that limit. Tier 2 is triggered when a non-participating opponent spends over three times the limit. These bonuses exist so that Program participants are not unfairly handicapped when facing well-financed opponents who have chosen not to adhere to the Program’s strict spending limits.

This chapter will address the following topics:

- Qualifying for the bonus situation.
- Benefits of the bonus situation.

Qualifying for the Bonus Situation

You can qualify for the bonus situation if **both** of the following criteria are met:

1. Your opponent does not participate in the Program; **and**
2. Your opponent raises or spends more than half of the spending limit for your office for Tier 1 or raises or spends more than three times the limit for Tier 2.

The CFB will examine the disclosure statements of non-participating candidates to decide whether you are entitled to these additional benefits. If you believe that your non-participating opponent triggered the bonus, you may file a petition with all relevant evidence with the CFB. The CFB may conduct a hearing at which you and other parties may be invited to appear.

Keep in mind that you only qualify for the bonus situation for one election. If you are in the bonus situation for the primary election, you will not necessarily qualify for the bonus situation for the general election.

*Do you think you qualify for the bonus situation?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Benefits of the Bonus Situation

If you qualify for the Tier 1 bonus situation, the CFB will match your contributions from New York City residents at a rate of \$5 in public funds for every \$1 received, up to \$250 per contributor (rather than the normal \$4 for \$1, up to \$250), and the maximum amount in public funds you can receive will be raised from 55% of the spending limit to two-thirds of the spending limit. In addition, your spending limit will be increased by 50% **for that primary or general election in which you have qualified for the bonus situation.**

If you qualify for tier 2 of the bonus situation, the CFB will match your contributions from New York City residents at a rate of \$6 in public funds for every \$1 received up to \$250 per contributor. And the maximum public funds you can receive will be raised to 125% of the spending limit and the spending limit will be removed entirely.

Bonus Matching Funds					
OFFICE		MATCHING RATE*	TRIGGER AMOUNT†	EXPENDITURE LIMITS	MAXIMUM PUBLIC FUNDS
Mayor	tier 1	4:1 ▶ 5:1	\$2,864,001	\$5,728,000 ▶ \$8,592,000	\$3,150,400 ▶ \$3,818,667
	tier 2	6:1	\$17,184,001	no limit	\$7,160,000
Public Advocate/ Comptroller	tier 1	4:1 ▶ 5:1	\$1,790,501	\$3,581,000 ▶ \$5,371,500	\$1,969,550 ▶ \$2,387,333
	tier 2	6:1	\$10,743,001	no limit	\$4,476,250
Borough President	tier 1	4:1 ▶ 5:1	\$644,501	\$1,289,000 ▶ 1,933,500	\$708,950 ▶ \$859,333
	tier 2	6:1	\$3,867,001	no limit	\$1,611,250
City Council	tier 1	4:1 ▶ 5:1	\$75,001	\$150,000 ▶ 225,000	\$82,500 ▶ \$100,000
	tier 2	6:1	\$450,001	no limit	\$187,500

* Because matchable contributions are still limited to \$250 per contributor, the bonus matching rate brings the maximum public funds available per contributor up from \$1,000 to \$1,250 for tier 1 and \$1,500 for tier 2.

† Amount of money raised or spent by the non-participant that triggers the bonus.

You will not receive additional public funds or have your spending limit removed until the CFB has notified you that it has determined that a non-participating candidate has raised or spent the trigger amount.

example:

Ms. Memoli, a candidate in the Program for City Council, is opposed in the primary by Mr. Jones, a non-participant who has spent \$80,000. Because the CFB has verified that Mr. Jones has spent over half of the \$150,000 spending limit for City Council candidates, Ms. Memoli will qualify to receive matching funds at an accelerated 5-to-1 rate. Because Ms. Memoli has \$10,000 in matchable contributions at the time of the first public funds payment, she can receive \$50,000 in public funds (up from \$40,000).

In her next disclosure statement, Ms. Memoli has an additional \$15,000 in matchable contributions. Ms. Memoli might expect to receive another \$75,000 ($\$15,000 \times 5$) in public funds. Since she has already received \$50,000 in public funds, however, and the limit in total public funds for Council candidates in a tier 1 bonus situation is \$100,000, she can only receive an additional \$50,000 from the CFB. Ms. Memoli can continue to raise and spend funds, but will not receive more public funds for the primary election. (The maximum in public funds for City Council candidates not in a bonus situation is \$82,500 per election.)

Since she qualified for the bonus situation, Ms. Memoli's primary election spending limit is raised by one half. If she appears on the ballot in the general election, however, she must adhere to a \$150,000 spending limit for that election, unless the CFB again confirms that she is running against a well-financed candidate who is not participating in the Program and who has triggered the bonus situation.

IMPORTANT POINTS TO REMEMBER

- You are only eligible for the bonus situation if you are competing against a candidate who is not participating in the Program and who has raised or spent more than half of the spending limit for your office.
- You may petition the CFB if you believe your opponent has triggered the bonus situation in your race.
- The CFB will notify you if it has determined that you qualify for the bonus situation.
- If you qualify for the bonus situation, your contributions will be matched at a higher rate, you will have a higher maximum public funds limit, and your expenditure limit may be lifted.
- The bonus situation applies only to the primary or general election in which you are facing a well-financed non-participant.

WHERE TO FIND IT

For more information, please refer to:

- Expenditures limitations; additional financing and limits: *Campaign Finance Act, §3-706, CFB Rules, Chapter 7, rule 7-03*

COMMON PITFALLS REGARDING THE BONUS SITUATION

- Not examining or collecting evidence of your non-participant opponent's fundraising and spending to determine if the bonus situation has been triggered.
- Not filing a petition with the CFB when you believe your non-participant opponent has triggered the bonus situation.
- Exceeding the spending limit without being notified by the CFB that the bonus situation has been triggered.
- Failing to realize that the bonus situation only applies to the primary or general election for which the CFB has informed you that the bonus situation has been triggered, and does not carry over to any subsequent election.

If no candidate for a citywide office receives at least 40% of the vote in a primary election, there will be a subsequent run-off primary election between the two leading candidates to determine the party's nominee. The Program provides specific requirements for participants involved in a run-off primary election.

This chapter will address the following topics:

- Demonstrating that a run-off election is “reasonably anticipated.”
- Establishing a run-off election bank account.
- Contribution limits.
- Expenditure limits.
- Public funds.
- Transfers involving run-off election accounts.

If you are running for citywide office in a primary election that includes three or more candidates, it is possible that no one candidate will receive more than 40% of the vote. If this occurs, there will be a run-off primary for the two leading candidates. If you believe a run-off primary election is likely to occur, you must adhere to the following requirements **prior to raising and spending funds for the run-off primary election:**

1. Demonstrate to the CFB that a run-off election is “reasonably anticipated.”
2. Establish a separate run-off bank account.

Demonstrating that a Run-Off Election is “Reasonably Anticipated”

You cannot begin to raise or spend funds for an anticipated run-off election until the CFB determines that a run-off election is “reasonably anticipated”. You can present evidence to the Board that a run-off election is reasonably anticipated by requesting to appear before the Board at a scheduled Board meeting, and/or by submitting evidence to the CFB in writing.

You have the burden of demonstrating that a run-off primary is reasonably anticipated. There are several ways you can do this, including but not limited to citing:

- Polling data.
- Press coverage.
- Financial activity of the candidates who are involved in the primary election.

Establishing a Run-Off Election Bank Account

Once the Board has determined that a run-off election is reasonably anticipated, you must then establish a run-off election bank account before you can raise and spend money for the run-off election. All run-off election contributions must be placed only in this separate run-off election account.

Until a primary election is held that results in a run-off primary election, each solicitation of run-off primary contributions must expressly state that the contributions are being solicited only for a run-off election that may not occur, and candidates must stop accepting contributions for a run-off primary once the run-off is no longer reasonably anticipated or the CFB rules it is no longer reasonable to anticipate such a run-off primary.

Disbursements from the run-off election account may not be made until after primary election day.

When submitting disclosure statements to the CFB, you must include a copy of the most recent bank statement for your run-off election account.

Contribution Limits

Once the Board makes a determination that a run-off primary election is reasonably anticipated and you have established a run-off bank account, you may begin to accept additional contributions for the run-off election. The run-off election contribution limit equals one half the applicable contribution limit. You may collect this amount even from a contributor who gave the maximum contribution for the primary/general elections.

2005 CONTRIBUTION LIMIT	2005 RUN-OFF PRIMARY CONTRIBUTION LIMIT
\$4,950	\$2,475

All the Program’s requirements regarding full disclosure and proper recordkeeping apply to run-off election contributions as well. (For more information on recordkeeping for contributions, see page 2-21.)

Expenditure Limits

The expenditure limit in a run-off primary election is one-half the amount of the applicable limit in the primary election. All the Program's requirements regarding full disclosure and proper recordkeeping apply to run-off election expenditures as well. (For more information on recordkeeping for expenditures, see page 3-18.)

OFFICE	2005 PRIMARY ELECTION EXPENDITURE LIMIT	2005 RUN-OFF PRIMARY ELECTION EXPENDITURE LIMIT
Mayor	\$5,728,000	\$2,864,000
Public Advocate	\$3,581,000	\$1,790,500
Comptroller	\$3,581,000	\$1,790,500

Public Funds

If you are involved in a run-off election, you will receive a public funds grant equal to 25% of the public funds payments you received for the primary election. The Board will make all final payment determinations as soon as possible once the run-off has been announced by the BOE. All the Program's requirements regarding public funds apply to run-off election public funds payments as well. (For more information on public funds, see Chapter 7.) If you receive public funds for the run-off, you will be required to document qualified run-off expenditures at least equal to the run-off public funds received.

example:

Mayoral candidates Lincoln, Carter, Stanley, and Marquez appeared on the Democratic Party ballot for the primary election. Candidates Lincoln and Carter each received 34% of the vote, while candidates Stanley and Marquez each received 16% of the vote. Since no candidate received at least 40% of the vote, the two leading candidates (Lincoln and Carter) will compete in a run-off primary. Candidate Lincoln received \$2,500,000 in public funds for the primary election and candidate Carter received \$2,000,000 in public funds. Therefore, candidate Lincoln will receive a public funds grant in the amount of \$625,000 and candidate Carter will receive a public funds grant in the amount of \$500,000 to use for the run-off primary election.

Transfers Involving Run-Off Election Accounts

Contributions accepted for a run-off primary election may not be commingled in any account with any receipts accepted for any other election or used for a primary or general election held in the year that the run-off primary is held or anticipated, except that, such funds can be transferred:

- from a primary and/or general election account to a run-off primary account after the primary election so that the funds transferred may be spent in the run-off primary.
- from a run-off primary account to a primary/general election account after the run-off primary is held so that the funds transferred may be spent in the general election. (This can only be done if the run-off primary is actually held **and** you were a candidate in the run-off election.)

These transferred funds are subject to the Program's contribution limits and prohibitions and are not matchable. In addition, the contributions and/or receipts that you transfer must be transferred in reverse chronological order (the last contribution or receipt that you receive must be the first one transferred). (For more information on transfers, see page 5-10.)

If a run-off election does not take place, or if it does, but you are not a candidate in the run-off, the run-off election account may not be used for primary or general election expenditures and the account is frozen until January 12, 2006 or until the day you pay your last liability from your last election, whichever is earlier. Once the funds are again accessible, they can be spent in accordance with state law.

*Questions about run-off elections?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

IMPORTANT POINTS TO REMEMBER

- The Board must determine that a run-off election is “reasonably anticipated” before you may begin raising or spending funds for that election.
- You must establish a separate bank account and keep run-off funds separate from your primary and general elections funds.
- The contribution limit for run-off elections is one half the applicable contribution limit for citywide offices.
- The expenditure limit for run-off elections is one half the applicable expenditure limit for the primary election.
- If you are involved in a run-off election, you will receive a public funds grant equal to 25% of the public funds payments you received for the primary election.

WHERE TO FIND IT

For more information, please refer to:

- Anticipated run-off primary elections: *CFB Rules, Chapter 1, rule 1-04(q)*
- Run-off disbursements: *CFB Rules, Chapter 2, rule 2-06(c)*
- Run-off election expenditure limit: *Campaign Finance Act § 3-706(b)*
- *Advisory Opinion No. 2001-3 (May 17, 2001)*
- *Advisory Opinion No. 2001-7 (June 14, 2001)*
- *Advisory Opinion No. 2001-10 (August 23, 2001)*
- *Advisory Opinion No. 2001-11 (September 7, 2001)*

COMMON PITFALLS REGARDING RUN-OFF ELECTIONS

- Not presenting evidence to the Board demonstrating that a run-off election is likely to occur. You have the burden of demonstrating that a run-off election is “reasonably anticipated.”
- Raising or spending money in expectation of a run-off election without the CFB’s approval.
- Raising and spending money for a run-off election using your primary and/or general election bank account. Once the Board determines that a run-off election is reasonably anticipated, all run-off election contributions must be placed in a separate run-off election bank account and all expenditures in the run-off must be made from that account.
- Exceeding the run-off election contribution and expenditure limits.
- Transferring receipts from a primary and/or general election account to a run-off primary account before the primary election.
- Transferring receipts from a run-off primary account to a primary and/or general election account before the run-off primary.
- Not adhering to the same recordkeeping guidelines that apply to the primary and general election.
- Failing to submit bank statements for the run-off account with your disclosure statements.

Regardless of the outcome of the primary or general election, you are required to adhere to all Program requirements.

This chapter will address the following topics in detail:

- Post-primary election activity determined by general election ballot status.
- Updating campaign information.
- Post-election spending.
- Post-election audit.
- Running for office in a new election cycle.

Post-Primary Activity Determined by General Election Ballot Status

On the General Election Ballot

If you are on the ballot for the general election, you are required to file all general election disclosure statements complete and on time. If you are eligible to receive public funds for the general election, you will receive those funds according to the election payment schedule (see page 7-11 for anticipated general election payment dates). If you anticipate a public funds payment after the general election, you will not receive it until the post-election audit is completed and the CFB makes a final determination.

Not on the General Election Ballot

If you are not on the ballot for the general election, you are required to file the following disclosure statements after the primary election:

- Statement 13, due September 23, 2005, and
- Statement 17, due January 17, 2006 (the final disclosure statement).

These statements must be filed complete and on time. If you are eligible for an additional public funds payment, you will not receive that payment until the post-election audit is completed and the CFB makes a final determination. Post-election audits for candidates not appearing on the general election ballot may begin during the general election, even though you have not submitted your final disclosure statement. Although you are no longer campaigning for office, you are still required to adhere to all Program requirements.

Updating Campaign Information

The CFB will need to remain in contact with you until the post-election audit process is completed. It is your responsibility to keep the CFB updated with your current contact information, any changes to your campaign staff, and the location of your campaign records. You should send these changes in writing.

*Do you need to change your contact information?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csuemail@nyccfb.info.*

Post-Election Spending

You are severely limited in the post-election expenditures you can make. Until you have repaid the CFB any unused or owed public funds, you may only make **modest** post-election expenditures for routine activities involving nominal costs associated with winding up a campaign and responding to the post-election audit.

The following expenditures are permitted winding-up expenditures:

Expenditures permitted after the elections are limited because public funds are provided in order to assist candidates in election campaigns, and excess funds must be returned.

- utility bills and rent;
- taxes and other reasonable expenses for compliance with applicable tax laws;
- reasonable staff salaries and consultancy fees for responding to the post-election audit;
- interest expense;
- reasonable moving expenses related to closing the campaign office;

- a holiday card mailing to contributors, campaign volunteers, and staff; and
- thank-you notes for contributors, campaign volunteers, and staff.

The following expenditures are not permitted as winding-up expenditures:

- post-election mailings other than those specifically mentioned above;
- making contributions;
- making bonus payments or gifts to staff and volunteers;
- hosting a post-election day event, including but not limited to any meal or party; and
- making expenditures for transition and inauguration activities.

*Questions about post-election expenditures?
Please call the Candidate Services Unit at (212) 306-7100
or e-mail us at csumail@nyccfb.info.*

Post-Election Audit

The CFB will conduct a post-election audit of all Program participants. The Audit Unit will attempt to issue all draft audits before the end of the calendar year following the year of the election. The purpose of the post-election audit is to ensure that your committee has complied with the contribution and spending limits, as well as all other Program requirements. One of the most important components of the post-election audit is the review of documentation of qualified expenditures to ensure that public funds that were (or will be) paid were used for qualified purposes.

During the post-election audit, the Audit Unit will review all transactions to ensure that your financial activity has been accurately reported. In addition, the Audit Unit will verify that your backup documentation for contributions has been maintained. Finally, the post-election audit will also review your expenditures to ensure that public funds were spent in accordance with Program requirements. **You must be able to document that your qualified expenditures equal or exceed the amount of public funds you received for each election. If you cannot, you must repay the difference to the Public Fund.**

The post-election audit is a thorough and sometimes lengthy and time consuming process, consisting of various correspondences between you and the CFB. To facilitate this process, it is necessary to have all your financial records (bank statements, receipts, etc.) on hand and well ordered. Failure to produce documents requested by the CFB in a timely manner will prolong the audit process, hinder the CFB from accurately assessing your compliance with the Program, and could result in the CFB assessing penalties or requiring a return of public funds. You should use the period before your

post-election audit begins to organize all financial documentation and to obtain any missing records. If you keep your campaign records in an organized manner during the election, your task in preparing for the post-election audit will be much simpler.

The post-election audit will take place either through the mail or, in a manner similar to the compliance visit, at the location where the records are kept. You are responsible for promptly supplying the CFB with requested documents.

Mail Audit

Many campaigns will have their post-election audit conducted through the mail. If your post-election audit is conducted through the mail, you will be asked to supply various documents (copies of bank statements, receipts, returned checks, front and back of cancelled checks, invoices, etc.) to the CFB. You will be given about three weeks to respond to the CFB's request for documentation. Failure to submit the documentation in a complete and timely manner may result in the CFB assessing penalties or requiring you to repay public funds.

Field Audit

Some campaigns will be visited by a CFB auditor who will conduct your post-election audit. If your post-election audit is scheduled to take place at the committee headquarters and/or the location where the records are kept, you will be responsible for having all the records available during the visit. In addition, you may be required to prepare copies of specific documents requested by the CFB auditor. The Audit Unit will use these documents to determine your campaign's compliance with the Program requirements. Failure to produce these documents may result in your being assessed a financial penalty or requiring you to repay public funds.

Post-Election Draft Audit Report

Once the documentation review portion of the post-election audit has been completed, the CFB will prepare a draft audit report detailing findings about your level of compliance with Program requirements and in some cases requesting further information about certain transactions. The main purpose of the draft audit report is to list findings that indicate discrepancies and Program violations and to provide you with an opportunity to respond with more documentation or further explanation. The draft audit report will also indicate any public funds your committee must repay to the Public Fund or list any additional public funds your committee may be entitled to receive.

The draft audit report is your final opportunity to respond to the Audit Unit's findings. If you disagree with the Audit Unit's findings, you are encouraged to submit detailed explanations with corresponding documentation illustrating why you believe the Audit Unit's findings are not applicable. Your response may include having to amend your disclosure statements to report previously unreported or misreported items. You must respond to the Audit Unit's requests for information and to the draft audit report in a timely manner. **If you do not respond to the draft audit report, the final audit report will be prepared without your response, you will be**

assessed a financial penalty up to 10% of the public funds you received, and you may be required to repay all public funds received.

Post-Election Final Audit Report

The final audit report will be the CFB's final determination of your compliance with the Program. It will be a final accounting of your campaign to the voters and taxpayers. The final audit report will be based on the draft audit report and your response to its findings. The final audit report is a public document and will be placed in the CFB's public file and will be posted on the CFB's web site. It will include all penalties assessed by the CFB and all requests for the return of public funds. Remember the candidate, treasurer, and principal committee are responsible for the payment of all penalties assessed and repayments of public funds. You must pay all penalties and/or repay all public funds within 30 days, or the candidate's name will be posted on the CFB's web site as an individual who owes money to the Board (see "Outstanding Penalties and Repayments of Public Funds Owed," at www.nyccfb.info), and the CFB may begin litigation against the candidate, the treasurer, and the principal committee to recover the sums owed.

Review of Final Public Funds Payments and Repayment Obligations

In certain circumstances, you may ask the Board to review a final public funds payment or repayment obligation. You must submit this petition within thirty days of the date of the final audit report. In reviewing your petition, the Board will not consider documentation or factual information for use in its review if you had not already given that documentation or information to the Board prior to the final payment or repayment determination, unless you can demonstrate a good reason for failing to provide the documentation or information earlier. If you believe you are eligible to submit this type of petition, you should contact the Board's Legal Unit prior to filing the petition for guidance.

*Questions about post-election audits?
Please call the Audit Unit at (212) 306-7100.*

Record Retention

All records and documents must be kept for six years after the election. During that time, you must inform the CFB in writing of any changes in the location and custodian of these records and documents.

Retiring Post-Election Debt

When the current election is over and all public funds due to you have been paid, you may still have outstanding campaign debt. The following are points to keep in mind when deciding how to retire your post-election debt.

- Creditors should not contact the CFB concerning your debt. The CFB will not respond to creditors if they do call.
- You may continue to raise funds for your committee to pay off outstanding debt. You must, however, continue to abide by all Program rules and requirements corresponding to your election cycle.
- Contact the BOE regarding its reporting requirements.

Running for Office in a New Election Cycle

If you choose to run for office in another election cycle, you **must** open a new bank account and create a new principal committee before you begin to raise or spend any money for this new election. You **cannot** commingle funds from your last election committee with funds for your new election committee. Commingling funds may cause a reduction in the amount of public funds you will be eligible to receive in your next election and may result in the assessment of penalties. You will not be eligible to receive public funds for the new election until you repay all monies owed to the CFB.

IMPORTANT POINTS TO REMEMBER

- It is your responsibility to update your contact information prior to and after, the election with any new information.
- You are severely limited in the post-election expenditures you can make.
- You will receive a post-election audit.
- Post-election audits are a thorough and sometimes lengthy process.
- Post-election payments are not guaranteed.
- The candidate, treasurer, and the principal committee are responsible for the payment of penalties assessed and the repayments of public funds.
- You must continue to comply with Program rules when retiring post-election debt.
- You must submit a petition to review a final public funds payment or repayment obligation within thirty days of the date of your final audit report.

WHERE TO FIND IT

For more information, please refer to:

- Post-election contributions: *CFB Rules, Chapter 1, rule 1-04(m)*
- Post-election spending: *CFB Rules, Chapter 5, rule 5-03(e)*
- Record retention: *CFB Rules, Chapter 4, rule 4-03*
- Audits: *CFB Rules, Chapter 4, rule 4-05*
- Post-election payments: *CFB Rules, Chapter 5, rule 5-01(m)*
- Review of final public funds payments and repayment obligations: *CFB Rules, Chapter 5, rule 5-02(a)*

COMMON PITFALLS REGARDING POST-ELECTION ACTIVITY

- Not filing the required disclosure statements following your last election.
- Failing to keep the CFB updated with your current contact information.
- Making impermissible post-election expenditures, such as for parties and bonuses to staff.
- Failing to respond to post-election audit requests in a complete and timely manner.
- Failing to understand that the post-election audit is a thorough and sometimes lengthy process, consisting of a great deal of correspondence between you and the CFB, and that the sooner you provide a complete response to CFB requests, the sooner the post-election audit will be concluded.
- Failing to maintain records for six years after the election.
- Relying on a post-election public funds payment to pay off outstanding campaign debt. Keep in mind that the post-election audit is a thorough and sometimes lengthy process, and if you are entitled to a post-election payment, it will not be made until the post-election audit is completed.

Elected candidates who wish to raise or spend funds for their transition and inauguration into office must create and register a Transition and Inauguration Entity (“TIE”) with the CFB.

This chapter will address the following topics:

- Registering transition and inauguration entities.
- Donation limits.
- Restricted donations.
- Spending.
- Filing deadlines.
- Recordkeeping.

Registering Transition and Inauguration Entities

Before you raise or spend any private funds for your transition and inauguration into office, you must register a TIE with the CFB. This requirement applies to all candidates elected to the office of mayor, public advocate, comptroller, borough president, or City Council, whether or not they participated in the Program. You may **not** use your existing principal committee or **any** other political committee to raise money for your transition and inauguration. Rather, you **must** create a new entity. Also, you may not transfer funds from any of your political committees or other entities you control to your TIE.

A separate registration form must be filed for each TIE, including information on the elected candidate, the TIE, its treasurer, and any other officer chosen to sign disclosure reports and the TIE’s bank accounts. The form must be signed by the elected candidate and the treasurer or other officer chosen to sign reports, and these signatures must be notarized.

Donation Limits

Elected candidates are prohibited from accepting monetary and in-kind donations from any one individual, corporation, partnership, political committee, employee organization, or other entity whose aggregate donation exceeds the following amounts:

Transition and Inauguration Donation Limits	
OFFICE	DONATION LIMIT
Mayor	\$4,500
Public Advocate	\$4,500
Comptroller	\$4,500
Borough President	\$3,500
City Council	\$2,500

You may choose to finance your TIE **entirely** out of your own personal funds. Please keep in mind that in doing so, you cannot accept donations from any other individual or entity.

You may not accept cash donations from a single donor that exceed \$100.

Loans not repaid by the date of your inauguration are considered donations subject to the donation limits.

Donations from affiliated donors are considered donations from the same source. The total of all donations given from affiliated donors, when added together, must not exceed the donation limit for a single donor.

Donations, including those deposited into a TIE account, cannot be accepted after January 31st in the year following the election. If you do so, you will be penalized by the CFB.

Restricted Donations

You may not accept donations from political committees unless they have registered with the CFB. To verify that a political committee is registered, check the CFB's web site at www.nyccfb.info, or call the Candidate Services Unit. If the political committee is not registered, **do not deposit** the donation into your bank account. It is your responsibility to ensure that a political committee is registered with the CFB, and if not, that the political committee registers before depositing its donation. Should you accept and keep a donation from an unregistered political committee, you may be assessed a financial penalty. If you have accepted a donation from an unregistered political committee, you must immediately refund the donation to the political committee with a certified or bank check. Political committees register with the CFB by completing and submitting a "Political Committee Registration Form." This form can be downloaded from our web site, www.nyccfb.info, or you can receive one by calling the Candidate Services Unit. In addition, your TIE may not receive or otherwise

use funds from any political committee you have authorized (regardless whether that committee is registered with the CFB).

Spending

Your TIE may only spend funds for your transition and inauguration into office. It cannot spend funds for any other purpose. Examples of transition expenditures include furniture, seminars, office rent, consulting, payroll, and phone bills, if they are made to help you transition to your newly elected office. Examples of inaugural expenses include catering, entertainment, payroll, invitations, printing, equipment rental, decorations, flowers, site rental, advertising, transportation, postage, and photography, if they are for an inaugural event.

Candidates who are re-elected to the same office are presumed to have no transition expenses — incumbent elected candidates are only permitted to incur expenses for their inauguration.

Once your TIE has paid all its liabilities relating to these activities, it must be closed and all remaining funds must be returned to one or more of the TIE's donors or, if that is impractical, to the Public Fund.

Any liabilities or expenses incurred after January 31st in the year following the election are illegal with the exception of nominal wind-up costs needed to terminate the entity such as bank fees, taxes, phone bills, and other reasonable expenses.

Filing Deadlines

Below is the table that shows the deadline dates for the 2005 TIE disclosure report and the period the report covers. You do not have to file TIE disclosure reports with the Board of Elections.

The First and Last Disclosure Period

The first disclosure report covers the period from the day the entity was registered through the last day of the month before the report is due (see schedule). The final report is due five business days after the TIE terminates its activities.

TIE Filing Deadlines*		
REPORT NUMBER	DUE DATE	DISCLOSURE PERIOD
1	January 9, 2006	TIE Registration Date – December 31, 2005
2	March 7, 2006	January 1, 2004 – February 28, 2006

* *The final report is due five business days after the TIE terminates its activities.*

Recordkeeping

The CFB will audit your TIE even if you were not a Program participant. You must keep clear and accurate records so that the CFB can confirm the accuracy of your disclosure reports and compliance with all TIE requirements. The records to be kept include the following:

- copies of deposit slips;
- copies of all checks or other documentation representing a donation or other receipt;
- receipts showing the value of in-kind donations;
- bills for goods or services provided;
- documentation of loans received, repaid, and forgiven;
- monthly billing statements or receipts for credit or charge card purchases and bank statements; and
- returned and cancelled checks.

You must keep your records for six years from the date of the TIE's registration.

IMPORTANT POINTS TO REMEMBER

- Before you raise or spend any private funds for your transition and inauguration into office, you must register a TIE with the CFB, regardless of whether you participated in the Program.
- You may not make transfers from other committees into your TIE.
- Your TIE may only spend funds for your transition and inauguration into office. It cannot spend funds for any other purpose.
- **Candidates re-elected to the same office are presumed to have no transition expenses — incumbent elected candidates are only permitted to incur expenses for their inauguration.**
- You may not accept cash donations from a single donor that exceeds \$100.
- You may not accept donations from political committees unless they have registered with the CFB.
- Any donations accepted or expenditures incurred after January 31 in the year following the election will be presumed to be for your next election and will be subject to the requirements governing that election.

WHERE TO FIND IT

- Registering a TIE: *CFB Rules, Chapter 11, rule 11-02*
- TIE disclosure reports: *CFB Rules, Chapter 11, rule 11-03*
- Transfer restrictions: *CFB Rules, Chapter 11, rule 11-04*
- Transition and inaugural donations and expenses: *Campaign Finance Act, §3-801*

COMMON PITFALLS REGARDING TRANSITION AND INAUGURAL ENTITIES

- Using your primary and/or general election account to make TIE expenditures.
- Failing to register your TIE with the CFB prior to raising or spending money for your transition and inauguration into office.
- Transferring funds from any of your political committees or other entities you control to your TIE.
- Making TIE expenditures for the purposes of retiring post-election debt.
- Making TIE expenditures when you are already in the office for which you have been re-elected.
- Making TIE expenditures for any other purpose other than transition and inauguration expenses.
- Transferring funds from your TIE after you have paid your last liability to another political committee; these funds must be returned to one or more of the TIE's donors.
- Accepting any donations or incurring any expenses after January 31st in the year following the election. Any donations accepted or expenditures incurred after January 31st in the year following the election will be presumed to be for your next election and will be subject to the requirements governing that election.
- Failing to repay loans in excess of the donation limit by the date of your inauguration.
- Not adhering to the recordkeeping and reporting guidelines that apply to the Campaign Finance Program.
- Holding “inauguration” events long after inauguration day.

Campaign Finance Program participants running for citywide office (mayor, public advocate, or comptroller) who meet an objective, non-partisan and non-discriminating public support threshold must participate in a series of public debates. The debate program is administered by the CFB and it is the sponsors who state the public support threshold (consistent with the requirements of the Campaign Finance Act). Non-participating candidates who have met the same public support threshold applicable to Program participants may be invited by the debate sponsor to participate in the debate, but are not required to do so. The debates themselves are sponsored by various media and civic organizations chosen by the CFB. These debates are usually televised and are an effective way for candidates to get their message out to a large audience without spending campaign resources. Debates also serve as a vehicle for educating voters on issues and candidates' positions.

The CFB receives applications from organizations that want to sponsor one or more of the debates. Sponsors cannot be affiliated with any political party, candidate, or public official, and they cannot endorse any candidates for the pending primary or general election before the debates for that election are held. The CFB reviews the applications and chooses the organizations that in its view are best able both to reach a wide audience and to run a fair and impartial debate. For more information, contact the Press Unit at (212) 306-7145.

*Questions about the Debate program?
Please call the Press Unit at (212) 306-7145 or e-mail us at
info@nyccfb.info.*

The CFB publishes nonpartisan Voter Guides before each primary and general election that include information about candidates for mayor, public advocate, comptroller, borough president, and City Council, as well as local ballot proposals. Candidates who are not on the ballot will not be included. The Guides also provide general voting information. An English/Spanish version of each Guide is produced and mailed before the primary and general elections to every New York City household that has at least one registered voter and are also made available at a variety of public locations throughout the City. Voter Guides are produced in Chinese and Korean for registered voters residing in certain parts of Brooklyn, Manhattan, and Queens, consistent with the federal Voting Rights Act.

The Voter Guide is a unique and valuable resource, containing candidate profiles with biographical information, statements, and photographs provided by the candidates. The Voter Guide provides equal space to all candidates free of charge, regardless of whether they participate in the Program. The Guide also includes nonpartisan information about how and where to vote, how to register, the dates of the primary and general elections, and any local or state proposals that will be on the ballot. For the 2001 election cycle, Voter Guides were distributed to approximately 3.5 million registered New York City voters.

The CFB sends submission kits to all known potential candidates before the publication of each Voter Guide, usually in May of an election year. Letters are sent to government officials, party leaders, community groups, and others who may know of additional potential candidates. Information about submitting a statement for the Voter Guide is also provided to the media and published on the CFB's web site at www.nycffb.info. If you want to request a submission kit, or for more information about the CFB's Voter Guide, contact the Publications Unit at (212) 306-7100, or send email to voterguideinfo@nycffb.info. Once kits have been mailed to known candidates, they will also be available for download from the CFB's web site.

Questions about the Voter Guide?

Please call the Publications Unit at (212) 306-7100 or e-mail us at voterguideinfo@nycffb.info.

The New York City Council has passed legislation and the Campaign Finance Board has adopted rules that have resulted in important changes to the Program and will also affect candidates who do not participate in the Program. **Please be advised that the information below provides only a summary of the new rules and legislation.** Each topic is also covered in the appropriate chapter of this Handbook. To get a copy of the CFB Rules and Campaign Finance Act, call the CFB at (212) 306-7100 or visit the CFB's website: www.nyccfb.info.

Some legislative changes and rules simply codify CFB practices, while others make significant changes. A summary of the legislation and rules follows.

Candidate Participation

Non-participants

Disclosure, Audit, and Penalties

All candidates, whether or not they are participating in the Program, will be required to disclose all campaign activity with the CFB. Disclosure statements will be posted on the CFB website and reviewed by the audit staff. Any candidate who violates Program requirements may be subject to financial penalties.

Contributions

All contributions are subject to the Program's contribution limits, except for contributions from the candidates themselves. There is no limit on the amount that a non-participant can contribute to his or her own campaign. Non-participants can accept contributions from unregistered political committees, but can not accept corporate contributions.

Expenditures and Public Funds

Non-participants are not eligible to receive public funds and are not subject to the Campaign Finance Board expenditure limits.

Debate Program

Non-participating candidates may be invited to participate in the debate program, but participation in debates is not required.

Limited Participants

In addition to Program participants and non-participants, a new category called “limited participants” has been created for self-funded candidates who agree to be bound by expenditure limits and who do not want to trigger the bonus situation for their opponents. Limited participants are not permitted to accept contributions from anyone other than themselves, and may not accept any loans. In addition, although limited participants must abide by the expenditure limit, they will not be eligible to receive any public funds.

Getting started with the CFB

The Filer Identification Form (“FIF”), which used to be filled out by candidates participating in the Program before they certified with the CFB has been replaced by the Filer Registration (“FR”) and is now required from all candidates.

You must fill out the FR after you have established your committee bank account, registered your committee with the Board of Elections, and begun campaign activity. The CFB will not accept any disclosure statements until it has received your FR. Filing the FR does not require you to become a candidate for any particular office or to join the Program. If you want to be a Program participant and to be eligible to receive public funds, you must file a certification (see page 1-4) even if you have already filed an FR. Once you file the FR, you must file each subsequent disclosure statement completely and on time.

Contributions

Contributions by Campaign Vendors

The Program has always provided that monetary contributions received from individual New York City residents are the only contributions eligible to be matched and applied toward the threshold requirements. If the individual contributor is also a vendor or a principle of an entity that is a vendor to the campaign, his or her contribution is not eligible to be matched. This new provision does not apply to paid campaign employees.

Contributions Greater Than \$99

All contributions greater than \$99 must include the contributor’s employment information in order to be eligible to be matched. The CFB recommends that you obtain employer information for all contributions in case the contributor gives more money later in the campaign, resulting in aggregate contributions over \$99. In addition, the Board may suspend public funds payments entirely if your campaigns’ overall reporting of employment information, whether the contributions are matchable or not, is inadequate.

You must provide employment information for **all contributions** (even those under \$99) from someone who works for you or your spouse/domestic partner, or for a business (other than the

campaign) of which you or your spouse/domestic partner have more than 10% ownership, or hold a management position.

Campaign Spending

Please note: the CFB's most substantial penalties have generally been assessed for expenditure limit violations because there is no way to “correct” these violations after the election is over and because these violations can significantly affect the outcome of an election. In addition, as it has in the past, the CFB will suspend public funds payments to candidates who violate the spending limit. We may also require the candidate to return any public funds received even though the CFB has not required payment in the past.

Exempt expenditures

Candidates have two options for documenting exempt expenditures. The CFB will determine which option you have chosen based on your reporting of exempt expenditures up to and including disclosure statement 17.

Disclosure of Your Financial Activity

Transfers

Internet Delivery of Disclosure Statements

Candidates can now choose to file their disclosure statements using the new C-SMART Internet delivery system. This new feature allows candidates to submit disclosure statements via the Internet, using a password obtained from the CFB. Please remember that back-up documentation must still be hand delivered or mailed to the CFB by the statement due date.

Additional Disclosure Statements Beginning with the 2005 Election Cycle

To aid in your compliance efforts, the CFB will provide for additional pre-certification disclosure statements which will be due on March 15 and May 15 of the election year. In addition to providing valuable public disclosure, these statements will allow the CFB to provide early assistance to your campaign in complying with the Program and alerting you to potential violations to allow early correction of them. The new statements may help determine your eligibility for public funds earlier in the election year (although payments will not be made until after the Board of Elections' determinations on ballot status).

Statement 9 (Catch up statement)

Because all candidates for offices covered by the CFB are required to disclose their financial information as soon as campaign activity begins, Statement 9, which previously existed as a "catch up" statement for those who chose not disclose until later in the election cycle has been removed.

Public Funds

Threshold

The Program's threshold requirement for City Council now requires 75 rather than the previous 50 valid matchable contributions of \$10 or more from residents of your council district and \$5,000 in valid matchable contributions. Only the first \$250 of each valid matchable contribution will be counted towards meeting the threshold, rather than the previous \$1,000.

Public Funds Payment

The law requires the Campaign Finance Board to withhold 5% of your eligible public funds payment until the final payment date prior to the election.

Receiving Public Funds

New legislation codifies a long-standing requirement that if you ran in a previous election cycle and you still owe the CFB money for either an assessed penalty or the repayment of public funds, you will not be eligible to receive public funds for the 2005 election cycle until that debt has been paid.

Electronic Funds Transfer

In order to simplify payments from the Public Fund to a qualified campaign, the CFB now offers the option of an electronic funds transfer directly into the committee's bank account. In order to protect the campaign and verify the correct destination of the transfer, campaigns that would like to receive payments electronically must include the committee's bank routing number (or ABA/routing number) and attach a voided check from the committee account on the Certification form. All information pertaining to the payment will be sent to the campaign treasurer. If there are changes to your bank account at any time during the election, you will need to amend your Certification. The electronic funds transfer will not work if your campaign fails to provide the CFB with necessary updated information for the bank account, and this can delay your public funds payment.

Penalties

If you receive public funds but fail to respond to your draft audit, you will be assessed a financial penalty by the CFB of up to 10% of the public funds you have received, you will be required to repay **all** public funds previously received, and you may be assessed other penalties as well. Lesser penalties will accrue for candidates who respond to their draft audit late.

The Bonus Situation

If you are running against a well-funded non-participant you may be eligible to receive public funds at a higher rate than \$4-to-\$1. In addition, you may have your spending cap raised or lifted completely. The new legislation created a two-tiered bonus:

Tier 1 (\$5-to-\$1)

The Tier 1 bonus is triggered if your non-participating opponent raises or spends 50% to 300% the applicable spending limit. The CFB will match your contributions from individual New York City residents at a rate of \$5-to-\$1, up to \$250 per contributor (for a total of up to \$1,250 in public funds per contributor). The maximum amount in public funds you can receive will be increased from 55% to two-thirds of the spending limit, and the spending limit will be increased by 50%.

Tier 2 (\$6-to-\$1)

The Tier 2 bonus is triggered if your non-participating opponent raises or spends more than 300% of the applicable spending limit. The CFB will match your contributions from individual New York

City residents at a rate of \$6-to-\$1, up to \$250 per contributor (for a total of up to \$1,500 in public funds per contributor). The maximum amount in public funds these candidates can receive will be increased to 125% of the spending limit, and the spending limit will be lifted completely.

Transition and Inauguration Activity

Donation Limits

Donations cannot be accepted after January 31 in the year following an election. If you do so, penalties will be assessed by the CFB. You may choose to finance your Transition and Inauguration Entity (“TIE”) entirely out of your own personal funds. Doing so means you cannot accept donations from any other individual or entity.

Debate Program

If you are a Campaign Finance Program participant running for citywide office (mayor, public advocate, or comptroller), are on the ballot, have spent or received at least 20% of the public funds threshold, and satisfy any additional criteria set by the debate sponsors, you must participate in the first primary election and the first general election debates. If you are a Program participant and you do not meet this standard, you are not eligible to participate in the debates. The debate sponsor(s) will determine who are the “leading contenders”, on the basis of objective criteria, and will limit participation in the second primary and general election debates to those contenders. These debates are usually televised and are an effective way for candidates to get their message out to a large audience without spending campaign resources. Debates also serve as a vehicle for educating voters on issues and candidates’ positions.

Voter Guide

For the 2005 elections, Voter Guide statements from write-in candidates who do not otherwise appear on the ballot will not be included in the Voter Guide. The CFB also reserves the right to edit out or reject any inappropriate statements.

Use of Government Resources

The New York City Charter contains provisions about the appropriate use of government resources. These are in addition to the general provisions about conflicts of interest contained in Chapter 68 of the Charter and administered by the Conflicts of Interest Board.

Restrictions

A public servant, meaning any official, officer, employee of the city, including a community board member, and a paid member of an advisory committee, is prohibited from performing certain activities that are paid for with government funds or which government resources are expended. These restrictions on the use of government resources apply to public servants who are candidates for any elective office, not only those covered by the Campaign Finance Act.

Public servants may never use government funds or resources to make statements that help the public to elect or defeat a particular candidate for public office, a party or a ballot item, including statements on the Internet.

Election Year

A public servant, who is a candidate for any office, or their spouse/domestic partner, shall not appear or participate in any television commercials, radio advertisements, and print or electronic (Internet) advertisements which are paid for by the government, in the year of the election (January 1, 2005 – November 8, 2005).

90 Days Before Election

90 days prior to an election (starting June 15, 2005 for the primary and August 10, 2005 for the general), government funds or resources may not be used to mail or deliver mass mailings, consisting of over 100 identical or nearly identical items, to residents, voters or any other group, other than responses to specific inquiries or requests made by the public. The only exception to this rule is that one mass mailing may be sent no later than 21 days after the executive budget is passed and only to individuals inside the council district, borough or area represented by the candidate. The CFB may assess penalties for the violation of this provision and consider such communications in-kind contributions and expenditures.

Exclusions

Public servants are never prohibited from using government funds or resources for advertisements or communications required by law, communications necessary for the public's health or safety, or standard responses to inquiries and ordinary communications other than mass mailing. Also, legitimate news coverage in print or electronic media and debates and political forums are excluded from the prohibitions.

For more information, see New York City Charter Chapter 49 §1136.1 on the CFB's web site: www.nycfb.info.

appendix

Following is the Appendix to the Campaign Finance Handbook. It includes the following:

- Sample intermediary statement A-2
- Sample of backup documentation A-3
- How to handle checks that are not from individuals A-4
- How to claim matching funds for credit card contributions A-7
- Sample credit card authorization A-11
- How to handle exempt expenditures documentation A-12
- Sample daily wage record A-16
- Sample employee contract A-17
- Sample advance repayment voucher A-18
- Sample loan documentation A-19
- Sample detail payment report for primary election A-20
- Sample detail payment report for general election A-21
- Sample subcontractor disclosure form A-22
- Sample invalid matching claims (IMC) report A-23
- A description of invalid contribution codes A-24

Reproducible Forms

- Blank subcontractor disclosure form A-36
- C-SMART Internet Delivery System Password Request form A-38
- Blank credit card authorization form A-40
- Change of address request A-42
- Change of bank account request A-44
- Contribution card A-46
- Segregated account/non-matchable contribution card A-48

Intermediary Statement

SAMPLE

Committee Name: Friends of Easley
Intermediary's Name: Thomas Winchester
Home Address: 37 Burlap Lane
City/State/Zip: Hastings, NY 11068
Employer: Frank's Sporting Goods
Occupation: Salesperson
Business Address: 133 Crescent Street
City/State/Zip: Hastings, NY 11068

<u>Contributor's Name</u>	<u>Amount Contributed</u>
1. <u>John Smith</u>	<u>\$25</u>
2. <u>Jane Doe</u>	<u>\$1,000</u>
3. <u>Juan Gonzalez</u>	<u>\$650</u>
4. <u>Ralph Gomez</u>	<u>\$300</u>
5. _____	_____
6. _____	_____
7. _____	_____
8. _____	_____
9. _____	_____
10. _____	_____

Attach additional pages if the intermediary has more than ten (10) intermediated contributions.

I understand that the making of false statements in this document is punishable as a Class E felony pursuant to Section 175.35 of the Penal Law and/or a Class A misdemeanor pursuant to Section 210.45 of the Penal Law.

I hereby affirm that I did not, nor to my knowledge, did anyone else, reimburse any contributor in any manner for his or her contribution and none of the submitted contributions was made by the contributor as a loan.

Intermediary's Signature Thomas Winchester **date** 3/5/05

Backup Documentation

SAMPLE

Example of a referenced check contribution

<i>Jane and Thomas Henley</i> 44-22 Roosevelt Avenue Jackson Heights, NY 11372	13/188	280
	DATE	September 5, 2005
Pay to the order of:	Friends of Paul Harvelle	\$ 800
	Eight Hundred Dollars ^{xx} / ₁₀₀	DOLLARS
MEMO	good Luck!	<i>Thomas Henley</i>
:000067874 : 12345678		

Example of a referenced cash contribution

Contribution Card		6/99
Committee Name <u>Friends of Paul Harvelle</u>		
<input checked="" type="checkbox"/> Cash	<input type="checkbox"/> Money Order	in the amount of \$ <u>50</u>
Name <u>Larry Diaz</u>		
Home Address <u>100 1st Avenue</u>		
City/State/Zip <u>Brooklyn, NY 11234</u>		
To comply with Campaign Finance Reporting Rules, please give the following information:		
Employer <u>NYC Public Library</u>		
Occupation <u>Librarian</u>		
Business Address <u>200 Second Avenue, Brooklyn, NY 11209</u>		
I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal funds, is not being reimbursed in any manner, and is not being made as a loan.		
<i>Larry Diaz</i>		<u>1/10/05</u>
Contributor's Signature		Date of Contribution

CHECKS NOT FROM INDIVIDUALS

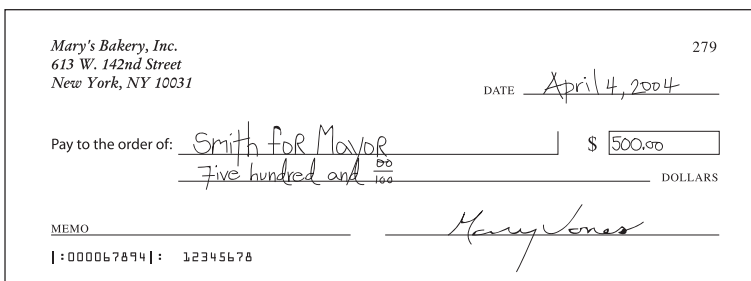
Contributions that are not from individual New York City residents are not matchable with public funds. The CFB reviews the backup documentation which you provide to ensure that each contribution that you claim for matching funds is from an individual New York City resident. The following discusses the most common situations when contributions are invalidated for not being from an individual. There, however, may be other situations when the CFB determines that a check is not from an individual. If you have any questions why a specific claim was invalidated, contact the CFB’s Payment staff at (212) 306-7100.

Contribution from a Business

Sometimes a contribution is reported as being from an individual when the check provided is from the contributor’s business. The claim will be invalidated and shown as invalid on your Invalid Matching Claims Report.

example:

Candidate Smith reports a contribution from Mary Jones. When the CFB reviews the backup documentation, the check for this transaction looks like:



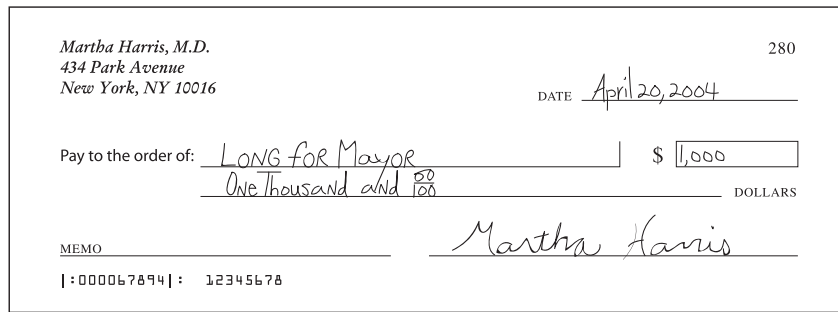
Because this check is from Mary’s business and not from her as an individual, the CFB will invalidate it. In this example, Candidate Smith must refund this contribution with a bank or certified check because Mary’s Bakery is incorporated.

Contributions Suspected of Being from a Business

The CFB also will invalidate contributions that appear to be from businesses and not from individuals. In doing this, the CFB will assume that checks that include professional titles, such as Esq., M.D., and Attorney at Law are business checks. When the check supporting the contribution bears one of these titles, however, the CFB may not invalidate the claim if information such as the contributor’s reported home address, occupation, employer information, and the address printed on the check indicate that the check is not a business check. Because each dollar of matching claims can be matched with four dollars of public funds, the CFB takes a conservative approach to ensure that public funds are not improperly paid on a non-matchable contribution.

example:

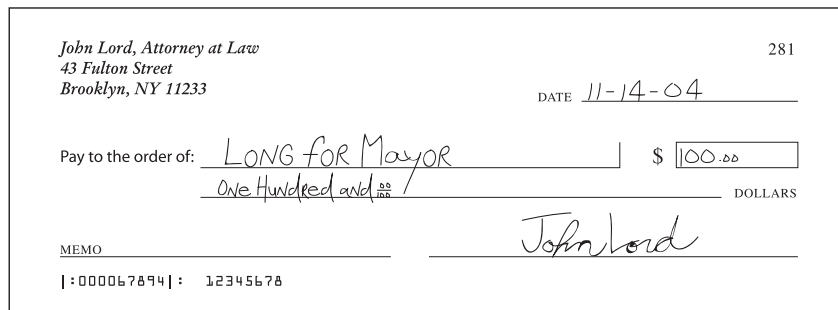
Long for Mayor reports a contribution from Martha Harris. The check supporting this claim looks like:



The Committee has reported Martha’s home address as 34 East 74th Street, New York, New York and her employer as Eastside Medical Associates, 434 Park Avenue. The CFB would not invalidate this contribution because despite the professional title and the fact that the address on the check is her business address, the check appears to be from Martha as an individual (a business check would likely be from Eastside Medical Associates and not from Martha personally).

example:

Long for Mayor reports a contribution from John Lord with a home address of 43 Fulton Street, Brooklyn, New York. The check supporting this claim looks like:



The Committee has reported that John is self-employed. The CFB would invalidate this contribution because it appears that this is a check from John’s law practice and not from him personally.

Correcting Invalid Claims

Note that some claims (like “contributions from a business”) are by definition not matchable. To avoid having these claims appear on subsequent Invalid Matching Claims Reports, you may:

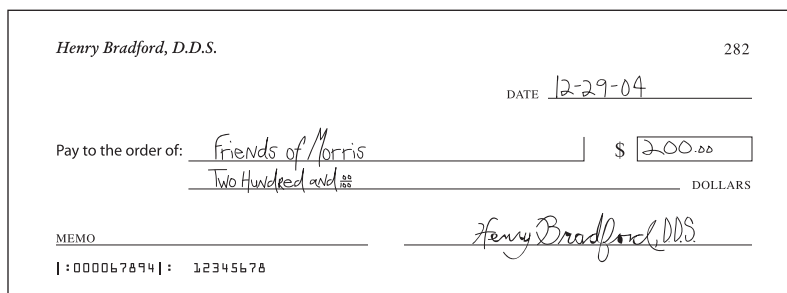
- Withdraw the matching claim.
- Refund the contribution. (If the contribution is from a prohibited contributor, like a corporation, the contribution must be refunded by certified or bank check.)

For other contributions, you may:

- Supply additional information about the contributor and his or her employer.

example:

Friends of Morris reports a contribution from Henry Bradford. The Committee reports Henry’s address as 40-28 28th Place, Queens, New York, but does not report any employer information. The check supporting this claim looks like:



The CFB initially invalidates this claim because it is unclear whether the contribution is from an individual. Friends of Morris amends its disclosure statement to report Henry’s employer as Flushing Dental Practice, 38 Main Street, Flushing, New York, and his occupation as dentist. Based on this new information, the CFB would then likely validate this claim.

- Supply additional documentation.

The CFB, however, will **not** accept the campaign’s characterization that the contribution is **not** from a business account. The CFB also will not accept the signed affirmation that is required for cash contributions. For a check that on its face suggests that it is from a business, the CFB requires that the contributor affirmatively state that the account is solely used for personal purposes. If the account is used for business **and** personal purposes, the contributor must also affirmatively state that there are sufficient personal funds in the account to cover the contribution **and** that the contribution will not be deducted as a business expense.

CLAIMING MATCHING FUNDS FOR CREDIT CARD CONTRIBUTIONS

The following information is provided for campaigns which are accepting credit card contributions **and wish to claim matching funds for them**. By their nature, credit card transactions are complicated and difficult to verify. This section discusses the recordkeeping and disclosure requirements campaigns must follow so that the CFB can ensure public taxpayer funds are paid appropriately.

The CFB will match credit card contributions from individual New York City residents made in the name of the individual credit card account holder only. All contributions, regardless of the source or type, are subject to the applicable contribution limits.

Establishing a Unique Merchant Account

If you wish to claim matching funds for credit card contributions, you must use a merchant account number unique to your committee, rather than that of a third party. A merchant account number is necessary to process credit card transactions and it is linked to a bank account to which the credit card company makes deposits. Your merchant account number must be in the name of your committee and may not be shared with another entity. You must provide your unique merchant account number to the CFB on your Certification. The CFB will not match credit card contributions without this information.

All credit card contributions must be subject to real time address verification by your credit card or processing company. Real time address verification occurs when residential address information provided by the contributor is electronically checked against data the company has on file for the account holder as the transaction is being processed. **For matching purposes, the residential address provided by the contributor must match the billing address on file for the credit card account holder.** The verification should be based upon, at minimum, characters from the street address and zip code, and the credit card expiration date. This level of verification may be higher than what some merchants commonly use but it is not unusual in the context of political fundraising.

Disclosure

As with all matching claims, you must complete the “matching amount” field in C-SMART for a contribution to be eligible for public matching funds.

You should select “Credit Card” as the monetary contribution type in C-SMART for credit card contributions.

You must report the date the credit card contribution was received, *i.e.*, the date you receive the credit card authorization form or electronic notification, as the date of the credit card transaction.

Installment contributions, *e.g.*, a pledged contribution of \$300 given in 12 monthly installments of \$25 should be reported as 12 separate transactions, each with separate dates. Until each installment is actually processed by the credit card company and claimed on the proper disclosure statement, it cannot be eligible for matching funds. You must inform contributors who choose installment plans that they may discontinue their authorizations at any time by contacting your campaign.

Refunded or returned credit card contributions must be reported in C-SMART.

Any charges and/or fees incurred by your campaign resulting from soliciting or processing credit card transactions and/or from ordering reports or statements related to those transactions are considered expenditures and must be reported as such. This includes any percentages withheld as processing or transaction fees, as well as expenses involved in setting up and maintaining a web site capable of processing credit card transactions.

Recordkeeping

You must maintain copies of all checks and/or all records of electronic transfers received from credit card companies.

For all credit card contributions, you must maintain proof that the real time address verification procedures described above are taking place and that when a match cannot be found, the contribution is rejected.

All statements and correspondence relating to your campaign's credit card transactions, *e.g.*, monthly statements, chargeback notifications, and copies of all backup documentation (discussed below), are subject to CFB audit and must be kept on file by your campaign.

All records maintained to comply with the Program must be kept for at least six years after the election.

Authorization cards

To be matchable, a credit card contribution must be accompanied by an authorization card that contains the following information:

- The name of the credit card issuer, *i.e.*, Visa, MasterCard, American Express, Discover.
- The name of the credit card account holder, *i.e.*, the contributor.
- The credit card account number.
- The credit card expiration date.
- Advice to the contributor that contributions cannot be accepted under an individual's name unless drawn from an account for which that individual is personally responsible.
- A signed affirmation from the contributor saying the contribution is being made from his/her personal credit card account, billed to and paid by him/her for personal use with no corporate or business affiliations, and is not being made as a loan.

The CFB recommends that campaigns follow the sample credit card authorization card provided on page A-11.

Backup documentation

As with other types of contributions, backup documentation must be supplied for each matching claim with each disclosure statement. Backup documentation for a credit card contribution consists of the following:

- A copy of the authorization card (as discussed above), with all but the last four numbers of the contributor's account number redacted.
- A copy of the authorization slip or approval codes report showing that the transaction has been processed.
- The authorization card must be properly referenced with the CFB statement number and transaction ID and with the approval code from the processing company.

The CFB will not match credit card contributions unless all of the above are properly documented.

For installment contributions, your campaign must provide backup documentation separately for each transaction. This likely will mean providing copies of the same authorization card referenced with different transaction numbers and approval codes during different disclosure periods. **The CFB will not search prior disclosure statements to determine if an authorization card for an installment contribution may have been previously submitted.**

Backup documentation for credit card contributions claimed for matching funds must be submitted to the CFB with each disclosure statement filed.

Additional Requirements

For contributions received via telephone

Although you are not prohibited from doing so, the CFB recommends that you refrain from processing credit card pledges over the telephone if you have not first obtained the appropriate written authorization **because absolutely no matching funds will be disbursed on claims that do not have the required backup documentation.**

Contributions received via the Internet

Your campaign web site address must be on file with the CFB. If you are unsure if yours is on file, please contact your Candidate Services Liaison.

You must demonstrate that you are screening your Internet transactions for impermissible contributions:

- You must maintain proof indicating that an address verification procedure is taking place on contributors' residential addresses for each transaction;
- Your web site must clearly spell out the applicable source restrictions and contribution limits, *e.g.*, the contribution limit for the office sought, the ban on corporate contributions, political committee registration requirements; and
- The maximum contribution that can be processed should be the applicable office limit.

For contributions received via the Internet to be eligible for public matching funds, you must be able to provide the CFB with essentially the same backup documentation as for other credit card

contributions. To obtain the backup documentation from the contributor, your Web site must require the same information as you would on a written authorization card. If the contributor does not complete a required information field, the transaction should be halted before it can be processed and the contributor given the opportunity to complete the missing information.

Your Web site must also require the contributor to attest that his/her contribution:

- is allowed by law and does not exceed the aggregate contribution limit;
- comes from his/her own personal funds and not the funds of another individual;
- is not being made as a loan;
- comes from a credit card for which s/he has the legal obligation to pay;
- is not drawn on a corporate account.

You should maintain both printed and electronic records of all Internet credit card transactions. A copy of the printed record, including the attestation and all the donor information, will function as an authorization card. For the contribution to be matchable, the printout must be referenced with a CFB statement number and transaction ID and be furnished to the CFB in accordance with the backup documentation requirements described above. With Internet credit card transactions, as with others, you must also provide the CFB with an approval code showing the contribution has been processed.

Note: This handout does not apply to so-called “convenience checks” drawn on credit card accounts. Those should be reported and treated as regular bank checks. (Their monetary contribution type is “Check” and backup documentation requirements for checks are applicable.)

If you have further questions about reporting and claiming matching funds for credit card contributions, please call the Candidate Services Unit at 212-306-7100.

Credit Card Authorization

Yes, I wish to contribute \$ 250 to the People for Primosch Committee
(Maximum donation: \$ 4,950 office limit) (Committee Name)

Please note that the New York City Campaign Finance Board will match the first \$250 contributed by individual New York City residents at a \$4 to \$1 rate. Corporate contributions are not permitted. Contributions from businesses other than corporations may be permitted but cannot be matched.

Please select one of the two credit card payment options below and complete the information at the bottom of this card.

1. Please bill my credit card in one lump sum of \$ 250.
2. Please bill my credit card in _____ monthly installments of \$ _____ (minimum \$10/month).

____ Visa MasterCard ____ Discover ____ American Express

Name Jean Smith
Account Holder Jean Smith
Account Number 1234567890
Expiration Date June 2006

I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal credit card account, billed to and paid by me for my personal use, and having no corporate or business affiliation; and is not being made as a loan.

Signature: Jean Smith Date: 7/18/05

The following information is required by law for all contributors: (Please print legibly.)

Contributor Name Jean Smith
Home Address 412 Broad Avenue
City Brooklyn State NY Zip 11275
(Optional: Home Phone _____ Business Phone _____)

The following information is needed to comply with the reporting requirements of the Campaign Finance Program:

Occupation Treasurer
Employer People for Primosch
Business Address 10-01 Main Road, New York, NY 10017

You must include whether you are retired, a homemaker, a student, or self-employed for public disclosure purposes. Please notify the Committee if any of the above information changes during the course of your installment payments. If you have chosen installment contributions and wish to suspend them at any time, you must notify the Committee.

For committee use only: Approval Code: 854768412
Transaction ID (CFB): 5/658

EXEMPT EXPENDITURE DOCUMENTATION

Exempt expenditures are expenses that do not count against your spending limit. These include any spending to comply with the Program or New York State election law; costs for circulating and filing designating and nominating petitions; petition litigation; canvassing of election results; and payments of debts for a previous election. This Appendix explains the extra documentation you need for your exempt expenditures if your total exempt claims exceed 7.5% of the applicable expenditure limit. As with all documentation, any documentation of exempt expenditures must be created at the same time as the expenditure is made. (See Chapter 3 for details about contemporaneous recordkeeping for expenditures). Remember you must indicate which expenditures are exempt as you report them.

Personnel

The committee must keep these records for personnel who perform exempt work.

Campaign Workers, Hourly

The committee must maintain earning records that must include the worker's name, address, social security number, signature, detailed description of tasks performed, hours worked, and rate and amount of pay. If the worker performs compliance and non-compliance work on the same day, the time sheet should list the specific compliance tasks and the hours spent performing them.

example:

Mike Ross performs occasional work for Cabot for Council as an assistant to its compliance officer. He screens contributions, makes follow-up calls and writes letters for missing information, and helps prepare disclosure statements. Because he is not a regular employee, he fills out a time sheet for the hours that he worked. The time sheet must include all of his identifying information, hours, rate of pay, and a comprehensive description of the compliance work that he is doing.

Campaign Workers, Salaried

The committee must maintain employment contracts that include the worker's name, address, social security number, signature, job title, detailed job description, how much time will be allocated for various responsibilities (particularly if the person performs exempt and non-exempt work), and rate of pay.

example:

Mary Smith is hired by Jones for Mayor to be its finance officer. She coordinates fundraising (40% of her time), controls the committee's bank accounts, including depositing contributions and approving expenditures (10%), oversees the entry of information into C-SMART and prepares disclosure statements (20%), maintains documentation required by the CFB (20%), and reviews the campaign's books and records (10%). Mary is paid \$2,000 per month. The committee must draw up a contract with Mary that gives a detailed description of her tasks and the amount of time expected to be spent on each. Because only the time spent performing compliance work is exempt from the expenditure limit — entering information into C-SMART and preparing disclosure statements and maintaining documentation — 40% or \$800 of Mary's monthly salary may be claimed as exempt.

Campaign Consultants

The committee must maintain consulting agreements or invoices that include a detailed description of services provided or to be provided, time periods covered, amount and payment dates. It must be signed and dated by both the committee and the consultant. For campaign consultants who also provide non-compliance related services, the agreement must include an allocation of time and resources spent between compliance and other campaign services.

example:

Friends of Smith hires ABC Consulting to work on the campaign. ABC Consulting will screen the committee's contributions before deposit, perform data entry into C-SMART, prepare the committee's disclosure statements, and respond to CFB audits and requests for further information. These services will occupy 40% of ABC's time spent working for Friends of Smith. ABC Consulting will also design and distribute fundraising literature for the campaign. These services are expected to occupy the remaining 60% of ABC's time spent working on the campaign. The consulting agreement must include the basic elements of a legal agreement as well as a list of these services, and an allocation of the time and resources between these two categories of responsibility. Therefore, 40% of the cost of ABC's services are exempt.

Petitioning (except personnel)

Legal Services

The committee must maintain a retainer agreement and/or detailed invoices showing exactly what legal work was undertaken on behalf of the committee. Remember that expenditures to challenge or defend petitions are exempt but are not qualified campaign expenditures.

example:

Cabot for Council retained Marks & Brown, Attorneys-at-Law, to handle petition filing and defense for its campaign. The campaign must maintain its retainer agreement and any invoices for services rendered. If Marks actually defends Cabot's petitions in a legal action, the invoice should include the case number and name.

Other Petitioning Expenditures

For other petitioning expenditures, such as the cost of printing the petitions, the committee must maintain detailed invoices that include the vendor's name, the date, and a detailed description of the goods/services provided, and cancelled checks used to pay these invoices. The invoice must include enough information to show that the goods or services were performed for petitioning.

example:

Committee to Elect Ellingsworth orders petitions from Penelope's Print Shop. For this expenditure to be claimed as exempt, the Committee must obtain a detailed invoice from Penelope's that includes the date, a detailed description of what was actually printed (*i.e.*, 1,000 petition forms on 8 1/2 x 14 white paper on May 20th 2005), and the price charged.

Exempt Overhead

Overhead costs are the expenses the committee incurs for rent, utilities, and equipment. The committee may claim as exempt the portion of overhead that is used solely for the exempt purposes detailed in Chapter 3. All of these expenditures must be documented in the usual manner: a lease or rental agreement and cancelled checks for rent, bills and cancelled checks for utilities, detailed

invoices and/or service contracts and cancelled checks for equipment. A committee may claim up to 7.5% of overhead as exempt without providing any documentation other than that described above. If a committee wishes to allocate more than 7.5% of its overhead as exempt, in addition to the documentation described above, it must draw up a detailed allocation (before claiming any overhead costs as exempt) to show how it determined what portion of these expenditures to claim as exempt. The allocation may be based on the amount of space used for exempt activities, or the amount of time campaign workers spend on exempt work. The allocation should be supported by documentation such as a diagram showing the space used or the personnel documentation for exempt personnel work. While the committee must maintain this written description, it need not submit the document to the Board until Board staff requests it as part of its review of the committee's compliance with the expenditure limit.

example:

Committee to Elect Ellingsworth rents office space from a travel agency. Its rental agreement includes utilities, furniture, use of two phones, a copy machine, and a facsimile machine. It pays the travel agency \$3,000 per month. In addition, the campaign purchases a \$1,000 computer. The campaign must maintain a detailed rental agreement, cancelled checks related to its agreement, as well as an invoice and cancelled check for the purchase of the computer. The Committee may claim as exempt up to \$225 per month and \$75 for the computer without maintaining any extra documentation.

If, however, the Committee wishes to claim more of its overhead as exempt, it must provide a detailed allocation showing how it determined the amount it claimed as exempt as follows:

The Committee to Elect Ellingsworth has determined that its 5 campaign workers spend roughly 10% of their time at compliance tasks, but for the months of June and July, because of petitioning, they will spend 30% of their time on work that is exempt (both compliance and petitioning). These percentages are documented by the job descriptions in the workers' employment agreements and/or detailed time records. The Committee may, therefore, claim as exempt \$300 in overhead each month, except June and July, \$900 for the months of June and July, and \$100 for the computer.

Committee to Elect Candidate X: Daily Wage Record

SAMPLE

Employee Name: Kevin Johnson Social Security Number: 621-40-3107
 Home Address: 401 New Lots Avenue Phone Number: (718) 264-3125
Brooklyn, NY 11207 Period Covering: 8/24/05 - 8/30/05

Salary/Wage: \$ 10.00 per: hour day (circle one)

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Date	8/24	8/25	8/26	8/27	8/28	8/29	8/30
Time In:	12 p.m.	5 p.m.	5 p.m.	5 p.m.	5 p.m.	5 p.m.	12 p.m.
Time Out:	6 p.m.	9 p.m.	9 p.m.	9 p.m.	9 p.m.	9 p.m.	9 p.m.
Total hours worked	6	4	4	4	4	4	6
Duties Performed	<u>Street Work: Handing out palm cards and stuffing mailboxes with literature along</u> <u>Flatbush Avenue, near Q train station.</u>						
Salary amount	\$320						

Verification

I affirm I have performed the duties, worked the hours, and received the salary amount listed above.

Kevin Johnson 9/1/05 Jean Smith 9/1/05
 Employee Signature Date Treasurer Signature Date

Committee to Elect Candidate X: Employee Contract

SAMPLE

Employee Name: Kevin Johnson Social Security Number: 621-40-3125
 Home Address: 401 New Lots Avenue Phone Number: (718) 264-3125
Brooklyn, NY 11207 Period Covering: 8/24/05 - 8/30/05

To be filled out by Candidate/Treasurer

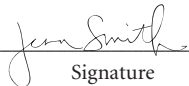
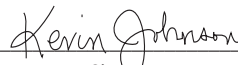
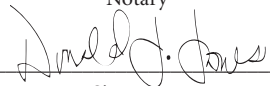
Duties will include, but not limited to, with approximate time spent on each:

Distribute campaign literature, flyers, and palm cards along Flatbush Avenue, near Q train station from 11 am to 5 pm, Monday – Friday. Collect all extra literature and return to campaign headquarters.

- Salary/Wages: \$ 7.00 per: hour, day, week, month, year (circle one)
- Work Conditions: 20 hours per: day, week, month, year (circle one)
- Employee will remain on the payroll until ____/____/____ or after the: (circle one)
 Primary election General election Post-election audit

Verification

I Kevin Johnson agree to work for the Committee to Elect Candidates X. I fully understand my duties and responsibilities to the campaign as explained above, and I agree with the wages I will receive for performing such duties.

Candidate/Treasurer Signature  _____ Signature <u>08/24/05</u> Date	Employee Signature  _____ Signature <u>08/24/05</u> Date	Notary  _____ Signature <u>08/24/05</u> Date <u>08/24/06</u> Expiration Date
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Advance Repayment Voucher

SAMPLE

Advancer: Angela Young


Date of Purchase	Vendor	Purpose	Amount	Payment Type
7/7/05	U.S. Post Office	Stamps	\$34.00	<input checked="" type="radio"/> cash check (# _____) circle one credit card (cc type: _____)
7/13/05	Joe's Pizza	Dinner for Volunteers	\$31.75	<input checked="" type="radio"/> cash check (# _____) circle one credit card (cc type: _____)
			\$	cash check (# _____) circle one credit card (cc type: _____)
			\$	cash check (# _____) circle one credit card (cc type: _____)

Please attach all bills, invoices, and receipts to the voucher.

TOTAL	\$65.75
--------------	---------

Date received by treasurer: 7/14/05

reimbursement date	7/18/05				
check number	264				
check amount	\$65.75	\$	\$	\$	total reimbursements
					\$65.75


7/18/05
 Treasurer Signature Date

Loan Documentation

SAMPLE

Committee Name: Friends of Bailey

Lender's Name: Donald J. Jones

Lender's Address: 662 West 181st Street
New York, NY 10033

Lender's Employer: Gotham News

Lender's Occupation: Researcher

Lender Employer Address: 12 East 8th Street
New York, NY 10003

Date of Loan: 4/19/05

Amount of Loan: \$10,000

Terms of Agreement:

The loan will be paid back in four monthly installments of \$2,500 beginning on May 19, 2005 and concluding on September 1, 2005. If the loan is not paid back by September 1, 2005, a 10% interest rate will be applied to the remaining balance for each month past due.

<u>John Bailey</u>	<u>4/19/05</u>	<u>Donald J. Jones</u>	<u>4/19/05</u>
Candidate/Treasurerer Signature	Date	Lender Signature	Date

Campaign Finance Board Information System (DBprod2000:prod) 2005 Election					
File Report Search View Window Help					
Detail Payment Report for Primary Election					
06/28/2004 3:29 PM		New York City Campaign Finance Board Campaign Finance Information System			Page 1 of 1
Detail Payment Report for 2005 Primary Election					
Run:5 Payment Date: 09/05/2003					
Candidate Smith, Joseph L (ID: F94)					
Office: City Council					
District 05					
	Statement Date	Claimed Matchable	Invalid Claims	Gross Matchable	Payment
<u>Detail</u>					
	4 (07/15/2003)	4,155	50	4,105	
	5 (08/08/2003)	1,325	100	1,225	
	6 (08/29/2003)	1,150	200	950	
	Total:	<u>6,630</u>	<u>350</u>	<u>6,280</u>	
		6,630	350	6,280	
Matchable Adjustment:				-	0
Adjusted Net Matchable: (Threshold Met)					6,280
Matching Factor:				<	4
EXTENDED NET MATCHABLE (25% Limit: 20,625)				25,120	20,625
Withholding: (See Notes Below)				-	0
Total Previous Payments and Adjustments:				-	0
Amount Eligible:					20,625
Reserve Amount: (.00 %)				-	0
ADJUSTED AMOUNT ELIGIBLE:					20,625
Amount Payable:					20,625
Reimbursed Funds:				+	0
Penalty Deduction:				-	0
PAYMENT DUE:					\$20,625

Total Assessed Penalties:		0			
Total Candidate Penalty Payments:	-	0			
Total Penalty Deductions:	-	0			
Outstanding Penalties:		0			

Campaign Finance Board Information System (DBprod2000:prod) 2005 Election Cy

File Report Search View Window Help

Detail Payment Report for General Election

06/28/2004 2:33 PM New York City Campaign Finance Board Page 1 of 1
 Campaign Finance Information System
 Detail Payment Report for 2005 General Election
 Run:6 Payment Date:09/25/2003

Candidate Smith, Joseph L (ID: F94)
 Office: City Council
 District 05

Statement Date	Claimed Matchable	Invalid Claims	Gross Matchable	Payment
<u>Detail</u>				
4 (07/15/2003)	4,155	50	4,105	
5 (08/08/2003)	1,325	100	1,225	
6 (08/29/2003)	1,150	70	1,080	
7 (09/19/2003)	610	0	610	
Total:	7,240	220	7,020	
	7,240	220	7,020	
Primary Matchable Adjustment:			- 5,156	
Matchable Adjustment:			- 0	
Adjusted Net Matchable: (Threshold Met)			1,864	
Matching Factor:			x 4	
EXTENDED NET MATCHABLE (Office Limit: 82,500)			7,456	7,456
Withholding: (See Notes Below)			- 0	
Total Previous Payments and Adjustments:			- 0	
Amount Eligible:			7,456	
Reserve Amount: (.00 %)			- 0	
ADJUSTED AMOUNT ELIGIBLE:			7,456	
Amount Payable:			7,456	
Reimbursed Funds:			+ 0	
Penalty Deduction:			- 0	
PAYMENT DUE:				\$7,456

Total Assessed Penalties:	0			
Total Candidate Penalty Payments:	- 0			
Total Penalty Deductions:	- 0			
Outstanding Penalties:	0			

Ready

Subcontractor Disclosure Form

Committee Name: Friends of Alice Slattery

As a participant in the New York City Campaign Finance Program, I am required to report information about subcontractors who are paid more than \$5,000. A subcontractor is anyone who a vendor pays for goods or services provided through the vendor for my campaign.

Vendor Name: NYC Media and Graphics

Vendor Address: 212 West 57th Street
New York, NY 10016

Did you use subcontractors? Yes No

If yes, was there more than \$5,000 worth of goods or services subcontracted? Yes No

If yes, please complete the following information:

Subcontractor Name:	<u>J and Z Printing Co.</u>
Subcontractor Address:	<u>754 West Street</u> <u>New York, NY 10021</u>
Services Provided:	<u>Printed Palm Cards</u>
Cost of Services Provided:	<u>\$8,300</u>

Subcontractor Name:	<u>ABC Television</u>
Subcontractor Address:	<u>417 East 38th Street</u> <u>New York, NY 10011</u>
Services Provided:	<u>TV Commercial</u>
Cost of Services Provided:	<u>\$20,000</u>

Vendor Signature: Ethan Mitchell Date: 9/2/05

Name: Ethan Mitchell

Title: CEO and President

Campaign Finance Board Information System (DBprod2000:prod) 2005 Ele

File Report Search View Window Help



Invalid Claims Detail Report

06/28/2004 2:40 PM

New York City Campaign Finance Board

Page 2 of 4

Campaign Finance Information System

Invalid Matching Claims Report

Election: 2003
 Candidate: Smith, Joseph L (ID: F94)
 Committee: Friends of Smith, Joseph L (ID: F)
 Office: 5 (City Council)
 Statement: 5 (08/08/03)

INSTRUCTIONS: The left column lists the matching claim as you reported it and the reason(s) for its invalidation. Please provide your response in the right column by checking the appropriate boxes and/or providing written explanation.
 Any modification or deletion must be done by providing an amendment to your C-SMART or manual filing at the same time you submit this form.

Trans ID R0000991	Invalid Code(s): 18 - Contributor has non-residential address.	Rvwd <input type="checkbox"/>	<u>Check Appropriate Box(es)</u>	
Contributor: Name WILSON, CONRAD	Street No: 305 City: NEW YORK	Name: EAST 11TH STREET State: NY	Apt: Boro: M	<input type="checkbox"/> Documentation Attached <input type="checkbox"/> Transaction Deleted New Transaction ID: _____ <input type="checkbox"/> Transaction Modified <input type="checkbox"/> Claim Withdrawn <input type="checkbox"/> Other Response
Revd Date: 07/31/2003	Employer: Name	Street #:	ContType:	Check
		Name:	Check #:	1305
		City:	Amount:	\$10
		State:	Match Amt:	\$10
		Occ:	Prev Amt:	\$0
				Provide Other Response/Explanation:

Trans ID R0000993	Invalid Code(s): M29 - Backup doc incomplete, contrib card missing/not completed.	Rvwd <input type="checkbox"/>	<u>Check Appropriate Box(es)</u>	
Contributor: Name PASKIN, JULIA	Street No: 390 City: NEW YORK	Name: RIVERSIDE DRIVE State: NY	Apt: Boro: M	<input type="checkbox"/> Documentation Attached <input type="checkbox"/> Transaction Deleted New Transaction ID: _____ <input type="checkbox"/> Transaction Modified <input type="checkbox"/> Claim Withdrawn <input type="checkbox"/> Other Response
Revd Date: 07/31/2003	Employer: Name UNEMPLOYED	Street #:	ContType:	Money Order
		Name:	Check #:	7553
		City:	Amount:	\$10
		State:	Match Amt:	\$10
		Occ: N/A	Prev Amt:	\$0
				Provide Other Response/Explanation:

Trans ID R0000995	Invalid Code(s): M9 - Contributor card is not properly signed.	Rvwd <input type="checkbox"/>	<u>Check Appropriate Box(es)</u>	
Contributor: Name THOMAS, KEVIN	Street No: 220 City: NEW YORK	Name: EAST 72ND STREET State: NY	Apt: 26D Boro: M	<input type="checkbox"/> Documentation Attached <input type="checkbox"/> Transaction Deleted New Transaction ID: _____ <input type="checkbox"/> Transaction Modified <input type="checkbox"/> Claim Withdrawn <input type="checkbox"/> Other Response
Revd Date: 07/31/2003	Employer: Name N/A	Street #:	ContType:	Cash
		Name:	Check #:	
		City:	Amount:	\$1
		State:	Match Amt:	\$1
		Occ: RETIRED	Prev Amt:	\$0
				Provide Other Response/Explanation:

INVALID MATCHING CLAIM CODES

01: Total Cash Contribution Exceeds \$100

It is a violation of New York State Election Law §14-118(2) to accept a single cash contribution or a multiple of cash contributions from a single source in excess of \$100.

If you have accepted such a contribution you must refund, via **bank or certified check**, the amount in excess of \$100 to the contributor. The refund must then be recorded into C-SMART.

02: Contributor is not an Individual

CFB Rule 5-01(d)(2) prohibits the disbursement of matching funds for contributions received from non-individuals. If you have claimed matching funds for a contribution with a name code other than “Individual”, “Family”, “Candidate”, or “Candidate Spouse” or have not reported a name code for a contribution, or accepted a contribution from a non-individual, the contribution will be considered invalid.

If you have claimed matching funds for a contribution received from a non-individual, such as a registered political committee, you may keep the contribution but must withdraw the claim for matching funds. If the contribution is from an individual, but reported with the wrong name code, you must modify the name code in C-SMART and amend your disclosure statement.

03: Total Claimed Matchable Amount for Contributor Exceeds \$250

CFB Rule 5-01(d)(3) allows the 4:1 match to be applied to the first \$250 donated from an individual New York City resident. The 03 code will be assigned if the total dollar amount claimed for matching funds, from a single contributor, is greater than \$250.

If an amount greater than \$250 from a single contributor was mistakenly claimed for matching funds, you must modify the matching amount claimed for that individual and amend your disclosure statement.

04: Total Gross Contribution Exceeds the Applicable Limit

Pursuant to CFB Rule 5-01(d)(4), contributions that violate the contribution limit for a particular office will not be eligible for matching funds.

If a contribution exceeding the applicable limit set for your office has been deposited into your account, a refund must be issued to the contributor returning the excess amount. The refund should be made via bank or certified check, and copies should be sent to the CFB. The refund must then be entered in C-SMART and disclosed on your next disclosure statement.

05: Contributor has Non-NYC Address

CFB Rule 5-01(d)(5) allows matching funds to be disbursed only for contributions received from New York City residents. The 05 code is assigned when a campaign claims matching funds for a contributor not living in New York City.

If you have mistakenly reported an address, you must amend the reported address to reflect the accurate residence of the contributor. If you mistakenly claimed matching funds for a contributor not residing in the New York City area, you may keep the contribution, but must remove the “match amount” claimed.

06/07: Full Contributor Name not Reported

Pursuant to CFB Rule 5-01(d)(6), the complete name of a contributor must be reported for contributions claimed for matching funds. The 06 and 07 codes respectively will be assigned if the complete last and/or first names of contributors have not been reported.

To rectify this situation, you must modify the Name Maintenance screen in C-SMART, and amend your disclosure statement, so the contributor’s complete name is accurately reported.

example:

The Stevens campaign reported a contribution as being from Riney. When the Stevens campaign received its IMC Report from the CFB, this transaction was given the 07 code. In order to make this claim valid, the Stevens campaign must amend their submission to show the contribution being from Kelley Riney.

08: Incomplete Address Reported (excluding Zip Code)

Pursuant to CFB Rule 5-01(d)(6), contributions claimed for matching funds must be reported with the contributor’s complete address. The 08 code indicates that at least one of the address fields has been left blank in C-SMART. This code is not assigned if the only empty field is zip code. In C-SMART, on the Name Maintenance screen, verify that you have put the street number in the street number field, the street name in the street name field, the city in the city field, and the state in the state field.

A common reporting error that causes this code to be assigned is the combination of some or all of the address fields, (*e.g.*, reporting the entire address in the street name field).

09: Contribution Reported with Non-NYC Borough Code

Use of this code indicates that the borough code field has either been left blank, or has been reported as “Z” in C-SMART. Use of the borough code “Z” indicates the address is outside of the five boroughs of New York City, which would render the contribution ineligible for matching funds because the contributor appears not to be a New York City resident. If you have reported the transaction correctly and the individual is not a New York City resident, this contribution is not eligible for matching funds pursuant to CFB Rule 5-01(d)(5).

If you have failed to complete the borough code field in C-SMART, or mistakenly report a “Z” borough code for a contribution from within one of the five boroughs, you must modify the contributor’s name record to include the appropriate information and amend your disclosure statement.

10: Contribution Reported with Blank or Invalid Received Date

CFB Rule 5-01(d)(6) requires you to report the date the contribution was received. This code is assigned when the “date received” field for this contribution is filled out incorrectly. The date received is the date that the contribution was received by you. It may or may not match the date written on the check or the date that a contribution card was signed. To correct this invalidation, you should verify that the date received is the date you have reported. C-SMART filers will need to modify the monetary contribution record to correct the invalid date.

11: Contribution Received After December 31 of the Election Year (and)**12: Contribution Reported with Received Date Preceding 1/12/02 [the start of the election cycle]**

Pursuant to CFB Rule 5-01(d)(7), contributions claimed for matching funds for the 2005 election cycle must be received by you after 1/12/2002 but no later than 12/31/2005. Contributions received before the start of the election cycle or after the year of the election are not eligible for matching funds.

If your IMC Report shows contributions invalidated for one of these two reasons, verify that you have correctly reported the date of the contribution. If the contribution was received before the start of the election cycle or after December 31st of the election year, the contribution will not be eligible for matching funds. If you have incorrectly reported the date received of the contribution in C-SMART, you must modify the monetary contribution record to correct the date received.

14: Contribution Received Outside Normal Reporting Period

CFB Rule 5-01(d)(10) requires you to report all of your transactions, including your monetary contributions and claims for matching funds, on the disclosure statement that covers the period during which the transaction occurred. This code is assigned when the contribution’s “received date” has not been reported during the appropriate disclosure period. If the 14 code has been assigned to a contribution, you should first verify that the date reported is correct. If the date has been reported incorrectly, you must modify the date received section on the Monetary Contributions screen in C-SMART. If the date reported was correct, you should explain on the IMC Report why the transaction was not reported during the appropriate reporting period.

16: Contribution Greater or Equal to \$100 with Missing Employer Information

CFB Rule 5-01(d)(11) requires campaigns to report the employer information for contributors donating more than \$99. If the employer information is not reported for a contribution of \$100 or more or multiple contributions that aggregate to \$100 or more, they will be invalidated. To add employer information for a contributor, you must modify the Name Maintenance screen in C-SMART, and amend your disclosure statement(s). For contributors who are unemployed, retired, a student, or a homemaker, their occupation must be reported with that exact wording and no employer or employer address, so that they can be read as complete.

18: Contributor has Non-Residential Address

The CFB uses an electronic database which identifies addresses as residential or business based on City zoning. A claim will be invalidated if the address reported is listed as a business address in the database, pursuant to CFB Rule 5-01(d)(5). This directory is updated regularly by the City.

Candidates must first verify with the contributor that the address reported is in fact the residential address of the contributor. If the contributor confirms the reported address, you should make note of this in the response section on the IMC Report. The claim will be reviewed again, but in order for the invalid code to be removed, the Audit Unit must agree with your response. In situations where the CFB disagrees with a campaign, the campaign is encouraged to submit another form of documentation to verify the address.

If you have misreported an address, you must report the correct address in the Name Maintenance screen in C-SMART. Please note that if the address you reported is off by even one digit or character, it may be identified as a business address.

19: Money Order Matchable Amount Exceeds \$100

NYC Administrative Code §3-702(3)(d) states that money order contributions from any one contributor that in the aggregate exceed \$100 are not matchable. Thus, only \$100 of that contribution may be claimed for matching funds. If an amount greater than \$100 from a single contributor was mistakenly claimed for matching funds on a money order contribution, you must modify that matching amount claimed for that individual and amend your disclosure statement.

M1: Contributor has a Non-Residential Address

CFB Rule 5-01(d)(5) requires all contributions claimed for matching funds to be received from New York City residents. The M1 code is not assigned by a computer directory, but by the CFB staff after they carefully review the reported information. This code is assigned if the CFB staff has information that indicates the reported address is non-residential. Candidates should follow the same steps to validate claims assigned the M1 code as they would for the 18 code.

M2: Contribution with Matchable Claim that was Refunded or Check Bounced

The Audit Unit reviews whether the campaign is claiming matching funds for a contribution that was refunded or for a check contribution where the check bounced or for a credit card contribution where the credit card was rejected. If a contribution has been refunded or a check returned, you must add a “monetary contribution refund” in C-SMART. This will change the amount claimed for matching funds in the Monetary Contributions screen for the particular contributor. You will then need to amend the disclosure statement in which the original contribution appears.

M3: Contribution with Matchable Claim is Drawn from Prior Election Surplus Funds

CFB Rule 5-01(d)(26) prohibits the claiming of matching funds for contributions that have been transferred from another committee. If you have claimed matching funds for transferred contributions, you must remove the match from C-SMART. (In addition, if you entered the transferred funds as itemized monetary contributions, you have misreported your financial activity and should contact CSU as soon as possible.)

M4: Contributor not the Same Payor per Backup Documentation

Pursuant to CFB Rule 5-01(d)(13), the Audit Unit will verify that the contributor reported on the campaign’s disclosure statement is in fact the individual from whom the funds originated from. This code is assigned when campaigns report contributions as being from the wrong contributor. The Audit Unit uses this code when a contribution is signed by someone other than the account holder whose name appears on the check or when a check is unsigned. The campaign may need to provide an authorized agent letter.

example:

A contribution is received from a contributor who shares a joint checking account with his wife. Both individuals have their names listed as accountholders on the check, but only the husband has signed the check. For this contribution to be eligible for matching funds, the campaign must report this contribution from the husband. If the campaign reports the contribution as being from his wife, or as a contribution divided between both, the transaction would be assigned the M4 code because her signature does not appear on the check. For more information, see 2-18.

M5: Not Accepted by the Board

The CFB staff will assign the M5 code to any contribution, or groups of contributions, that are considered questionable by the Audit Unit. This code will also be used for contributions that can never be matched because of a fundamental flaw not addressed by other invalid codes. If a contribution on your IMC Report is assigned this code, you should contact the Audit Unit immediately.

M6: Backup Documentation not Supplied

To be eligible to receive matching funds for any contribution, you must supply the CFB with copies of checks and money orders, and contribution cards for contributions made in cash, money order, credit card and bank checks; see CFB Rule 5-01(d)(17). If these documents are not received or are not properly referenced to the disclosure statement so they cannot be identified, the contributions will be invalidated with the M6 code. You should also verify that you reported the contribution type correctly, since the CFB looks for documentation based on what you've reported.

M7: Contribution Amount is Different from Amount on Backup Documentation

During the backup documentation review, the CFB verifies that the amount of the contribution matches the reported contribution amount.

If the amount of the contribution is not written on a contribution card in the appropriate space designated for 'contribution amount', the contribution will be assigned the M7 code, and a new contribution card must be obtained from the contributor and re-submitted to the CFB with the IMC Report. If the amount on a check or money order does not match the reported contribution amount, the matching claim will be invalidated.

If you have accidentally reported a different contribution amount than the actual amount received, you must amend the contribution amount in the Monetary Contributions screen in C-SMART.

M8: Payee on the Check/Contribution Card is not Campaign's Covered Committee

Pursuant to CFB Rules 5-01(d)(6) and 5-01(d)(15), backup documentation submitted for contributions claimed for matching funds must demonstrate that the contribution was intended for you for this election. If the CFB determines that a contribution claimed for matching funds was not intended for your current campaign committee or cannot tell for what the contribution was intended, the contribution will be invalidated with the M8 code.

If the campaign name is not written on a contribution card, the claim will be invalidated. To rectify this, you must obtain another completed contribution card from the contributor and submit it to the CFB with your IMC Report. In addition, if a contributor wrote another committee's name or wrote the candidate's name as the payee on a check or money order contribution, the claim will be invalidated. You may submit a letter to the CFB stating that the contributor made a mistake and demonstrate that the contribution was deposited. This letter must also verify that you have only one campaign committee. Also, checks and money orders with the "Pay to the Order Line" left blank, made out to cash, made out to the candidate in a professional capacity, or filled in by the campaign staff will not be eligible for matching funds.

M9: Contribution Card is not Properly Signed

Pursuant to CFB Rules 5-01(d)(16), 5-01(d)(17), and 5-01(d)(18) all cash, money order, credit card and bank teller check contributions must be accompanied by a signed contribution card. The M9 code is assigned when any contribution card is submitted to the CFB without the contributor’s signature. If a contribution is invalidated with the M9 code, you must obtain a new fully completed contribution card with the correct affirmation from the contributor, and submit it to the CFB with your IMC Report. Contribution cards with the incorrect affirmation statement or no affirmation statement will be assigned an M34 code.

M10: Contribution Violates Other Laws

Pursuant to CFB Rule 5-01(d)(20), contributions that violate any federal, state, or local election law cannot be claimed for matching funds. If you receive the M10 code on your IMC Report you should contact the Audit Unit for an explanation.

M11: Aggregate Cash Contribution is Greater than \$100

As explained with invalid code 01, accepting (a) cash contribution(s) from a single contributor in excess of \$100 is a violation of state law.

example:

John Smith gives \$90 in cash to Michael West’s campaign in August. In September, John gives the campaign an additional cash contribution of \$40. The total cash contribution given by John to the campaign is \$130, a violation of CFB Rule 5-09(d)(1) and State Election Law. To rectify this situation West must refund, via bank or certified check only, \$30 to John Smith and then record the refund in the Monetary Contribution refunds screen in C-SMART.

M12: Aggregate Matchable Amount Exceeds \$250

Pursuant to CFB Rule 5-01(d)(3), the total matching amount from a single contributor cannot exceed \$250. If a contributor gives \$500 (whether given all at once or over a period of time), and you have claimed matching funds for the total amount, the transaction or transactions representing the amount over \$250 will be invalidated.

example:

The Howard campaign has received two contributions from Tom Delaney; the first contribution was \$200, the second was \$300. Both contributions were claimed for matching funds. On the Howard campaign's IMC Report the claim for \$300 was invalidated with the M12 code. To rectify this situation, the Howard campaign must modify the matching amount claimed from \$300 to \$50, making the total amount claimed for contributor Tom Delaney \$250.

M13: Aggregate Contribution Exceeds the Contribution Limit

Pursuant to CFB Rule 5-01(d)(4), a campaign may not accept a single contribution or multiple contributions from one source that exceed(s) the contribution limit.

example:

John Smith donates \$1,500 to Joe Johnson's campaign for City Council. At a later date, John decides to contribute an additional \$2,500. The total contributions received by the Johnson campaign from contributor Smith are \$4,000. The claims for matching funds will be invalidated, because the total contribution amount exceeds the contribution limit set by the CFB. To rectify this situation, the Johnson campaign must refund, via bank or certified check only, the excess amount to contributor John Smith. The refund must then be recorded in the Monetary Contribution Refunds screen in C-SMART.

M16: Backup Documentation Incomplete/Missing Money Order

For money order contributions, a copy of the completed money order must be supplied along with a completed contribution card. A completed money order should show the amount of the contribution, legible name and address of the contributor, and be payable to the campaign. A money order receipt or carbon is not sufficient documentation for a money order contribution.

M17: Contributor is not an Individual

CFB Rule 5-01(d)(2) requires all contributions eligible to receive matching funds to be from individuals. Contributions received from businesses, political committees, and labor unions cannot be claimed for matching funds.

Contributions reported as being from two or more individuals will not be eligible for matching funds.

example:

The Kelley campaign reported a \$100 cash contribution as being from Karen and Mark Johnson. The CFB invalidated this claim with the M17 code because “Mark & Karen” is not an individual. After looking at the contribution card and verifying that only Mark Johnson signed the card, the Kelley campaign amended its disclosure statement to show Mark Johnson donated the funds.

M18: Non-NYC Address

Pursuant to CFB Rule 5-01(d)(5), contributions from individuals living outside New York City are not eligible to receive matching funds. If you have a claim invalidated with the M18 code, you should first verify that the address has been reported correctly. If the address is confirmed and the contributor does not live in New York City, you must withdraw the match amount claimed for that particular contribution by modifying the matching amount field on the Monetary Contributions screen in C-SMART. If you have misreported the address, you can report the correct address in the Name Maintenance screen in C-SMART and amend your disclosure statements. This code may be assigned to a contribution reported with a NYC address but whose contributor actually lives outside the City.

M19: Incomplete Address/P.O. Box Reported

Pursuant to CFB Rule 5-01(d)(6), in order for contributions to be eligible to be matched, the contribution must be from an individual New York City resident. A New York City post office box or an address without all street name and number information do not fit these criteria and all claims reported with this type of address will be invalidated. In order to validate contributions invalidated with the M19 code you must modify the address and report your contributor’s full NYC residential address. The address should be changed in the Name Maintenance screen. If you find that your contributor is not a NYC resident, you should withdraw the matching claim. A claim may also be assigned to this code if an address has not been fully reported in the proper address fields.

M20: Contribution not Reported Complete and Timely

CFB Rule 5-01(d)(21) requires all contributions claimed for matching funds to be reported in the appropriate statement period with all relevant information provided.

In order for these contributions to be eligible for matching funds, you must modify the reported information to include the correct date in which the contributions were received. If you have incorrectly reported the date received of the contributions, you must modify the Date Received field on the Monetary Contributions screen in C-SMART. If you find that these contributions should have been reported in an earlier statement, you must provide the CFB with an explanation as to why the contributions were not reported timely.

example:

The Peele campaign submitted a disclosure statement with many of the contributions reported with a “received date” from an earlier statement period. These contributions were assigned the M20 code because the information reported was not complete and timely.

M21: Backup Documentation is Illegible

The CFB staff uses backup documentation to verify contributions claimed for matching funds. Pursuant to CFB Rule 5-01(d)(17), backup documentation supplied to the CFB must be legible, enabling CFB staff to verify all the required information for the particular contribution being claimed for matching funds. If the CFB staff cannot read the required elements of the documentation, the claim will be given an M21. If you receive the M21 code for any claim, you must provide the CFB with a better copy of the required backup documentation.

M22: Contributor is not Individual: Drawn on a Business Account

CFB Rules 5-01(d)(2), 5-01(d)(5) and 5-01(d)(22) do not allow matching funds for business contributions; this includes sole proprietor businesses. Checks bearing business names, “Doing business as,” individual or professional titles for self-employed people (*e.g.*, Attorney at Law) will be invalidated. If you feel the invalidation is in error, you must write an explanation describing the circumstances surrounding this contributor. An M22 code will only become valid if you are able to prove to CFB staff that the contribution(s) involved originated from a contributor’s personal account. Please refer to the Appendix discussion on business accounts.

M23: Contributor is not an Individual: Corporate Contribution

CFB Rules 5-01(d)(2) and 5-01(d)(22) prohibit Program participants from accepting corporate contributions. If you have accepted (deposited) a contribution from a P.C., Corp., Ltd., or Inc., you must immediately refund, via bank or certified check, the total amount of the contribution. If you have accepted a corporate contribution, eligibility to receive a public funds payment will be suspended, regardless of your threshold status and previous payment history. You may also be referred to the Legal Unit for possible penalty recommendations. You must record the refund in the Monetary Contribution Refunds screen in C-SMART.

M24: Contributor is not an Individual: Political Committee Contribution

Campaigns may accept contributions from political committees that have registered with the CFB. CFB Rule 5-01(d)(2), however, does not allow political committee contributions to be claimed for matching funds. If you have mistakenly claimed matching funds for a political committee contribution, you must remove the amount claimed for matching funds by modifying the matching amount field in the Monetary Contributions screen in C-SMART.

M25: Credit Card Approval Information not Provided

CFB Rules 5-01(d)(15), 5-01(d)(16) and 5-01(d)(17) require campaigns to submit approval code verification for credit card contributions claimed for matching funds. If the M25 code appears on your IMC Report, you must supply the CFB with documentation verifying that the contribution was processed and received into your account from the credit card processor. Refer to the Appendix discussion about credit card contributions.

M26: Contributor's Full Name not Reported

Pursuant CFB Rule 5-01(d)(6), in order to receive matching funds the contributor's full name must be reported. Partial reporting of names and the use of initials will not be accepted. To validate these claims, you must modify the contributor record to report the complete contributor information in the Name Maintenance screen in C-SMART and amend your disclosure statement.

M27: Duplicate Matching Claim

CFB Rules 5-01(d)(15) and 5-01(d)(16) allow campaigns to claim matching funds for valid contributions only once during an election cycle. The M27 code is given when a campaign has claimed matching funds for the same contribution more than once. If you have received the M27 code on your IMC Report, you should first verify your contribution records, confirming that the correct data was reported in your disclosure statements and that the correct backup documentation was submitted to the CFB for each contribution by that contributor. Occasionally, this error results from the campaign incorrectly restoring an old database. Please contact CSU if you believe that has occurred.

If you have mistakenly reported a contribution twice, you must delete the duplicate transaction in C-SMART, and submit an amendment to the CFB.

M28: Contribution Reported with Incorrect Instrument Code

Campaigns are required to report the contribution type (check, cash, money order, credit card) for all contributions received by their campaign. If you incorrectly report the contribution type of a contribution, the contribution will be invalidated with the M28 code. If your campaign has incorrectly reported a contribution type, you must modify the contribution type C-SMART and amend your disclosure statement. The CFB assigns the M28 based on the documentation it is given; sometimes something that is reported with the wrong instrument code may only be marked with various documentation related error codes.

M29: Contribution Card Missing or not Complete Other than a Missing Signature

CFB Rule 5-01(d)(17) requires a cross-referenced contribution card to accompany a cash, money order, credit card or bank teller check contribution. The M29 code will appear on your IMC Report if the contribution card has either not been supplied to the CFB, or if any of the required information (contributor's name, address, contribution type and contribution amount) does not appear on the card. This code will not be used if the only problem with the contribution card is a missing signature or missing or incorrect affirmation statement. (See M9/M34 respectively.)

M30: Money Order Matchable Amount Exceeds \$100

NYC Administrative Code §3-702(3)(d) states that money order contributions from any one contributor that in the aggregate exceed \$100 are not matchable. Thus, only \$100 of that contribution may be claimed for matching funds. If an amount greater than \$100 from a single contributor was mistakenly claimed for matching funds on a money order contribution, you must modify that matching amount claimed for that individual and amend your disclosure statement.

M31: Contributor is Under Eighteen Years Old

CFB Rule 5-01(d)(2) states that contributions from individuals who are under eighteen are not matchable. If this code appears on your IMC Report, it means that the CFB suspects that the contributor is under eighteen years old. To validate this type claim, you must provide a statement from the contributor affirming his or her age.

M32: Contributor is a Vendor to the Campaign

Pursuant to Administrative Code §3-702(3)(f), any contributor who is also paid by the campaign for services rendered (*e.g.*, consultant, poll worker, campaign manager, etc.) cannot have their contribution matched. This does not include monies paid to a contributor as an advance repayment.

M33: Credit Card Transaction not Properly Verified

In addition to credit card transactions being documented as approved, a real-time address verification of the cardholder/contributor's account must be processed and documented with each claim. The information provided by the campaign must make it clear which address has been verified and that only contributions on which the verification was successful were accepted.

M34: Incorrect Affirmation Statement on Card

CFB Rule 4-01(b)(3)(iii) states that each cash and money order contribution must be affirmed that the contributor is contributing from their own funds and is not being reimbursed for their contribution. An M34 code will be given if the affirmation is missing from a contribution card. An M34 code will also be given if the affirmation language deviates in any way from the statement delineated in the Rule. Credit card contributions must contain the exact affirmation that appears in this Handbook, including when they are collected via the Internet.

Subcontractor Disclosure Form

Committee Name: _____

As a participant in the New York City Campaign Finance Program, I am required to report information about subcontractors who are paid more than \$5,000. A subcontractor is anyone who a vendor pays for goods or services provided through the vendor for my campaign.

Vendor Name: _____

Vendor Address: _____

Did you use subcontractors? Yes _____ No _____

If yes, was there more than \$5,000 worth of goods or services subcontracted? Yes _____ No _____

If yes, please complete the following information:

Subcontractor Name:	_____
Subcontractor Address:	_____ _____
Services Provided:	_____
Cost of Services Provided:	_____

Subcontractor Name:	_____
Subcontractor Address:	_____ _____
Services Provided:	_____
Cost of Services Provided:	_____

(Please attach additional pages for additional subcontractors.)

Vendor Signature: _____ Date: _____

Name: _____

Title: _____



The building blocks for a better campaign

Internet Delivery System Password Request Form

Candidate Name: _____

Campaign Name: _____

Treasurer Name: _____

E-mail Address: _____

Provide the campaign's e-mail address for the delivery confirmation receipt. The CFB will consider this to be the campaign's official e-mail address for CFB communications.

All of the above fields are required.

	Candidate Initials	Treasurer Initials
By signing this form and submitting it to the Campaign Finance Board,		
(1) I am requesting a password for use in submitting disclosure statements to the CFB over the Internet.	_____	_____
(2) I understand that the password will be issued jointly into the possession of the candidate and the treasurer, and that only the candidate or treasurer may complete the Internet disclosure statement submission process and submit a disclosure statement to the CFB. I agree not to disclose this password to any other person or authorize any other person to use this password or otherwise submit a disclosure statement to the CFB over the Internet.	_____	_____
(3) I understand that the candidate or treasurer will be required to change this password the first time the campaign commences the Internet disclosure statement submission process, and may further change the password at any time after that. I agree not to disclose those passwords to any other person or authorize any other person to use those passwords or otherwise submit a disclosure statement to the CFB over the Internet.	_____	_____

(4) I verify that I have read and understand the following:

Intentionally or knowingly making a false statement, including but not limited to in the form of an electronic submission, or intentionally or knowingly violating any provision of the New York City Campaign Finance Act, is a Class A misdemeanor pursuant to Section 3-711(3) of the Act.

Knowingly making a false written statement, including but not limited to in the form of an electronic submission, is a Class A misdemeanor pursuant to New York State Penal Law Section 210.45.

Knowingly offering false written information, including but not limited to in the form of an electronic submission, with the belief that it will become a part of the records of a public office, and with the intent to defraud, is a Class E felony pursuant to New York State Penal Law Section 175.35.

If a disclosure statement is submitted to the CFB over the Internet by anyone other than the candidate or the treasurer, or in any other unauthorized manner, in addition to any civil penalties or criminal sanctions that may be appropriate, my campaign may be required to return any public funds already received, and may not be eligible to receive any additional public funds.

SWORN TO ME BEFORE THIS

_____	_____ day of
Candidate signature	
_____	_____, 200__
Please print name	
_____	_____
Telephone number for CFB to contact you with password	NOTARY PUBLIC

SWORN TO ME BEFORE THIS

_____	_____ day of
Treasurer signature	
_____	_____, 200__
Please print name	
_____	_____
Telephone number for CFB to contact you with password	NOTARY PUBLIC

Credit Card Authorization

Yes, I wish to contribute \$ _____ to _____.
(Maximum donation: \$ _____ office limit. (Committee Name)

Please note that the New York City Campaign Finance Board will match the first \$250 contributed by individual New York City residents at a \$4 to \$1 rate. Corporate contributions are not permitted. Contributions from businesses other than corporations may be permitted but cannot be matched.

Please select one of the two credit card payment options below and complete the information at the bottom of this card.

1. Please bill my credit card in one lump sum of \$ _____.
2. Please bill my credit card in _____ monthly installments of \$ _____ (minimum \$10/month).

_____ Visa _____ MasterCard _____ Discover _____ American Express

Name _____

Account Holder _____

Account Number _____

Expiration Date _____

I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal credit card account, billed to and paid by me for my personal use, and having no corporate or business affiliation; and is not being made as a loan.

Signature: _____ **Date:** _____

The following information is required by law for all contributors: (Please print legibly.)

Contributor Name _____

Home Address _____

City _____ State _____ Zip _____

(Optional: Home Phone _____ Business Phone _____)

The following information is needed to comply with the reporting requirements of the Campaign Finance Program:

Occupation _____

Employer _____

Business Address _____

You must include whether you are retired, a homemaker, a student, or self-employed for public disclosure purposes. Please notify the Committee if any of the above information changes during the course of your installment payments. If you have chosen installment contributions and wish to suspend them at any time, you must notify the Committee.

For committee use only: Approval Code: _____

Transaction ID (CFB): _____



New York City Campaign Finance Board

40 Rector Street, New York, NY 10006 • Tel.: (212) 306-7100 • Fax: (212) 306-7143/44/82
Web site: www.nyccfb.info • E-mail: csu@mail@nyccfb.info

CHANGE OF ADDRESS REQUEST

1. CANDIDATE NAME

MR.	MRS.	MS.	LAST	FIRST	M.I.	CFB USE ONLY
-----	------	-----	------	-------	------	--------------

2. HOME ADDRESS

STREET ADDRESS		APARTMENT NUMBER
CITY	STATE	ZIP CODE
TELEPHONE () ()	FAX () ()	

3. PRINCIPAL COMMITTEE

COMMITTEE NAME			LAST ELECTION: DATE, OFFICE	
STREET ADDRESS				
CITY	STATE	ZIP CODE	E-MAIL ADDRESS	
MAILING ADDRESS (IF DIFFERENT)				
CITY	STATE	ZIP CODE	APARTMENT NUMBER	
TELEPHONE (DAY) () ()		TELEPHONE (EVENING) () ()		FAX () ()
DATE AUTHORIZED IN FILING WITH THE BOARD OF ELECTIONS			WEB SITE ADDRESS(ES)	

4. TREASURER NAME – HOME ADDRESS

MR.	MRS.	MS.	LAST	FIRST	M.I.
STREET ADDRESS		APARTMENT NUMBER			
CITY	STATE	ZIP CODE	E-MAIL ADDRESS		
TELEPHONE (DAY) () ()		TELEPHONE (EVENING) () ()		FAX () ()	

5. CAMPAIGN LIAISONS OTHER THAN TREASURER

MR.	MRS.	MS.	LAST	FIRST	M.I.
STREET ADDRESS		APARTMENT NUMBER			
CITY	STATE	ZIP CODE	E-MAIL ADDRESS		
TELEPHONE (DAY) () ()		TELEPHONE (EVENING) () ()		FAX () ()	

THIS PERSON SHOULD BE CONTACTED BY THE NEW YORK CITY CAMPAIGN FINANCE BOARD:

- IF THE TREASURER IS UNAVAILABLE INSTEAD OF THE TREASURER

MR.	MRS.	MS.	LAST	FIRST	M.I.
STREET ADDRESS		APARTMENT NUMBER			
CITY	STATE	ZIP CODE	E-MAIL ADDRESS		
TELEPHONE (DAY) () ()		TELEPHONE (EVENING) () ()		FAX () ()	

THIS PERSON SHOULD BE CONTACTED BY THE NEW YORK CITY CAMPAIGN FINANCE BOARD:

- IF THE TREASURER IS UNAVAILABLE INSTEAD OF THE TREASURER

I authorize the Campaign Finance Board to update my records to reflect the changes above.

CFB USE ONLY

Treasurer's or Candidate's Signature

Date Signed



New York City Campaign Finance Board

40 Rector Street, New York, NY 10006 • Tel.: (212) 306-7100 • Fax: (212) 306-7143/44/82
Web site: www.nycffb.info • E-mail: csumail@nycffb.info

CHANGE OF BANK ACCOUNT REQUEST

CANDIDATE NAME: LAST	FIRST	M.I.	CANDIDATE I.D.
COMMITTEE NAME		COMMITTEE I.D.	

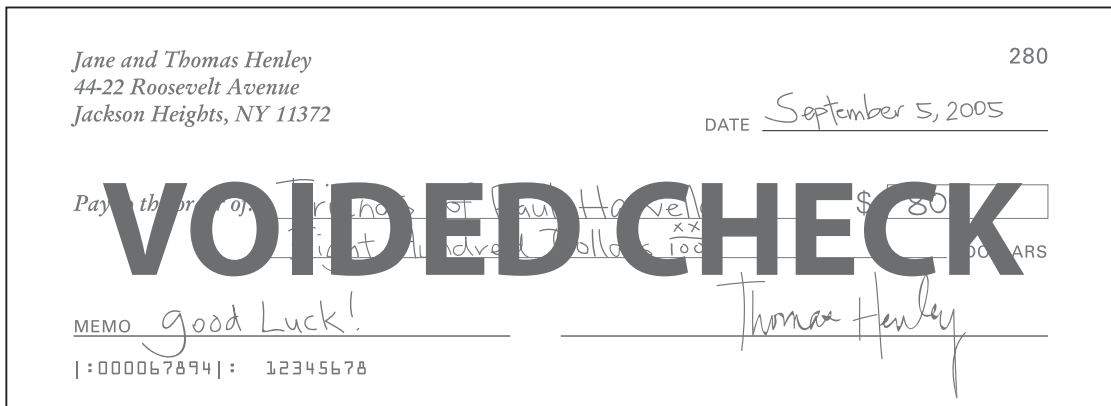
FOR AMENDING PRIMARY BANK ACCOUNT ONLY

BANK/DEPOSITORY NAME	PRIMARY BANK ACCOUNT		
CITY	STATE	ZIP CODE	
ACCOUNT NUMBER	ACCOUNT NAME (IF ANY)		
COMMITTEE NAME	FOR DIRECT DEPOSIT USERS ONLY		
DATE OPENED	MONTH	DATE	YEAR
DATE CLOSED (IF ANY)	MONTH	DATE	YEAR
CURRENT BALANCE \$	MONTH	DATE	YEAR
2005 PRIMARY AND GENERAL ELECTIONS CHECKING ACCOUNT ABA/ROUTING NUMBER (FOR USERS OF DIRECT DEPOSIT OF PUBLIC FUNDS ONLY):			

FOR ADDING OR AMENDING ADDITIONAL BANK ACCOUNTS

BANK/DEPOSITORY NAME	ADDITIONAL BANK ACCOUNT		
CITY	STATE	ZIP CODE	
ACCOUNT NUMBER	ACCOUNT NAME (IF ANY)		
COMMITTEE NAME	TYPE OF ACCOUNT	PURPOSE OF ACCOUNT	
DATE OPENED	<input type="checkbox"/> CHECKING	<input type="checkbox"/> 2005 PRIMARY AND GENERAL ELECTIONS	
DATE CLOSED (IF ANY)	<input type="checkbox"/> SAVINGS	<input type="checkbox"/> 2005 PRIMARY AND GENERAL ELECTIONS ACCOUNT FOR SOLICITING NON-MATCHABLE CONTRIBUTIONS	
CURRENT BALANCE \$	<input type="checkbox"/> MONEY MARKET	<input type="checkbox"/> OTHER (SPECIFY)	
	<input type="checkbox"/> OTHER (SPECIFY)		

If amending Primary Bank account, attach voided check here:



I authorize the Campaign Finance Board to update my records to reflect the changes above.

CFB USE ONLY

Treasurer's or Candidate's Signature

Date Signed



Contribution Card

Committee Name _____

Cash Money Order in the amount of \$ _____

Name _____

Home Address _____

City/State/Zip _____

To comply with Campaign Finance Reporting Rules,
please give the following information:

Employer _____

Occupation _____

Business Address _____

I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal funds, is not being reimbursed in any manner, and is not being made as a loan.

Contributor's Signature

Date of Contribution

Contribution Card

Committee Name _____

Cash Money Order in the amount of \$ _____

Name _____

Home Address _____

City/State/Zip _____

To comply with Campaign Finance Reporting Rules,
please give the following information:

Employer _____

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Business Address _____

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Contributor's Signature

Date of Contribution

Segregated Account/Non-Matchable Contribution Card

Committee Name _____

To comply with Campaign Finance Reporting Rules,
please give the following information: Cash
 Money Order # _____

In the amount of \$ _____ Check # _____

Name _____

Home Address _____

City/State/Zip _____

Employer _____

Occupation _____

Business Address _____

I understand that this entire contribution will be used by the candidate only (i) to pay expenses or debt from a previous election; (ii) by the candidate for an election other than the election for which this contribution is made; or (iii) to support candidates other than the candidate to whose campaign this contribution made, political party committees, or political clubs. I further understand that this contribution will not be matched with public funds.

I understand that State law requires that a contribution be in my name and be from my own funds. I hereby affirm that this contribution is being made from my personal funds, is not being reimbursed in any manner, and is not being made as a loan.

Contributor's Signature _____ Date of Contribution _____

Segregated Account/Non-Matchable Contribution Card

Committee Name _____

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 Money Order # _____

In the amount of \$ _____ Check # _____

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