



TENNESSEE REGISTRY OF ELECTION FINANCE

Contribution Audit of Judge David Bragg's 2014 Second Quarter Campaign Finance Disclosure



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October 8, 2014

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

Ladies and Gentlemen,

Transmitted herewith is the agreed upon procedures for the un-itemized contribution audit of Judge David Bragg's 2014 Second Quarter Campaign Financial Disclosure Statement for the 2014 election campaign for Circuit Court 16th Judicial District – Division 2. 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

Judge David Bragg
2014 Second Quarter Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Judge David Bragg'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 un-itemized contribution disclosures on his 2014 Second Quarter Campaign Financial Disclosure Statement; and to recommend appropriate actions to correct any deficiencies.

FINDINGS

- 1. Judge Bragg violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$425 in campaign contributions from three contributors who contributed in excess of \$100 during a reporting period.**
- 2. Judge Bragg failed to maintain contributor data for \$730 in cash contributions.**
- 3. Judge Bragg violated T.C.A. § 2-10-311(a) by receiving \$190 in cash contributions over the cash limit from five contributors.**

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INTRODUCTION

AUDIT AUTHORITY

Tennessee Code Annotated (T.C.A.) §§2-10-206 and 2-10-212 authorize 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 any candidate that files a disclosure statement with more than 30% of the candidate's contributions reported as un-itemized contributions and the aggregate un-itemized contributions reported are greater than \$5,000.

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 reviewed only Judge Bragg's disclosures on his 2014 Second Quarter report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Judge David Bragg was a candidate in the August 7, 2014 general election for the Circuit Court 16th Judicial District – Division 2. Judge Bragg filed an Appointment of Political Treasurer Statement with the Registry on March 5, 2014 naming Gary E. Green as political treasurer.

The candidate's first financial disclosure for the 2014 campaign was the 2014 First Quarter report filed on April 8, 2014. The candidate's latest financial disclosure report for the 2014 election was the 2014 Second Quarter report filed on July 31, 2014. The 2014 Pre-General report indicated \$4,890.66 cash on hand, no outstanding obligations and no outstanding loans. The candidate has not completed his 2014 election campaign reporting requirements. The candidate's next report will be the 2014 Third Quarter report due October 10, 2014.

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: 2014 First Quarter, 2014 Pre-Primary, 2014 Second Quarter and 2014 Pre-General reports. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2014 Second Quarter report. The amounts displayed are for informational purposes only.

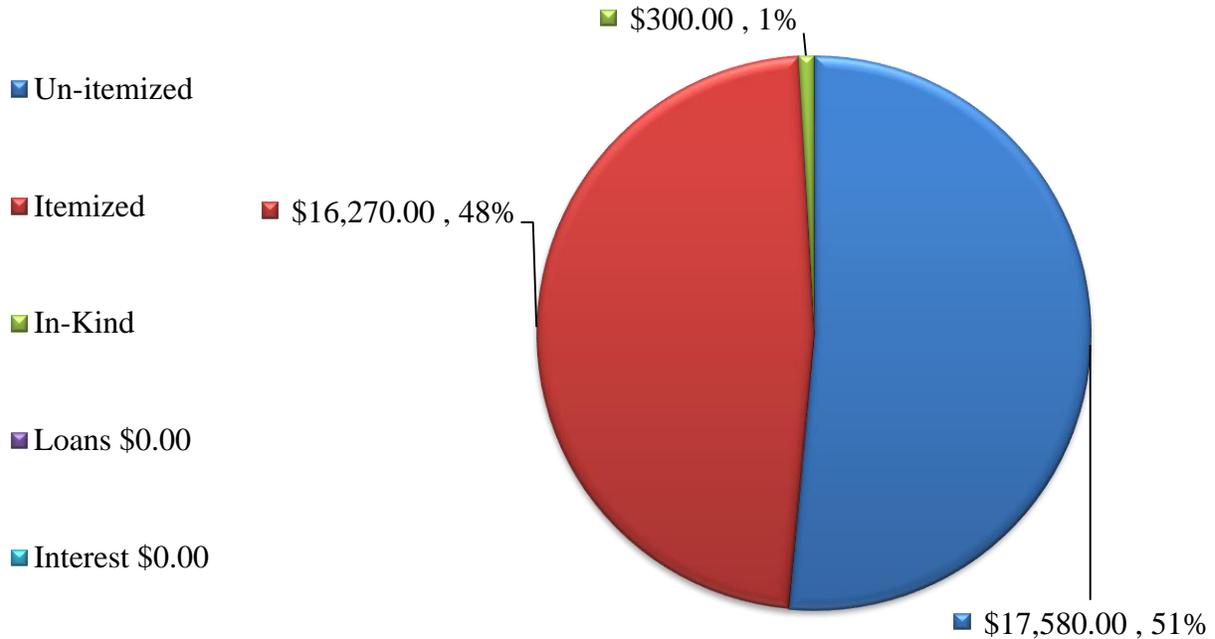
<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at January 16, 2014		\$20,074.18 ¹
Receipts		
Un-itemized	\$18,130.00	
Itemized	17,370.00	
Interest	0.00	
Loans received	0.00	
Total receipts		<u>\$35,500.00</u>
Disbursements		
Un-itemized	430.12	
Itemized	50,253.40	
Loans principal payments	0.00	
Total disbursements		<u>\$50,683.52</u>
Cash on hand at July 28, 2014		<u>\$4,890.66</u>
Loans outstanding at July 28, 2014		\$0.00
Obligations at July 28, 2014		\$0.00
Total in-kind contributions received		\$300.00

¹ The balance on hand at 1/16/2014 is funds transferred from the candidate's prior campaign.

CHARTS

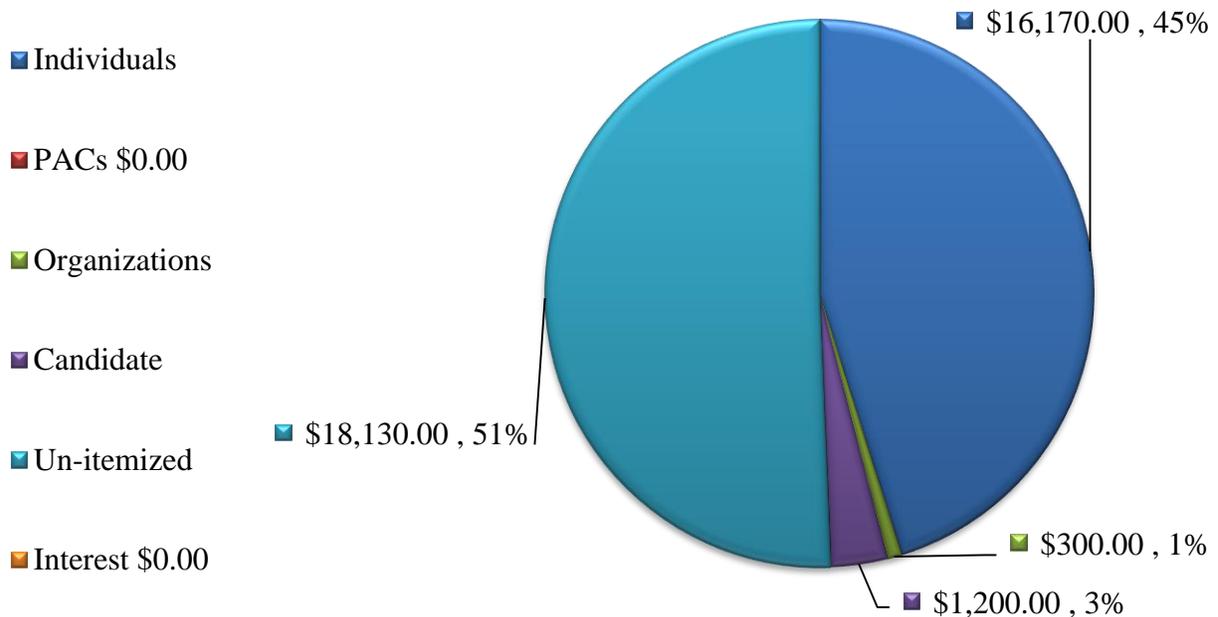
2014 SECOND QUARTER CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2014 Second Quarter report.



2014 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2014 election campaign through the 2014 Pre-General 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 un-itemized 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 Judge Bragg's 2014 Second Quarter Campaign Financial Disclosure Statement to verify that the un-itemized contributions were greater than \$5,000.00 and 30% of the total contributions reported. We requested Judge Bragg provide supporting documentation for the un-itemized contributions of \$17,580 that he reported on his 2014 Second Quarter report. The candidate's campaign records included bank statements, deposit slips, copies of contribution checks and a contributor donation list. The following steps were performed on Judge Bragg's campaign documentation:

- The campaign records were reviewed to determine if the candidate's un-itemized contributions received from April 27, 2014 thru June 30, 2014 totaled \$17,580.
- A list of un-itemized 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 un-itemized contributions by contributor was prepared and compared to the candidate's itemized contributions reported during the election to determine if campaign contributions from individuals and PACs complied with campaign contribution limits, T.C.A. §2-10-301, et seq.
- An un-itemized 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:

Judge David Bragg's 2014 Second Quarter Campaign Financial Disclosure Statement reported un-itemized contributions greater than \$5,000.00 and 30% of the total contributions. The audit indicated all un-itemized contributions reported were deposited into the campaign bank account. The audit indicated the un-itemized contributions complied with campaign finance laws and Registry rules except Judge Bragg failed to itemize \$425 in campaign contributions from three contributors who contributed in excess of \$100 during the Second Quarter reporting period (Finding 1). In addition, he failed to properly maintain contributor data for \$730 in cash contributions during the Second Quarter reporting period (Finding 2). Finally, Judge Bragg violated T.C.A. § 2-10-311(a) by receiving \$190 in cash contributions over the cash limit from five contributors (Finding 3).

FINDINGS

1. Judge Bragg violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$425 in campaign contributions from three contributors who contributed in excess of \$100 during a reporting period.

Judge David Bragg included \$425 in un-itemized contributions received from three individuals that were required to be itemized during the 2014 Second Quarter reporting period. T.C.A. §2-10-107(a)(2)(A)(i) requires contributions of more than \$100 received from one source during a reporting period to be itemized. The campaign records indicate one contributor wrote a \$200 check during the Second Quarter. The candidate's contributor list showed the contribution amount was \$100. The candidate improperly reported the contribution as un-itemized. Additionally, the campaign records indicated three checks totaling \$225 were contributed by two individuals (both individuals were listed on the check header). Based on the candidate's records, the contributions should be equally allocated to both individuals. The \$112.50 per contributor was improperly included in un-itemized contributions. The itemized information for each contributor must include name, address, occupation, employer, date of receipt and amount of the contribution. The \$425 in contributions represents approximately 2.4% of the un-itemized contributions reported by Judge Bragg on his 2014 Second Quarter Campaign Finance Disclosure Statement.

2. Judge Bragg failed to maintain contributor data for \$730 in cash contributions.

Judge Bragg did not maintain or obtain sufficient contribution campaign records to verify compliance with all campaign finance statutes for cash contributions. Judge Bragg's campaign records indicated that he received cash contributions totaling \$730 from anonymous contributors. The campaign records show cash was collected by fishbowl at two fundraising events then deposited into the campaign bank account. Complete records of contributor data for the cash collected at these events were not kept. The \$730 in cash contributions represents approximately 49% of all cash contributions deposited into the candidate's campaign account related to the Second Quarter reporting period. Without the specific contributor's names and amounts contributed we could not determine Judge Bragg's compliance with the following campaign finance statutes for 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.

3. Judge Bragg violated T.C.A. § 2-10-311(a) by receiving \$190 in cash contributions over the cash limit from five contributors.

Judge David Bragg received \$190 in cash contributions from five individuals over the \$50 cash limit per election. Judge Bragg was a candidate in the August 7, 2014 general election (he was not a candidate in a primary election). The candidate contribution listing and campaign records indicate three individuals contributed \$100, one individual contributed \$80 and one contributed \$60 in cash contributions. T.C.A. §2-10-311(a) states, “No person shall make cash contributions to any candidate with respect to any election that, in the aggregate, exceed fifty dollars (\$50.00).” Based on the T.C.A., the maximum cash contribution limit for Judge Bragg for each contributor is \$50; therefore, the three \$100 contributions are each \$50 over the limit, the \$80 contribution is \$30 over the limit and the \$60 contribution is \$10 over the limit. The \$190 in cash contributions above the campaign cash limits represents approximately 13% of the all cash contributions deposited into the candidate’s campaign account related to the Second Quarter reporting period.

RECOMMENDATION TO CANDIDATE

Judge David Bragg should amend his 2014 Second Quarter Campaign Financial Disclosure Statement to ensure that he properly reported all itemized contributions from individuals who contributed over \$100 during a reporting period. Judge Bragg should return all funds in excess of the campaign limits to the proper contributor. In subsequent reporting or future elections, Judge Bragg 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 rules and types of procedures needed to comply with campaign finance laws.

RESOLUTIONS

CANDIDATE'S CORRECTIVE ACTIONS

After discussing the above findings with Judge Bragg, he chose to take corrective actions on prior to the Registry's approval of the audit. The corrective actions are detailed below. Included in the corrections are amendments made by Judge Bragg to his 2014 Second Quarter Campaign Financial Disclosure Statement on September 30, 2014.

Corrective Actions - Finding 1:

Judge Bragg increased itemized monetary contributions by \$425 by adding three contributor's contributions in the amounts of \$200, \$125 and \$125. He also reduced an overstated itemized contribution from \$150 to \$50 from one contributor. Finally, he reduced un-itemized contributions by \$325. The corrections properly report the contributions noted in Finding 1.

Corrective Actions - Finding 2:

Judge Bragg followed the Registry staff recommendations and donated \$730 to two charitable or civic organizations (these were the anonymous funds that could not be used for campaign purposes). The candidate provided copies of the checks and other documents to support the donations. As the donations were made on 9/30/2014 and 08/01/2014, the donations are not required to be reported until the 2014 Third Quarter report and/or 2014 Fourth Quarter report.

Corrective Actions - Finding 3:

Judge Bragg refunded \$190 to the five contributors identified as being over the cash limit. The candidate provided copies of the campaign checks refunding the money to the various contributors. As all the checks were written on 9/26/2014, the return of contributions is not required to be reported until the 2014 Third Quarter report.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance reviewed the 2014 contribution audit of Judge Bragg during the October 8, 2014 regular monthly meeting. The report contained three findings, which the candidate had corrected. The Registry voted to accept and approve the audit report with no further action.