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**TENNESSEE REGISTRY OF ELECTION FINANCE**

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**Contribution Audit of  
DeAngelo Jelks's  
2021 Pre-General Campaign Finance Disclosure**

**Audit group:**

Jay Moeck, CPA, CFE  
Director of Audit

# STATE OF TENNESSEE



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May 13, 2025

Members of the Registry of Election Finance  
312 Rosa L. Parks Avenue, 2<sup>nd</sup> Floor  
Nashville, TN 37243

Ladies and Gentlemen,

The agreed-upon procedures for the un-itemized contribution audit of DeAngelo Jelks' 2021 Pre-General Campaign Financial Disclosure Statement for the 2021 Special Election for House of Representatives, District 29, are transmitted herewith. This audit was conducted under 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; it is not intended for 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  
Director of Audit

STATE OF TENNESSEE  
REGISTRY OF ELECTION FINANCE

**Audit Highlights**  
DeAngelo Jelks  
2021 Pre-General Contribution Audit

**AUDIT OBJECTIVES**

The objectives of the audit were to determine DeAngelo Jelks' 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 the 2021 Pre-General Campaign Financial Disclosure Statement, and recommendation of appropriate actions to correct any deficiencies.

**FINDING(S)**

- 1. DeAngelo Jelks was non-compliant with portions of T.C.A. §§2-10-105 and 2-10-107 by failing to report at least \$1,300.11 in campaign contributions received during the 2021 Pre-General, including stating fewer funds were available at the end of the period than appear to have been available.**
- 2. DeAngelo Jelks was non-compliant with T.C.A. §2-10-105(f) by failing to maintain contributor data for \$2,171 in contributions. Due to the lack of records, DeAngelo Jelks cannot support compliance with the campaign finance disclosure statutes or campaign limits laws for these contributions.**
- 3. DeAngelo Jelks was non-compliant with T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$3,126 in campaign contributions from eleven contributors who contributed more than \$100 during the 2021 Second Quarter reporting period.**

## **TABLE OF CONTENTS**

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	<b><u>PAGE</u></b>
<b>INTRODUCTION</b>	
Audit Authority	1
Audit Purpose	1
Audit Scope	1
<b>CAMPAIGN OVERVIEW</b>	
Campaign Organization	2
Overview of Financial Activities	2
<b>CHARTS</b>	
2021 Pre-General Campaign Contributions	3
2021 Election Contributions by Source	3
<b>OBJECTIVES, METHODOLOGIES, CONCLUSIONS</b>	
Contributions and Receipts	4
Findings	7
Expense Reporting Non-Compliance	10
Recommendation to Candidate	11
Recommendation to Registry	15
<b>RESOLUTIONS</b>	
Candidate's Corrective Actions	16
Registry of Election Finance Actions	16

## **INTRODUCTION**

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### **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 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 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 for the Registry to evaluate the effectiveness of the campaign financial disclosure process. In addition, the audits assist the Registry with enforcing 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 each year. During an election year, the disclosures expand to quarterly, pre-primary, 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 DeAngelo Jelks' 2021 Pre-General report disclosures.

## CAMPAIGN OVERVIEW

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### CAMPAIGN ORGANIZATION

DeAngelo Jelks was a candidate in the September 14, 2021, special election for the House Representative for District 29. DeAngelo Jelks filed an Appointment of Political Treasurer Statement with the Registry on June 11, 2021, appointing Jill Weitz as political treasurer.

The candidate's first financial disclosure for the 2021 campaign was the 2021 Second Quarter, filed on July 7, 2021. The candidate's last financial disclosure for the special election was the 2021 Third Quarter, filed on October 8, 2021. The 2021 Third Quarter disclosure indicated no cash on hand, outstanding obligations, or outstanding loans. The candidate completed the special election campaign filing reporting requirements.

### OVERVIEW OF FINANCIAL ACTIVITIES

The following financial amounts are a summary of the candidate's financial disclosures. The summarized amounts are from the following disclosure reports: the 2021 First Quarter, 2021 Pre-Primary, and 2021 Pre-General reports. As noted in the audit scope, we only audited un-itemized contributions from disclosures for the 2021 Pre-General report. The amounts displayed are for informational purposes only.

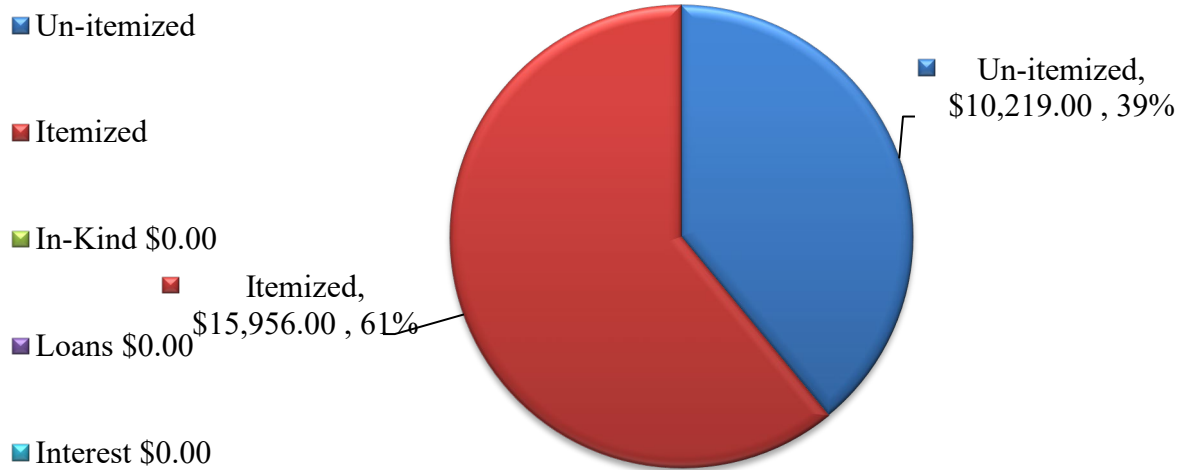
<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at June 11, 2021		\$0.00
Receipts		
Un-itemized	\$14,990.39	
Itemized	28,295.15	
Interest	0.00	
Loans received	250.00 <sup>1</sup>	
Total receipts		<u>\$43,535.54</u>
Disbursements		
Un-itemized	10,447.21	
Itemized	33,088.33	
Loans principal payments	0.00	
Total disbursements		<u>\$43,535.54</u>
Cash on hand on September 30, 2021		<u>\$0.00</u>
Loans outstanding on September 30, 2021		\$0.00
Obligations on September 30, 2021		\$0.00
Total in-kind contributions received		\$383.30

<sup>1</sup> The candidate-provided loan was written off in the 2021 Third Quarter.

## CHARTS

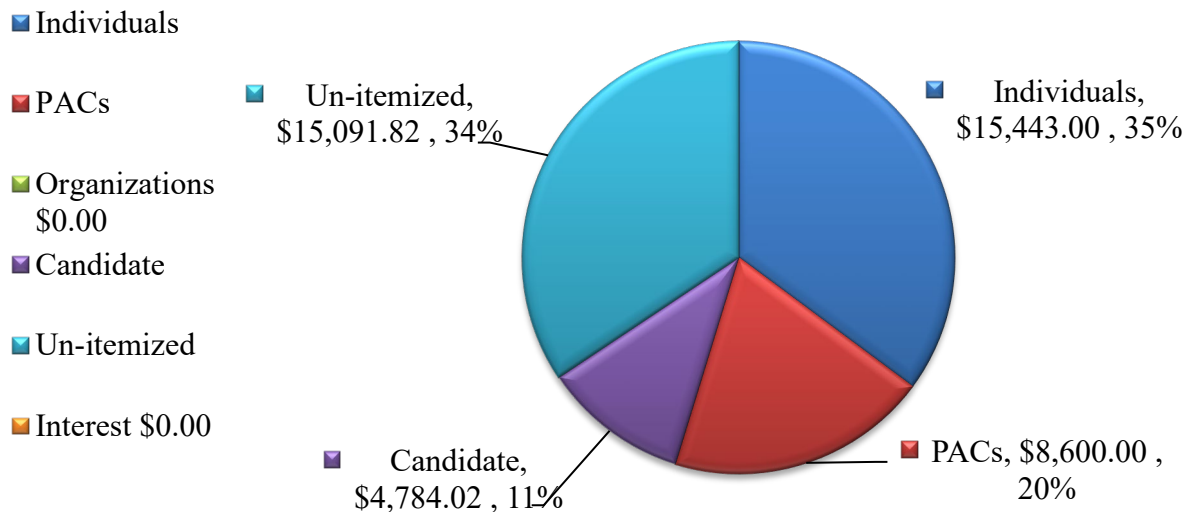
### 2021 PRE-GENERAL CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate in the 2021 Pre-General report.



### 2021 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the contributions reported by the candidate for the 2021 election campaign. Organizations in this chart represent non-profit organizations, non-PAC campaign organizations, or businesses.



## OBJECTIVES, METHODOLOGIES, CONCLUSIONS

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### 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
- all contributions were supported and received per banking records.

#### *Audit Methodology:*

The Registry obtained DeAngelo Jelks' 2021 Pre-General Campaign Financial Disclosure Statement to verify that the reported un-itemized contributions totaled more than \$5,000.00 and 30% of the total contributions reported. We requested that DeAngelo Jelks provide all supporting documentation for the un-itemized contributions of \$10,219 disclosed on the 2021 Pre-General Disclosure. The candidate's campaign records included bank statements and contributor data from online services (The campaign used the service ActBlue).

Readers of this report should be aware this was a special election in 2021. Special election reporting periods are based on the election day set; thus, unlike biannual elections, where a general disclosure would occur in October, this was preceded by the 2021 Pre-primary instead of a 2021 Third Quarter. This 2021 Pre-General disclosure period was from July 18, 2021, through September 4, 2021. The preceding 2021 Pre-Primary covered July 1, 2021, to July 17, 2021 (17 days), and the subsequent 2021 Third Quarter covered September 5, 2021, to September 30, 2021 (25 days),

The following steps were performed on the candidate's campaign disclosures and supporting documentation:

- The campaign records were reviewed to determine if the candidate's un-itemized contributions from July 18, 2021, through September 4, 2021, totaled \$10,219.

As noted in the audit conclusion, the candidate could not identify the contributions and deposits that made up the \$10,219. Therefore, the audit also had to review whether the candidate's contributions from July 18, 2021, through September 4, 2021, totaled \$26,175 (\$15,956 reported as itemized and \$10,219 reported as un-itemized).

- The auditor prepared a listing of suspected un-itemized contributions. The listing was prepared from the submitted ActBlue records and the candidate's bank statements. The listing was reconciled to the campaign accounts to determine if all funds were deposited and adequately supported. Suspected un-itemized contributions were any contributions received during the period that the auditor could not reconcile to the reported itemized contributions as reported by the candidate on the 2021 Pre-General Disclosure.
- The listing of un-itemized contributions prepared by the auditor and the candidate's reported itemized contributions were reviewed to determine whether campaign contributions from individuals and PACs complied with campaign contribution limits, T.C.A. §2-10-301, et seq.
- The listing of un-itemized contributions prepared by the auditor and the candidate's reported itemized contributions were reviewed to determine if all contributions were reported, all receipts received were reported, all contributions were reported in the proper period, and all contributions complied with T.C.A. §§2-10-105 and 2-10-107.

***Audit Conclusion:***

DeAngelo Jelks' 2021 Pre-General Campaign Financial Disclosure Statement reported \$26,175.17 in contributions, of which \$10,219 were un-itemized. Thus, un-itemized contributions were greater than \$5,000.00 and 30% of the total contributions reported, and an audit of those contributions is required by Tenn. Code Ann. § 2-10-212(i).

The candidate's initial and subsequent submissions of campaign records did not specifically identify the contributor and contributions that made up the \$10,219 reported by the candidate as un-itemized contributions. Although several statements by the submitter indicated or implied that the un-itemized contributions were received through ActBlue, there was no candidate-prepared listing of the un-itemized contributions reported by the candidate during the 2021 pre-general reporting period of July 18, 2021, through September 4, 2021, nor were there any notations to indicate what portions of which campaign account deposits related to the \$10,219 reported. The original submission of contribution data was only ActBlue records, but they did not total \$10,219 nor reconcile to that amount. As no bank records were provided, the records did not indicate if the funds were transferred from ActBlue to the campaign account. Nor were there records to support all deposits, which may or may not indicate additional contributions from other sources. The bank account and additional contribution records were requested to identify all contributions for the period.

The second submission of records consisted of the campaign bank statements from June 2021 to October 2021. The bank statements confirmed that ActBlue contributions were transferred, but indicated that contributions from other sources exist. The auditor's second request (and all subsequent requests) included recommendations to the candidate that the candidate likely should get the deposit details from the bank to show the makeup of each deposit. These records would better identify each deposit in the period and potentially other contributor data. Those records were never provided, nor could the candidate specifically identify what was and was not included in each reporting period.

Based on the audit records requested, records submitted, and candidate and treasurer statements provided, it appeared the campaign was implying that the ActBlue records provided and the associated deposits and bank records of deposits during the 2021 Pre-General reporting period are those items that were or should have been reported. This implies that the candidate is inferring that once items in the documents are reported and itemized contributions are made, the remaining would relate to the reported un-itemized contributions.

As the candidate failed to precisely identify the un-itemized contributions reported (whether by listing or any other method), an audit-prepared listing was required to be developed to determine proper reporting. The list was prepared based on the inference that the candidates provided ActBlue and campaign bank records supported all contribution activity during the 2021 Pre-General reporting period.

As noted, the candidate reported \$26,175 in total contributions. All deposits related to the contributions received through ActBlue as identified by the campaign as related to 2021 Pre-general and deposits during the period totaled \$30,406.66. As ActBlue removes a fee before deposit, the fee has to be added back to reconcile the amount. The fee for the period related to the contribution from ActBlue totaled \$653.26 (See “Expense Reporting Non-compliance” noted during audit at the end of the report). The new total of \$31,059.96 is the deposits and fees withheld added back. In reviewing the records, the audit noted that three deposits during the beginning of the reporting period were likely related to ActBlue. These were as follows:

- 7/19/2021 ATM image deposit of \$681.94
- 7/22/2021 ATM image deposit of \$935.81
- 7/29/2021 ATM image deposit of \$776.64

In the auditor's experience, most campaigns' deposits are in whole dollar amounts. These three deposits include change amounts, which indicates that online contribution deposits are probable. The ActBlue records provided indicate none of these deposits are related to those contributions based on the date ActBlue issued its check to transfer funds. The records also indicate that funds collected by ActBlue for this campaign are held for an extended time before a check is issued. Thus, the audit identified several deposits after September 4, 2021 (the end of the reporting period) related to contributions reported and received during the reporting period. As noted above, the auditor requested and recommended additional records be obtained from the bank and provided by the candidate; no other records were provided. Thus, the auditor had to use his best judgment to classify these deposits (basically an educated guess) that additional records could confirm or refute. The auditor determined with a relatively high degree of certainty the three deposits were likely related to contributions received during reporting periods before the 2021 Pre-General. Thus, the deposits were excluded from the assessment for audit purposes, beyond noting that the candidate failed to provide sufficient records to indicate when they should be reported or how the candidate reported them.

The auditor made a similar assessment related to a deposit on August 10, 2021. That deposit totaled \$1,958.81 and also appears to relate to ActBlue likely. The audit determined that a portion of the deposit was related to the ActBlue records provided by the candidate. Those contributions

totaled \$768.39 (\$800 less the \$31.61 fees). Thus, with a high degree of certainty, the auditor determined again that the additional \$1,958.81 was related to the contribution received before the 2021 Pre-General reporting period. However, again, the records provided by the candidate are insufficient to verify that assessment. Thus, additional records from the bank and ActBlue could confirm or refute that assessment.

When the deposits and partial deposit amounts noted above are removed from the assessment, the total deposits identified by the audit related to the 2021 Pre-General reporting period are \$27,475.11. This results in a difference of \$1,300.11 more deposited than reported. Details on the candidate's non-compliance with maintaining campaign records that appear to result in failing to report the \$1,300.11 are in Finding 1.

In addition to the unreported contributions, the audit identified \$2,171 in contributions for which the candidate could not identify the contributor. Thus, the candidate cannot confirm compliance with any campaign finance statutes related to these contributions. The failure to maintain those records is detailed in Finding 2.

When the candidate did have sufficient records, the campaign records indicated that the candidate failed to properly report contributions as itemized when a contributor gave more than \$100 during the reporting period. The audit test work identified \$3,126 in such contributions, detailed in Finding 3.

The audit test work also indicated that the candidate had other areas of non-compliance associated with the online contributions fee that were not specifically part of the audit objectives. These are outlined in the section titled “Expense Reporting Non-compliance.”

## **FINDING(S)**

- 1. DeAngelo Jelks was non-compliant with portions of T.C.A. §§2-10-105 and 2-10-107 by failing to report at least \$1,300.11 in campaign contributions received during the 2021 Pre-General, including stating fewer funds were available at the end of the period than appear to have been available.**

DeAngelo Jelks appears non-compliant with the campaign finance statutes by understating the un-itemized contributions received during the 2021 Pre-General by \$1,300.11. T.C.A. §§2-10-105 and 2-10-107 regulate when and how contributions received by a campaign must be reported. This is emphasized in T.C.A. §2-10-107(e) requirements, which require a candidate to report the funds available at the end of each period. The Registry reporting mechanism assists candidates in compliance with the statute by having candidates report the Balance on Hand each period. The electronic filing system assists the candidate by calculating this amount based on disclosure made (or, in the case of a short form reporting, requires the candidate’s input of the balance on hand). Inaccurate, incomplete, or additional data will make the system improperly calculate and disclose the required “balance on hand” field. Thus, the candidate will be non-compliant with reporting available funds at the end of each period. Such activity will generally overstate or understate the available funds in all subsequent disclosures until corrections, adjustments, or the campaign account closeouts to zero balance entries are made.

The candidate reported \$26,175 (\$15,956 reported as itemized and \$10,219 reported as un-itemized) in contributions received on the 2021 Pre-General Disclosure. The audit test work determined the campaign had deposits related to the disclosure period of \$27,475.11, as outlined in the audit conclusion. The difference of \$1,300.11 appears to be unreported contributions received during the period. However, the records maintained and submitted by the candidate were insufficient to correctly identify each deposit, the related amounts, and the source of those deposits. Thus, based on the records, the audit can only determine that \$1,300.11 was unreported.

The audit also determined that the \$1,300.11 data was not supported by contributor data, as noted in Finding 2. The audit also determined the most likely deposits related to the unreported amount were the following:

- July 26, 2021, deposit of \$1,500
- August 9, 2021, deposit of \$350
- August 13, 2021, deposit of \$200
- August 20, 2021, \$300 of the \$8,794.60 deposit.

These deposits total \$2,350; however, they are also deposits that the audit cannot identify as being all or part of the activity for which the candidate gave ActBlue records. The difference in the amounts between the \$2,350 and \$1,300.11 has three components,

1. The audit could not identify \$870.89 of the \$10,219 un-itemized contributions by the contributor. The auditor assumed that these could be in the above deposit and not overstated or misstated. In either instance, they would be improperly supported. The auditor elected to consider the \$870.89 in the funds for this report as being in the deposit over the multiple errors, resulting from indicating the \$870.89 was an overstatement. However, the \$870.89 is unsupported by contributor data, as reported in Finding 2. There is also an indicator that the \$0.11 in the amount noted could be related to a misstatement related to online contributions and fees. The auditor determined the amount was too small, and the records were insufficient to follow up on that indicator.
2. The audit could not identify the source of \$29 of a \$531 itemized contribution reported. The portion identified is related to multiple transactions. Again, the auditor assumed and elected to consider the \$29 was another transaction in the deposit noted above, over-reporting multiple areas of non-compliance
3. Although the audit identified most of the itemized contributions reported as being from ActBlue, it could not identify one contribution of \$150. Again, the auditor assumed and elected to consider the \$150 was in the deposit noted above, over-reporting multiple areas of non-compliance.

The final thing the audit can do is determine that sufficient evidence exists to indicate that most of the \$1,300.11 came from sources other than ActBlue, as inferred in the candidate submission. As noted, ActBlue takes a fee from all contributions, so generally, the deposits that include ActBlue will have change amounts associated with the deposit. It is doubtful the deposits on 7/26, 8/9, and 8/13 have those types of contributions based on the whole dollar

amount deposited. Based on the records provided, the 8/20/2021 deposit, appears most likely to be an ActBlue check of \$4,894.60 and a \$3,600 contribution from a registered PAC based on the candidate and PAC disclosures. The remaining is \$300, which is unlikely to be from ActBlue. The source or form of payment (cash or check) can be determined based on the records provided, but it would be in the bank detail deposit records, which the candidate did not make available as noted.

The \$1,300.11 in unreported contributions received represents approximately 4.9% of the \$26,175 in contributions reported by the candidate for the 2021 Pre-General disclosure statement.

**2. DeAngelo Jelks was non-compliant with T.C.A. §2-10-105(f) by failing to maintain contributor data for \$2,171 in contributions. Due to the lack of records, DeAngelo Jelks cannot support compliance with the campaign finance disclosure statutes or campaign limits laws for these contributions.**

DeAngelo Jelks' campaign records indicated that the campaign received and deposited \$2,171 in funds that could not be associated with any contributor. Based on the audit test work, the \$2,171 was related to contributions received during the 2021 Pre-General reporting period.

Of the total \$2,171 in unsupported contributions, \$1,300.11 was not reported during the reporting period and is detailed in Finding 1. The remaining \$870.89 is the un-itemized contribution reported, which could not be associated with a specific contributor. As noted in Finding 1, the auditor assumed that the \$870.89 was being deposited for audit and audit-finding reporting purposes. The amount was related to four deposits that the contributor could not identify in detail.

The audit testing indicates that DeAngelo Jelks did not maintain or obtain sufficient campaign records of all contributors related to the \$2,171 amounts that were deposited during the period. The audit cannot verify compliance with all campaign finance statutes for these contributions (or note if they relate to already reported contributors and contributions supported). The funds that cannot be associated with specific contributors are generally considered anonymous and should not have been disbursed for a campaign expense. Without the specific contributor names and amounts contributed, we could not determine DeAngelo Jelks with the following campaign finance statutes for these 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 contribution amount.
- T.C.A. §2-10-311(a) limits cash contributions to \$50 per election for each contributor.

The \$2,171 in unsupported contributions (or anonymous contributions) received represents approximately 8.2% of the \$26,175 in contributions reported by the candidate for the 2021 Pre-General disclosure statement.

**3. DeAngelo Jelks was non-compliant with T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$3,126 in campaign contributions from eleven contributors who contributed more than \$100 during the 2021 Second Quarter reporting period.**

DeAngelo Jelks included \$3,126 in un-itemized contributions received from eleven individuals that should have been itemized during the 2021 Pre-General reporting period. 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 breakdown of contributions incorrectly reported as un-itemized contributions is as follows:

- Five individuals gave over \$100 in one transaction during the period. The contributions were not itemized, and all were made through an online service. This included one individual who gave the max per election limit of \$1,600 (\$2,301 in total contributions were misreported for these individuals).
- One individual made multiple contributions, one above \$100 and one \$100 or under, through an online service during the period. The contribution over \$100 required all others to be itemized as the contributor was over the \$100 reporting limit for the period from just one activity. None of the contributions were reported as itemized. (\$300 in total contributions were misreported for these individuals)
- Three individuals made multiple \$100 or under contributions through an online service during the reporting period. The aggregate amount for each contributor was over \$100 for the period. None of the contributions were reported as itemized. (\$425 in total contributions were misreported for these individuals)
- Two individuals had reported itemized contributions and then made additional contributions of \$100 or under during the period. All contributions were made through an online service. The additional amount for each contributor not itemized was improperly reported as un-itemized contributions (\$100 in total contributions were misreported for these individuals)

The \$3,126 of improperly reported contributions represents approximately 30.6% of the \$10,219 un-itemized contributions reported by the candidate on the 2021 Pre-General Campaign Finance Disclosure Statement.

**Expense Reporting Non-Compliance**

The purpose, objectives, and methodologies of this audit and the related report are to determine the candidate's compliance with un-itemized and itemized contribution reporting related to the 2021 Pre-General disclosure statement filed by the candidate. The testing was not intended to find or report expense non-compliance. However, the candidate used an online service that redacts fees from contributions collected on the campaign's behalf before providing those funds to the campaign. The audit is required to determine the amount of those fees and how those fees were reported to determine the compliance related to contributions. The statute has been determined to require the candidates to report the contribution received in such a manner as the amount the

contributor gives to the service before any fee is applied. Thus, the entire contribution amount is reportable on the date given to the service; the fee is reportable on the same date as the fees are allocated based on the contributions received. It should be noted that regardless of how the service allocates the fee and who it deems is paying the fee (contributor or campaign), the fee is an expense and is reportable, and the full amount received is the reportable monetary contribution.

In completing this audit, the test work indicated the candidate is non-compliant with expense reporting due to those fees. The audit test work indicated that in the 2021 Pre-General reporting period, the candidate's online services redacted \$653.26 in contributions received before the deposit. The candidate did not report any fees during the 2021 Pre-General reporting period. It was also noted that no fees were reported in any other period, except for the possible \$34.35 reported on the 2021 Pre-Primary, which may or may not be related to the online collection fees (A standard error known to occur is candidate reporting online contribution fees as bank fees due to their similar nature at times). Failure to report the fees incurred from the online service is non-compliant with T.C.A. §§2-10-105 and 2-10-107, which regulate when and how expenses by a campaign must be reported. This is emphasized in T.C.A. §2-10-107(e) requirements related to reporting the balance available at the end of each period. The failure to report expenses causes the ending balance amount to be misreported, as outlined in Finding 1 of this report, except that unreported expenses would reduce available funds.

In addition to the fee non-compliance noted, while reviewing expenses for the fees reported on the 2021 Pre-General disclosure, the auditor noted the following itemized expenses reported.

- Campaign worker 7/22/2021 \$2,510
- Campaign worker 8/23/2021 \$2,173.33
- Campaign worker 8/30/2021 \$2,500
- Campaign worker 9/03/2021 \$2,200
- Campaign worker 9/01/2021 \$2,200

These were all the expenses reported in the period. Only a purpose, date, and amount were reported in each case. As the worker was paid more than \$100, as indicated by the disclosure, the name of the campaign worker and a proper full address were required to be disclosed but not provided. The failure to report the expense vendor data (the campaign worker) is non-compliant with provisions in T.C.A. §2-10-107. It should also be noted that it is another common candidate reporting error to report multiple payments to multiple workers in this manner. As noted, this is not an expense audit, so whether that is occurring could not be determined from the contribution records submitted; however, even if that is the case, the disclosures are improper per the same statute.

### **RECOMMENDATION TO CANDIDATE**

DeAngelo **Jelks** should amend the 2021 Pre-General Campaign Financial Disclosure Statement to ensure that all contributions received are appropriately included and reported. This should include the following:

- Report as itemized all contributions from individuals who contributed over \$100 during the reporting period as outlined in Finding 3 of this audit report and remove the related amount from the un-itemized disclosure.
- Add the additional contributions not reported in Finding 1 either as an anonymous contribution in the itemized disclosure using the campaign address or identify the missing data, as recommended in the next bullet point, and appropriately report.
- The Director of Audit also recommends that the candidate determine if records exist that could identify any contributors, as outlined in Findings 1 and 2. The \$1,300.11 reported in Findings 1 and 2 and the \$870.89 unidentifiable contributions noted in Findings 2. Such inquiries and records could include the previously recommended but never provided bank detail deposit records. If any contributors are identified, the candidate should report the contribution as required by statute.

If no additional contributor data can be obtained, the total contributions noted should be reported as anonymous contributions using the campaign address. Anonymous contributions represent unallowable campaign contributions; see the section below for additional recommendations.

- The candidate should ensure all expenses incurred are reported in each period, including the fee redacted by the online services. To assist the candidate and limit the number of entries for such an expense to the current online system, the candidate is allowed, under current Registry procedures, to consolidate the entries to one entry each period for the fees related to the contributors reported. For example, the audit test work determined that \$653.26 was the fee expense for the 2021 Pre-General. This entire amount can be reported as one itemized expense to the online service vendor for online service fees and dated the last day of the reporting period.

The Director of Audit is aware the campaign filing account was closed. Thus, the campaign is showing a zero-ending balance. The corrections above, if only done for items noted in the audit on the 2021 Pre-General Report, will likely unbalance the disclosures. As noted, the audit relates to only one period and contributions. However, the audit does indicate, in several instances, that there are likely other improper disclosures in all the reporting periods, both for contributions and expenses. Upon completing all changes, the candidate must reconcile and correct the other periods to maintain an ending balance of zero that allows closure of the filing account.

#### Unallowable campaign contributions

The audit identified and reported above the campaign has unallowable campaign contributions due to their anonymous nature. Such contributions should not be used in the campaign and, when possible, should be returned to the contributor. There is also a statutory allowance for the return of improper contributions within 60 days. The Members and Registry Staff usually allow 60 days from the date the candidate was made aware of the unallowable contributions (which could be on receipt of the funds or by a non-compliant notice like the audit correction notice letter or audit report). The Director of Audit recommends the following items:

1. Generally, anonymous contributions cannot be returned to a contributor as that contributor cannot be identified to make the return. However, online services have created a unique situation in which some anonymous contributions could be returned to the account that contributed them. Therefore, even though an audit could determine the candidate failed to keep sufficient records to identify activity through an online application and the online service by either unwilling or being unable to give the candidate confirmable payment records showing the contributor data, the contribution could still be returnable through the service by reversal. The Director of Audit recommends that if the candidate determines any of the unidentified deposits related to such a service, the candidate contacts the online service and determines if the transaction can be reversed in such a manner. If they can, the return should occur, and a contribution adjustment related to the reported anonymous contribution should be disclosed.

Any remaining anonymous contributions are unallowable and should not be used for campaign activity. The Director of Audit recommends that the candidate follow the guidance given to other candidates based on recommendations and the board's prior actions. The guidance is that since such contributions cannot be used by the campaign and cannot be returned, such funds should be donated to charity. In this instance, the candidate could either contribute to charity amounts equally to the anonymous contributions identified in the audit or identify any charitable activity during the campaign already reported to charitable organizations (if any) and make any additional charitable contributions needed.

All the above requires disbursement of funds by return or donations. As noted above, the Director of Audit is aware that the campaign account was closed. Thus, refunds would have to be made from the candidate's funds (and confirmed to the Director of Audit before showing a corrective action occurred). Therefore, the candidate may prefer to wait for the Member's actions and recommendations from the audit report release before making the actual returns as recommended by the Director of Audit. If the candidate used personal funds for the recommendation, the identical amounts must also be reported as candidate contributions, and the related returns and donations must be appropriately reported.

#### Future elections (if applicable)

The candidate should re-familiarize with Tennessee Campaign Finance Laws relating to campaign finance and contribution limits and ensure that all necessary information is provided to all those who collect on the campaign's behalf. In addition, the candidate and those doing the reporting need to understand the difference in supporting contributions received, reporting requirements, and campaign limits. Those differences are as follows:

- All contributions, regardless of amount, have to be supported by records to show who made the contribution and that the funds provided by the contributor were theirs to give. In short, the candidate's campaign records are required by statute to support all contributions by contributors and source down to the penny (generally, this will be by transaction).

- Campaign reporting is in two segments. The first reporting requirement is by disclosure statement periods. Then, based on the contribution amounts, contributors who give more than \$100 in aggregate during a period are detailed disclosed (itemized), and those who give \$100 or less in aggregate during the period can be (un-itemized) up to the cap.

**Statutory Change:** Members and candidates need to be aware that in 2023, the un-itemized contribution reporting was capped. In all reporting periods starting with the 2023 Mid-Year, the maximum amount a candidate can report in the un-itemized contribution is \$2,000. If the candidate has more than that amount in contributions from those who give \$100 or less in aggregate during the period, a selection of what contributions will be reported as un-itemized and itemized is required. Due to this change and changes in contribution audits, The Director of Audit recommends that most candidates itemize all contributions and reserve the un-itemized contribution reporting to individuals who give less than \$100 during the period and prefer not to disclose their information on public disclosure.

DeAngelo Jelks should maintain contributor data for all campaign contributions received and reconcile the campaign bank and other campaign records to the campaign disclosures to ensure all disclosures are complete, accurate, and adequately supported by the campaign records.

In situations where the candidate will use individual or online services to collect funds on the campaign's behalf, that makes them agents of the campaign; the candidate needs to make sure those individuals or online services can provide sufficient data to identify the contributor and that they are contributing funds they hold the right to contribute. Additionally, they need to identify the exact date they received the funds and the total amount obtained, as that is the statutorily required date used to determine when and the amount to report. Related, any deduction from the amount for fees or cost of goods sold (t-shirts or any other item) by online services should be reported as campaign expenses.

#### *DIRECTOR OF AUDIT RECOMMENDATIONS TO ALL CANDIDATES*

The following are continued recommendations for the benefit of all candidates in future or current elections. The section is currently being reported in all audit reports where the campaign (candidate) failed to provide a listing of the reported un-itemized contributions, and the audit results include a finding of lack of sufficient records.

#### *Un-itemized contribution campaign records*

Over the last several years, the Director of Audit has noted an alarming trend in un-itemized documentation by candidates, which appears likely in part the cause of the statutory changes noted that occurred in 2023, which include a cap on un-itemized contributions and the removal of un-itemized expense reporting. Although the statutory changes could improve those issues, another similar issue may occur due to the procedural process set up by the Registry to simplify online reporting. The issue is that candidates are not maintaining lists of consolidated entries to show how

those entries were prepared for the disclosures. Examples of consolidated entries are un-itemized contributions and un-itemized expenses. Although un-itemized expense reporting was eliminated, there are now capped un-itemized contributions reported of \$2,000 per reporting period. A consolidated itemized expense is the allowance by the Registry to let a candidate report all payments to one vendor for the same purpose in one entry for the period. One example is noted in this audit report: the fees for online collections, instead of having the candidate report each fee removed for each contribution reported. They can add all the fees related to the online service for the contributions reported that period and make one disclosure entry. As noted in this audit, the candidate did not keep a listing of what was in the un-itemized contribution; the candidate also could not keep a listing of the related fees that should have been reported related to those contributions.

The statutes do not direct how a candidate maintains campaign records; they only state that they should be sufficient to support the disclosures made. The Director of Audit, when giving advice, has constantly recommended to candidates that they keep a list of un-itemized contributions they are reporting each period by name and amount (and, more preferably, when those amounts were deposited into the campaign account for audit purposes). Thus, the Director of Audit again recommends this, and every candidate should keep a list of what is reported in un-itemized contributions and any other consolidated entries related to expenses or contributions.

### **RECOMMENDATION TO REGISTRY**

As noted by the audit report and re-emphasized here, the Director of Audit notes additional records may exist that could be made available by the candidate and treasurer's actions or interviews or through the subpoena process to those individuals and the bank entity that held the campaign account. In his opinion, the Director of Audit states that such additional records would not change the fundamental basis of the report as written regarding the non-compliance and campaign failure to maintain proper records during the election. It is more likely such records would indicate additional areas of non-compliance or move noted non-compliance in the report from one finding to another. Thus, upon the report release, the Director of Audit requests and recommends that the Registry approve the audit as sufficient and complete for their purposes.

The Director of Audit also recommends that the Registry Members consider the findings for further action at their discretion.

Finally, the Director of Audit recommends that the Registry post the audit report to its website regardless of 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 understand the audit process, the purposes of Registry rules, and the types of procedures needed to comply with campaign finance laws.

## **RESOLUTIONS**

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### **CANDIDATE'S CORRECTIVE ACTIONS**

None were completed when the audit report was finalized on May 1, 2025. Any actions after that date will be reported to the members separately.

### **REGISTRY OF ELECTION FINANCE ACTIONS**

The Registry of Election Finance Members will review DeAngelo Jelks' 2021 Contribution Audit during its bi-monthly meeting on May 13, 2025. The meeting minutes will document the members' approval, additional items reviewed, and any subsequent actions.