



TENNESSEE REGISTRY OF ELECTION FINANCE

**Contribution Audit of
Gabby Salinas'
2018 Second Quarter Campaign Finance Disclosure**



STATE OF TENNESSEE



BUREAU OF ETHICS AND CAMPAIGN FINANCE REGISTRY OF ELECTION FINANCE

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September 11, 2019

Members of the Registry of Election Finance
404 James Robertson Parkway, Suite 104
Nashville, TN 37243-1360

Registry Members,

Transmitted herewith is the agreed upon procedures for the unitemized contribution audit of Gabby Salinas' 2018 Second Quarter Campaign Financial Disclosure Statement for the 2017 special election campaign for the Senate, District 31. This audit was conducted pursuant to the requirements of T.C.A. §2-10-212.

The audit procedures developed are to aid the Registry of Election Finance in its responsibilities to monitor and enforce Tennessee's Campaign Financial Disclosure Laws and Campaign Contribution Limit Laws. The candidate is responsible for complying with campaign finance laws and the accuracy of campaign financial disclosures. The sufficiency of these procedures is solely the responsibility of the Bureau of Ethics and Campaign Finance's internal audit group. Consequently, we make no representation regarding the sufficiency of the agreed upon procedures described in the report for any other purpose than aiding the Registry.

This report is for the information and use of the Members of the Tennessee Registry of Election Finance as outlined; and is not intended to be and should not be used by anyone other than the Registry without understanding the objectives, purposes, and underlying assumptions. This report, however, is a matter of public record.

Sincerely,

Jay Moeck, CPA, CFE
Audit Director

STATE OF TENNESSEE
REGISTRY OF ELECTION FINANCE

Audit Highlights

Gabby Salinas

2018 Second Quarter Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Gabby Salinas' compliance with certain provisions of campaign finance disclosure laws and regulations; compliance with certain provisions of campaign contribution limit laws and regulations; accuracy and completeness of the unitemized contribution disclosures on her 2018 Second Quarter Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

FINDING(S)

- 1. Gabby Salinas violated T.C.A. §2-10-105(a) by failing to report \$683 in campaign contributions.**
- 2. Gabby Salinas violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$300 in campaign contributions from three contributors who contributed in excess of \$100 during a reporting period.**
- 3. Gabby Salinas violated T.C.A. § 2-10-105(f) by failing to maintain contributor data for \$93 in cash contributions.**

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INTRODUCTION

AUDIT AUTHORITY

Tennessee Code Annotated (T.C.A.) §§2-10-207 and 2-10-212 authorize the Registry of Election Finance (Registry) to conduct audits of campaign financial disclosure statements filed with the Registry. This audit was initiated based on T.C.A. §2-10-212(i), which requires the Registry to audit a candidate's campaign financial disclosure statement if the unitemized contributions exceed \$5,000 and account for more than 30% of total contributions during a reporting period.

AUDIT PURPOSE

The Registry's contribution audits are to assist and encourage candidate compliance with campaign disclosure laws. The audit process assists the Registry in providing timely and accurate campaign information to government officials and the public. The Registry's audits provide a tool to the Registry to evaluate the effectiveness of the campaign financial disclosure process. In addition, the audits assist the Registry with the enforcement of campaign finance limit laws and campaign finance disclosure laws. Finally, the audit reports are prepared to assist the candidate and the State of Tennessee with promoting governmental accountability and integrity.

AUDIT SCOPE

Tennessee's campaign financial disclosure law requires candidates to make biannual financial disclosures as of the date of the first contribution or first expenditure, whichever occurs earlier. The biannual report periods are from January 16 to June 30 and July 1 to January 15 of each year. During an election year, the disclosures expand to quarterly reports, pre-primary reports, and pre-general reports. This audit relates to only disclosure reports that meet the requirements listed in T.C.A. §2-10-212(i). Therefore, the audit only relates to disclosures on Gabby Salinas' 2018 Second Quarter report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Gabby Salinas was a candidate in the November 6, 2018 election for the Senate, District 31. Ms. Salinas filed an Appointment of Political Treasurer Statement with the Registry on January 2, 2018 appointing L.E. Perry as political treasurer.

The candidate's first financial disclosure for the 2018 campaign was the 2017 Early Year-End Supplemental report filed on February 8, 2018. The candidate's latest financial disclosure report for the 2018 election was the 2019 Annual Mid-Year Supplemental report filed on July 15, 2019. The 2019 Mid-Year report indicated \$18,795.36 cash on hand, no outstanding obligations and no outstanding loans. The candidate has not completed her 2018 election campaign reporting requirements.

OVERVIEW OF FINANCIAL ACTIVITIES

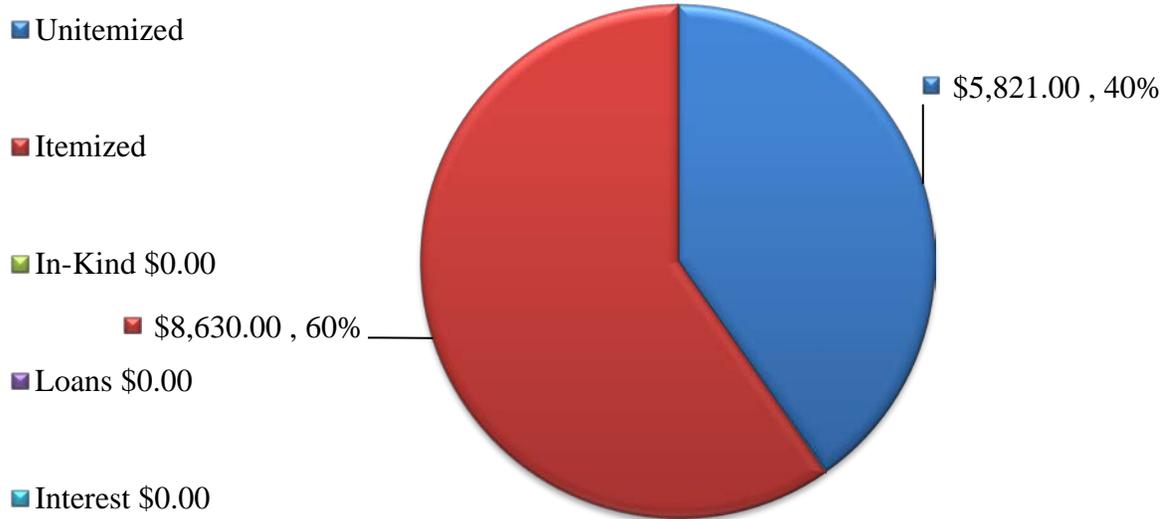
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2017 Early Year-End Supplemental, 2018 First Quarter, 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General and 2018 Fourth Quarter reports. As noted in the audit scope, we only audited unitemized contributions from disclosures for the 2018 Second Quarter report. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at January 2, 2018		\$0.00
Receipts		
Unitemized	\$30,780.96	
Itemized	120,655.00	
Interest	0.00	
Loans receipted	0.00	
Total receipts		<u>\$151,435.96</u>
Disbursements		
Unitemized	145.00	
Itemized	132,200.64	
Loans principal payments	0.00	
Total disbursements		<u>\$132,345.64</u>
Cash on hand at January 15, 2019		<u>\$19,090.32</u>
Loans outstanding at January 15, 2019		\$0.00
Obligations at January 15, 2019		\$0.00
Total in-kind contributions received		\$5,819.02

CHARTS

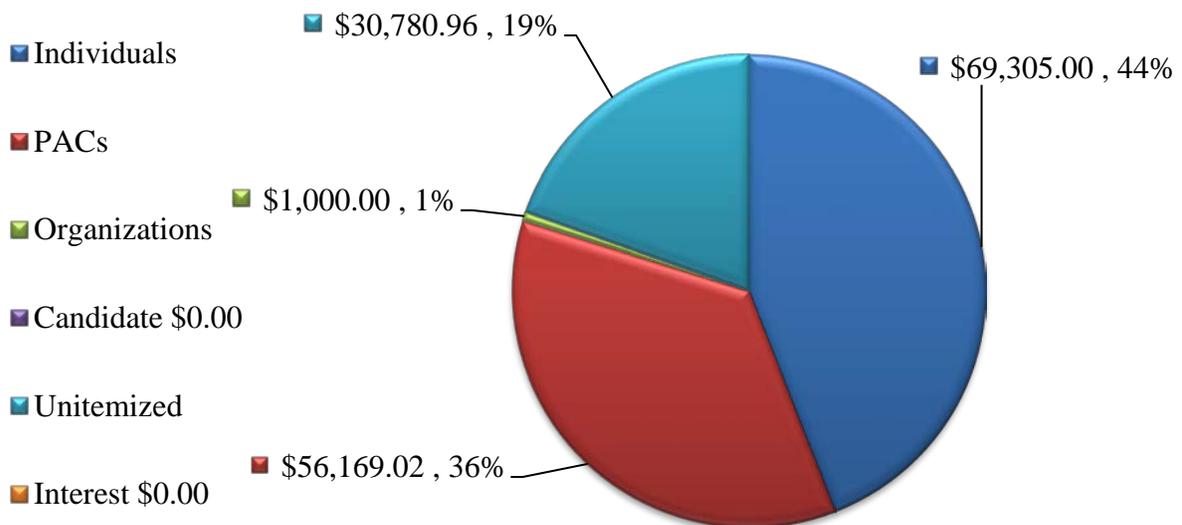
2018 SECOND QUARTER CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2018 Second Quarter report.



2018 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2018 election campaign through the 2018 Fourth Quarter disclosure report. Organizations in this chart represent non-profit organizations, non-PAC campaign organizations, or businesses.



OBJECTIVES, METHODOLOGIES, CONCLUSIONS

CONTRIBUTIONS AND RECEIPTS

Audit Objectives:

The objectives of the audit of unitemized contributions were to determine whether:

- campaign contributions from individuals and Political Action Committees (PAC) were within limits;
- all contributions were from non-prohibited sources;
- all contributions received were reported, reported in the proper period, reported in compliance with T.C.A. §§2-10-105 and 2-10-107, and reported in compliance with the Registry's rules; and
- all contributions were supported by bank statements and deposit slips.

Audit Methodology:

The Registry obtained Gabby Salinas' 2018 Second Quarter Campaign Financial Disclosure Statement to verify that the unitemized contributions were greater than \$5,000.00 and 30% of the total contributions reported. We requested Ms. Salinas provide supporting documentation for the unitemized contributions of \$5,821 that she reported on her 2018 Second Quarter report. The candidate's campaign records included bank statements, copies of checks, and contribution lists. The following steps were performed on Ms. Salinas' campaign documentation:

- The campaign records were reviewed to determine if the candidate's unitemized contributions received from April 1, 2018 thru June 30, 2018 totaled \$5,821.
- A list of unitemized contributions was prepared and compared to the candidate's bank statements to determine if the candidate deposited all funds into a campaign bank account and properly recorded the funds.
- A list of unitemized contributions by contributor was prepared and compared to the candidate's itemized contributions reported during the campaign to determine if campaign contributions from individuals and PACs complied with campaign contribution limits, T.C.A. §2-10-301, et seq.
- An unitemized contributions list was reviewed to determine if all contributions were reported, all receipts received were reported, all contributions were reported in the proper period, all contributions were in compliance with T.C.A. §§2-10-105 and 2-10-107, and all contributions were in compliance with the Registry's rules.

Audit Conclusion:

Gabby Salinas' 2018 Second Quarter Campaign Financial Disclosure Statement reported unitemized contributions greater than \$5,000.00 and 30% of the total contributions. The audit indicated Gabby Salinas reported \$14,451 in contributions on her 2018 Second Quarter report. The audit determined the campaign received \$15,134 in contributions during the 2018 Second Quarter reporting period. The amount indicated that the candidate failed to report \$683 in contributions (Finding 1). In addition, the campaign records indicated she failed to itemize \$300 in contributions from three contributors who contributed in excess of \$100 during the 2018 Second Quarter reporting period (Finding 2). Also, the campaign records indicated the candidate failed to maintain records to support the contributor for \$93 in cash contributions (Finding 3).

FINDINGS

1. Gabby Salinas violated T.C.A. §2-10-105(a) by failing to report \$683 in campaign contributions.

Gabby Salinas failed to report \$683 in contributions on her 2018 Second Quarter report. T.C.A. §2-10-105(a) requires all contributions received to be reported on a campaign finance report. The audit determined from April 1, 2018 to June 30, 2018, Gabby Salinas' campaign received \$15,134 in contributions. However, Ms. Salinas only reported contribution of \$14,451 on her 2018 Second Quarter report. The \$683 difference was unreported campaign contributions. The \$683 in unreported contributions is approximately 4.5% of the \$15,134 in contributions received.

2. Gabby Salinas violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$300 in campaign contributions from three contributors who contributed in excess of \$100 during a reporting period.

In the contributions identified as received by Gabby Salinas during the 2018 Second Quarter by the audit, the audit noted six transactions totaling \$300 received from three contributors, which were required to be itemized but no itemized disclosure was made. T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100 from one source received during a reporting period to be itemized requiring the disclosure of the contributor's name, address, occupation, employer, date of receipt and amount of the contribution. The campaign records indicate the following:

- a. A contributor gave \$200 to Ms. Salinas in four transactions of \$50 each during the 2018 Second Quarter reporting period. The contributions were required to be itemized, but no itemized disclosure appears for this contributor.
- b. A contributor gave \$550 to Ms. Salinas in two transactions each during the 2018 Second Quarter reporting period. Ms. Salinas properly itemized the \$500 contribution. However, the other \$50 contribution was not itemized as required.

- c. A contributor gave \$500 to Ms. Salinas in three transactions during the 2018 Second Quarter reporting period. Ms. Salinas properly itemized the \$200 and \$250 contributions. However, the remaining \$50 contribution was not itemized as required.

The remaining \$300 in improper disclosed transactions is approximately 2% of the \$15,134 in contributions received.

3. Gabby Salinas violated T.C.A. § 2-10-105(f) by failing to maintain contributor data for \$93 in cash contributions.

Gabby Salinas did not maintain or obtain sufficient campaign records to verify compliance with all campaign finance statutes for \$93 in cash contributions received. Ms. Salinas' campaign records indicated that she received cash contributions totaling \$93 for which she cannot identify the contributors (anonymous contributions). The cash was deposited in three separate deposits. Without the specific contributor names and amounts contributed, we could not determine Ms. Salinas' compliance with the following campaign finance statutes for the cash contributions:

- T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100 from one source received during a reporting period to be itemized. The itemized information for each contributor must include name, address, occupation, employer, date of receipt, and amount of contribution.
- T.C.A. §2-10-311(a) limits cash contributions to \$50 per election for each contributor.

RECOMMENDATION TO CANDIDATE

Gabby Salinas should amend her 2018 Second Quarter Campaign Financial Disclosure Statement to ensure that she reports all contributions received and properly itemizes all contributions from individuals who contributed over \$100 during a reporting period. In reporting for future elections, Gabby Salinas should maintain contributor data for all campaign contributions received and reconcile the campaign records to her campaign disclosures to ensure all disclosures are complete, accurate and properly supported by the campaign records.

RECOMMENDATION TO REGISTRY

We recommend the Members of the Registry consider the findings for possible further action. We recommend the Registry approve the audit performed as being sufficient and complete. Finally, we recommend the Registry post the audit report to the Registry's website notwithstanding whether a significant penalty is assessed as outlined in T.C.A. §2-10-212(f). The report and related findings will assist current and future candidates in understanding the audit process, the purposes of Registry statutes and rules, and the types of procedures needed to comply with campaign finance laws.

RESOLUTIONS

CANDIDATE'S CORRECTIVE ACTIONS

After discussing the above finding with Gabby Salinas, she chose to take corrective action on her report prior to the Registry's approval of the audit. Ms. Salinas amended her 2018 Second Quarter Campaign Financial Disclosure Statements on August 19, 2019. The summary of the corrections are listed below.

Correction Action - Finding 1, 2 and 3:

On her amended 2018 Second Quarter report, Gabby Salinas reduced unitemized contributions by \$207. The correction was to increase total contributions reported by \$93 for the cash contribution noted in Finding 3, while reducing unitemized contributions by \$300 for contributions required to be itemized as noted in Finding 2. On the same amended report, Gabby Salinas also increased itemized monetary contributions by adding \$300. The \$300 addition was done by adding three new itemized contributor contributions. The corrections only partially amend her 2018 Second Quarter report for the contributions noted in Finding 1 and 2 an addition \$590 needs to be added to the 2018 Second Quarter unitemized contributions to report all unreported contributions as noted in finding 1.

Corrective Actions - Finding 3:

Gabby Salinas followed the Registry staff recommendations and donated \$93 to a civic organization's charitable fund (these were the anonymous funds that could not be used for campaign purposes). The candidate provided a copy of the check and other documents to support the donations to charitable organizations. As the donation was made on 7/12/2019, the donation is not required to be reported until the 2019 Year report is submitted in January 2020.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance will review the 2018 Contribution Audit of Gabby Salinas' 2018 Second Quarter report during the September 11, 2019 regular monthly meeting. Approval and any subsequent actions taken by the board will be documented in the board minutes.