



TENNESSEE REGISTRY OF ELECTION FINANCE

**Contribution Audit of
David Weatherspoon's
2018 First Quarter Campaign Finance Disclosure**



STATE OF TENNESSEE
BUREAU OF ETHICS AND CAMPAIGN FINANCE
REGISTRY OF ELECTION FINANCE

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June 12, 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 David Weatherspoon's 2018 First Quarter Campaign Financial Disclosure Statement for the 2018 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 public record.

Sincerely,

Jay Moeck, CPA, CFE
Audit Director

STATE OF TENNESSEE
REGISTRY OF ELECTION FINANCE

Audit Highlights
David Weatherspoon's
2018 First Quarter Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine David Weatherspoon's 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 his 2018 First Quarter Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

FINDING(S)

- 1. David Weatherspoon violated T.C.A. § 2-10-105(f) by failing to maintain contributor data for \$200 in cash contributions.**

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INTRODUCTION

AUDIT AUTHORITY

Tennessee Code Annotated (T.C.A.) §§2-10-207 and 2-10-212 authorizes the Registry of Election Finance (Registry) to conduct audits of campaign financial disclosure statements filed with the Registry. The 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 disclosure on David Weatherspoon's 2018 First Quarter report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

David Weatherspoon was a candidate in the August 2, 2018 primary election for the Senate District 31. Mr. Weatherspoon filed an Appointment of Political Treasurer Statement with the Registry on November 11, 2017 appointing Martha Frizzell as political treasurer.

The candidate's first financial disclosure for the 2018 campaign was the 2017 Early Year-End Supplemental report filed on January 25, 2018. The candidate's latest financial disclosure report for the election was the 2018 Fourth Quarter report filed on January 24, 2019. The 2018 Fourth Quarter report indicated \$22,096.12 cash on hand, no outstanding obligations and no outstanding loans. The candidate has not completed his 2018 election campaign reporting requirements.

OVERVIEW OF FINANCIAL ACTIVITIES

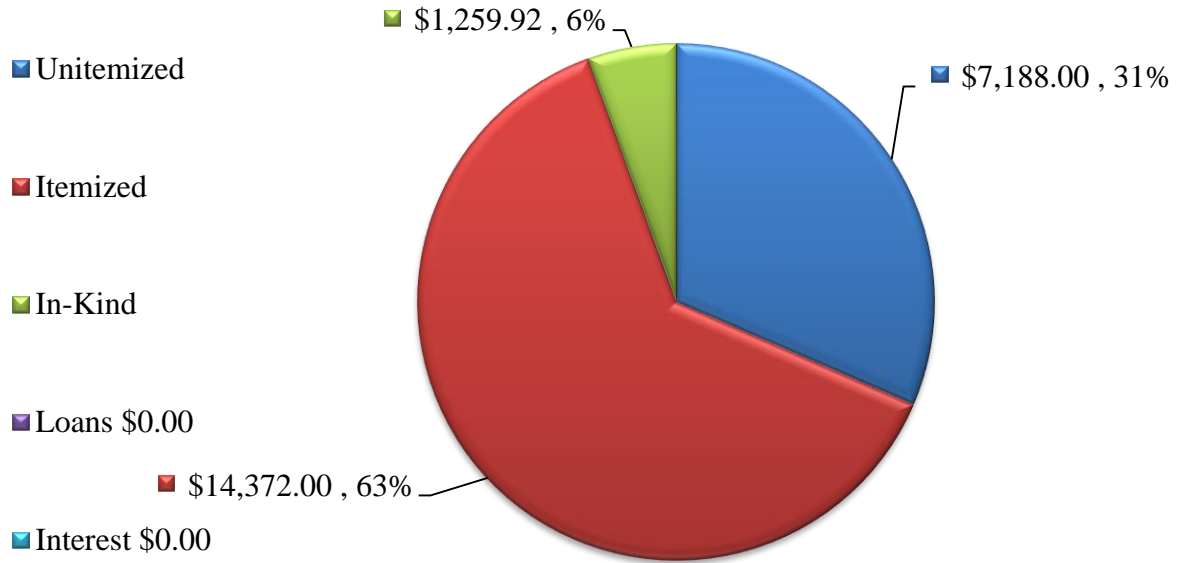
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2017 Early Year-End, 2018 First Quarter, 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter and 2018 Fourth Quarter reports. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2018 First 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 November 11, 2017		\$0.00
Receipts		
Unitemized	\$21,850.50	
Itemized	71,630.00	
Interest	0.00	
Loans received	0.00	
Total receipts		<u>\$93,480.50</u>
Disbursements		
Unitemized	1,543.83	
Itemized	69,840.55	
Loans principal payments	0.00	
Total disbursements		<u>\$71,384.38</u>
Cash on hand at January 15, 2019		<u>\$22,096.12</u>
Loans outstanding at January 15, 2019		\$0.00
Obligations at January 15, 2019		\$0.00
Total in-kind contributions received		\$1,759.79

CHARTS

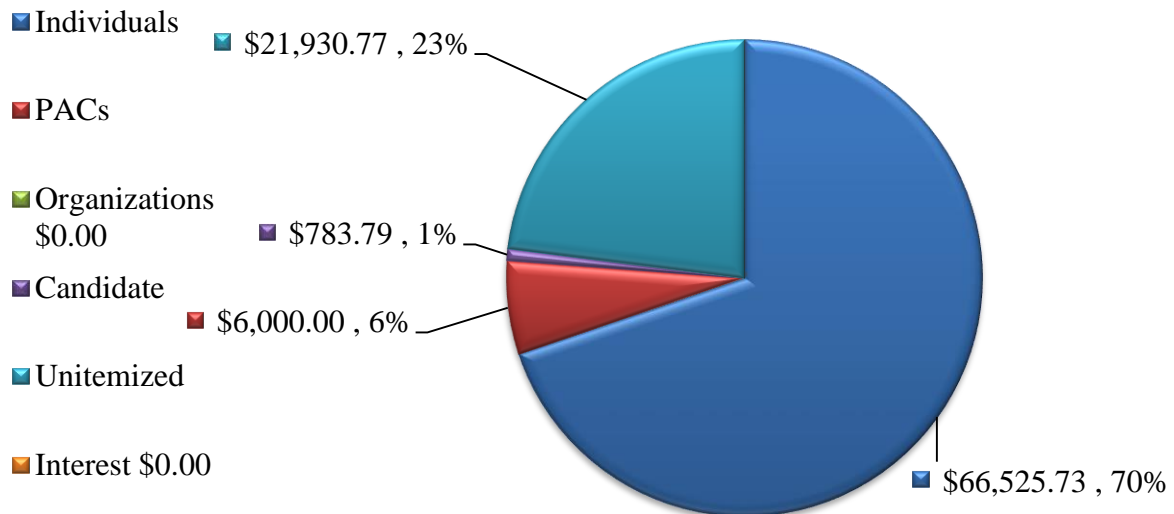
2018 FIRST QUARTER CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2018 First 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 David Weatherspoon's 2018 First 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 Mr. Weatherspoon provide supporting documentation for the unitemized contributions of \$7,188 that he reported on his 2018 First Quarter report. The candidate's campaign records included bank statements, copies of checks, online contribution reports and candidate prepared contributor lists. The following steps were performed on Mr. Weatherspoon's campaign documentation:

- The campaign records were reviewed to determine if the candidate's unitemized contributions received from January 16, 2018 thru March 31, 2018 totaled \$7,188.
- 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:

David Weatherspoon's 2018 Pre-General Campaign Financial Disclosure Statement reported unitemized contributions greater than \$5,000.00 and 30% of the total contributions. The audit indicated all \$7,188 in unitemized contributions reported were deposited into the campaign bank account. The audit indicated the unitemized contributions reporting complied with campaign finance laws and Registry rules except David Weatherspoon failed to properly maintain contributor data for \$200 in cash contributions received during the 2018 First Quarter reporting period (Finding 1).

FINDING

1. David Weatherspoon violated T.C.A. § 2-10-105(f) by failing to maintain contributor data for \$200 in cash contributions.

David Weatherspoon did not maintain or obtain sufficient campaign records to verify compliance with all campaign finance statutes for \$200 in cash contributions received. Mr. Weatherspoon's campaign records indicated that he deposited \$300 in cash. His contributor records could only identify contributors for \$100 of the deposit. The remaining \$200 cannot be associated to a specific contributor. As the campaign records failed to maintain contributor records for the \$200 in cash, the funds are anonymous contributions. The \$200 is approximately 2.7% of the \$7,188 in unitemized contribution reported by the candidate. Without the specific contributor's names and amounts contributed, we could not determine Mr. Weatherspoon's 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

In reporting for future elections, David Weatherspoon should maintain contributor data for all campaign contributions received and reconcile the campaign records to his 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 David Weatherspoon, he chose to take corrective action on his report prior to the Registry's approval of the audit. Mr. Weatherspoon amended his 2018 Fourth Quarter Campaign Financial Disclosure Statements on March 27, 2019. Summary of the corrections are listed below.

Corrective Actions - Finding 1:

David Weatherspoon followed the Registry staff recommendations and donated \$200 to a charitable organization (these were the anonymous funds that could not be used for campaign purposes). The candidate provided a copy of the check from the campaign supporting the donations. He also chose to early report the donation and added an expense to his amended 2018 Fourth Quarter report.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance will review the 2018 Contribution Audit of David Weatherspoon's 2018 First Quarter report during the June 12, 2019 regular monthly meeting. Approval and any subsequent actions taken by the board will be documented in the board minutes.