



# San Francisco Ethics Commission

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## Campaign Finance Audit Report:

**Vilaska Nguyen for Supervisor 2020**

**FPPC ID #: 1425319**

**January 1, 2020 – December 31, 2020**

### **Introduction**

Public disclosure of election campaign activity is essential to voters making informed decisions. The Political Reform Act (California Government Code [CA Gov. Code] Section [Sec.] 81000 et seq.) and supporting regulations, and the San Francisco Campaign Finance Reform Ordinance (San Francisco Campaign & Governmental Conduct Code [SFC&GCC] Sec. 1.100 et seq.) and supporting regulations, were established to impose reasonable disclosure requirements to reveal information about election campaign activity. By requiring proper and timely disclosure of campaign activity pertaining to contributions, loans, expenditures, and accrued expenditures, the laws and regulations are designed to inform voters and deter improper practices.

To promote campaign compliance with laws and regulations, the San Francisco Ethics Commission (hereinafter "the Commission") conducted an audit of **Vilaska Nguyen for Supervisor 2020: 1425319** (hereinafter "the Committee") covering the audit period January 1, 2020, through December 31, 2020. This Audit Report summarizes the results for the audit.

### **Authority**

The Commission has a duty and responsibility under San Francisco Charter Sec. C3.699-11(4) to audit campaign statements and other relevant documents that are filed with the Commission to ensure compliance with applicable state and city campaign finance laws and regulations. Under SFC&GCC Sec. 1.150(a), all candidate committees whose candidates have received public financing must be audited and committees that have not received public financing may be randomly selected for audit at the discretion of the Executive Director of the Commission.

## **Objectives and Scope**

The objective of the audit was to reasonably determine whether the Committee substantially complied with requirements of the Political Reform Act Sec. 81000 et seq. and supporting regulations, and the San Francisco Campaign Finance Reform Ordinance Sec. 1.100 et seq. and supporting regulations. The audit was performed based on a review of the Committee’s filings and records covered by the audit period to determine, among other things:

- Compliance with campaign activity disclosure and record-keeping requirements, and
- Compliance with applicable campaign activity limits, restrictions, and prohibitions.

As a recipient of public financing, the Committee was subject to mandatory audit.

Nothing in this report shall be interpreted to prevent an enforcement action by the Commission or another appropriate agency for conduct in violation of the law, whether or not that conduct is covered by this report.

This report will be forwarded to the Commission’s Enforcement Division for review to determine whether any further action may be warranted.

## **Auditee Information**

### **Background**

At all times relevant to the audit, the Committee’s primary purpose was to support the election of Vilaska Nguyen to the Board of Supervisors, District 7, for the City and County of San Francisco in the November 3, 2020, election. During the period covered by the audit, the Committee’s Treasurer was Albany Aroyan. The Committee was established on February 10, 2020, and terminated on August 1, 2022.

### **Committee Reported Activity**

	<u>Total Funds Raised</u>	<u>Total Expenditures Made</u>
Private Contributions	\$186,234	
<u>Public Funds Received</u>	<u>\$255,000</u>	
	<b>\$441,234</b>	<b>\$440,674</b>

The committee activity totals were taken from disclosure statements filed with the Commission covering the period January 1, 2020, through December 31, 2020.

### **Audit Respondent**

The Audit Respondent identified below was the primary audit contact during the audit and responded to audit inquiries and requests on behalf of the Committee.

Albany Aroyan  
584 Castro Street #2230  
San Francisco, CA 94114

### **Audit Findings**

The CA Gov. Code Sec. 81000 et seq. and supporting regulations, and SFC&GCC Sec. 1.100 et seq. and supporting regulations, require campaign committees to timely disclose information about election campaign activity and adhere to applicable campaign activity limits, restrictions, and prohibitions.

Findings noted during the audit, including any applicable responses submitted by the Respondent, are summarized below.

### **Monetary Contributions**

1. Under SFC&GCC Sec. 1.114(a), candidate committees shall not solicit or accept contributions from a single source that exceed \$500. Under SFC&GCC Sec. 1.114(f), candidate committees that receive contributions that exceed established limits shall forfeit the amount received in excess of permitted amounts to the Commission for deposit in the General Fund of the City and County. Per review of documents and records provided for audit, Auditor identified one contributor from whom the Committee accepted contributions that exceeded the \$500 contribution limit. The Committee received a \$500 contribution from Lehoa Nguyen on March 9, 2020, and an additional \$100 on June 28, 2020. The Committee forfeited the exceeding \$100 to the City and County of San Francisco, via check, on July 7, 2020. The Respondent stated that the filer diligently carried out its duty to review its activity including potential for excess contributions and despite this amount being received, the issue was promptly corrected as required and as noted in this audit finding.
2. Under CA Gov. Code Sec. 84211(c), committees are required to report the total amount of contributions received from persons who have given a cumulative amount of \$100 or more during a reporting period, in furtherance of full and truthful disclosure of election campaign receipts as described in CA Gov. Code Sec. 81002(a). Per review of documents and records provided for audit, Auditor determined

contributions for one contributor were overstated. Contributions totaling \$200 disclosed as received from Julia Akpan on October 23, 2020, in the Pre-Election Statement filed for the period ending October 28, 2020, were overstated by \$100. Filer disclosed two \$100 contributions when one of them had been returned to the contributor the next day. The Respondent stated that the filer intends to amend the statement to reflect the return.

### **Expenditures**

3. Under Cal. Code Regs. Tit. 2 Sec. 18421.6(b), accrued expenses (excluding loans) owed by a recipient committee shall be reported on campaign statements as of the date on which goods or services are received, except that obligations incurred for regularly recurring administrative overhead expenses shall not be reported before the payment due date. Under Cal. Code Regs. Tit. 2 Sec. 18421.6(a), accrued expenses (excluding loans) which remain outstanding shall be reported on each campaign statement until extinguished. Per review of documents and records provided for audit, Auditor determined that accrued expenses were not disclosed timely when goods or services were received. For 19 accrued expenses totaling \$11,092.71, the expenses were not disclosed until after they were paid. For eight accrued expenses totaling \$17,764.53, the expenses were not disclosed until subsequent amendments to campaign statements were filed. These accrued expenses were disclosed between four and 276 days later than required. See **Tables 1 and 2** below. For the expenses in Table 2, the Respondent stated that the filer ensured that accrued expenditures were reported as promptly and accurately as possible. He added that in accordance with state and local guidelines, the committee promptly amended its reports as soon as new information became available. He further added that it is important to note that these updates, as mentioned in the audit finding, were disclosed during the pre-election period. He added that this was done to ensure that the information was made public as swiftly as possible, keeping in line with the need for timely amendments.

**Table 1 – Disclosed After Expenses Paid**

<b>Vendor/ Job</b>	<b>Amount</b>	<b>Expense Incurred</b>	<b>Expense Paid</b>	<b>Disclosure Due (1)</b>	<b>Disclosure Made (2)</b>	<b>Days Late</b>
SF Van LLC	\$702.08	7/14/20	11/20/20	9/24/20	2/1/21	130
SF Van LLC	\$440.63	10/28/20	11/20/20	10/30/20	2/1/21	94
San Francisco Young Democrats	\$1,000.00	10/28/20	1/20/21	10/30/20	8/2/21	276
CC Fawson/FB Header	\$100.00	7/12/20	10/25/20	9/24/20	10/30/20	36
CC Fawson/FB Event Header	\$100.00	7/12/20	10/25/20	9/24/20	10/30/20	36

CC Fawson/FB Ads Round 2	\$450.00	8/13/20	10/25/20	9/24/20	10/30/20	36
CC Fawson/FB Ads (Endorse)	\$200.00	8/13/20	10/25/20	9/24/20	10/30/20	36
CC Fawson/Sing Tao	\$300.00	9/19/20	10/25/20	9/24/20	10/30/20	36
CC Fawson/Chinese Signs	\$200.00	7/13/20	10/25/20	9/24/20	10/30/20	36
CC Fawson/Teachers/Nurses/Sierra Walk (3)	\$1,000.00	9/11/20	10/25/20	9/24/20	10/30/20	36
CC Fawson/FB Round 3 Ads	\$200.00	9/15/20	10/25/20	9/24/20	10/30/20	36
CC Fawson/Teachers and Nurses (3)	\$1,000.00	10/6/20	10/25/20	10/22/20	10/30/20	8
CC Fawson/Chinese Crime (3)	\$1,000.00	10/7/20	10/25/20	10/22/20	10/30/20	8
CC Fawson/Mon Letter (3)	\$1,000.00	10/8/20	10/25/20	10/22/20	10/30/20	8
CC Fawson/Choose Wisely (3)	\$1,000.00	10/14/20	10/25/20	10/22/20	10/30/20	8
CC Fawson/West Side Dad (3)	\$1,000.00	10/15/20	10/25/20	10/22/20	10/30/20	8
CC Fawson/Voter Guide Banner	\$200.00	10/26/20	11/13/20	10/30/20	2/1/21	94
CC Fawson/Road Signs	\$200.00	10/26/20	11/13/20	10/30/20	2/1/21	94
CC Fawson/Ranked Choice (3)	\$1,000.00	10/28/20	11/13/20	10/30/20	2/1/21	94
<b>TOTAL</b>	<b>\$11,092.71</b>					

(1) Pre-election statement for filing period ending 09/19/20 due on 09/24/20.

Pre-election statement for filing period ending 10/17/20 due on 10/22/20.

Pre-election statement for filing period ending 10/28/20 due on 10/30/20.

(2) Disclosure was made on pre-election statement for filing period ending 10/28/20 filed on 10/30/20.

Disclosure was made on semi-annual statement for filing period ending 12/31/20 filed on 02/01/21.

Disclosure was made on semi-annual statement for filing period ending 6/30/21 filed on 08/02/21.

(3) These expenditures were mass mailings and disclosed timely on SFEC-161: Itemized Disclosure Statement for Mass Mailings.

**Table 2 – Disclosed on Subsequent Amendments**

<b>Vendor</b>	<b>Amount</b>	<b>Date Incurred</b>	<b>Disclosure Due (1)</b>	<b>Disclosure Made (2)</b>	<b>Days Late</b>
Wind Newspaper LLC	\$1,490.00	9/8/20	9/24/20	11/2/20	39
Sing Tao Daily	\$1,300.00	9/19/20	9/24/20	11/2/20	39
San Francisco Young Democrats (ID# 1271559)	\$500.00	10/5/20	10/22/20	10/30/20	8
Liam McLaughlin	\$161.46	10/7/20	10/22/20	10/30/20	8
The Harvey Milk LGBT Democratic Club Voter Guide (ID#1383194)	\$500.00	10/10/20	10/22/20	10/30/20	8
Cornerstone Printing Inc (3)	\$10,025.33	10/15/20	10/22/20	10/30/20	8
Cornerstone Printing Inc	\$1,688.26	10/26/20	10/30/20	11/3/20	4
Cornerstone Displays	\$2,099.48	10/27/20	10/30/20	11/3/20	4
<b>TOTAL</b>	<b>\$17,764.53</b>				

(1) Pre-election statement for filing period ending 09/19/20 due on 09/24/20.

Pre-election statement for filing period ending 10/17/20 due on 10/22/20.

Pre-election statement for filing period ending 10/28/20 due on 10/30/20.

(2) Disclosure was made on an amendment for filing period ending 09/19/20 filed on 11/02/20.

Disclosure was made on an amendment for filing period ending 10/17/20 filed on 10/30/20.

Disclosure was made on an amendment for filing period ending 10/28/20 filed on 11/03/20.

(3) This expenditure was a mass mailing and disclosed timely on SFEC-161: Itemized Disclosure Statement for Mass Mailings.

4. Under CA Gov. Code Sec. 84303(b) and Cal. Code Regs. Tit. 2 Sec. 18431, committees are required to disclose payments of \$500 or more made by vendors to sub-vendors on the Committee's behalf (e.g., "sub-vendor payments") on Schedule

G of Form 460. Per review of documents and records provided for audit, Auditor identified one payment of \$4,500 made to a sub-vendor (Facebook) by a vendor (Mobilize LLC) on the Committee's behalf that was not timely disclosed in campaign statements. The payment was not disclosed in the initial semi-annual statement filed for the period ending June 30, 2020, that was due on July 31, 2020. The payment was disclosed on an amendment filed on November 2, 2020. The Respondent stated that the filer ensured that sub-vendor payments were reported as promptly and accurately as possible. He added that in accordance with state and local guidelines, the committee promptly amended its report as soon as new information became available. He further added that it is important to note that this update, as mentioned in the audit finding, was disclosed during the pre-election period. He added that this was done to ensure that the information was made public as swiftly as possible, keeping in line with the need for timely amendments.

### **Campaign Disclosure Statements**

5. Under SFC&GCC Sec. 1.152(a)(2) and Regulation 1.152(a)-1, candidate committees are required to file Form SFEC-152: Threshold Notice with the Commission disclosing when they have received contributions or made expenditures that in the aggregate equal or exceed \$100,000 within 24 hours of reaching or exceeding the threshold. Thereafter, committees are required to file an additional Form SFEC-152 within 24 hours of every time they receive additional contributions or make additional expenditures that in the aggregate equal or exceed \$10,000. Per review of transaction data (i.e., monetary contributions, nonmonetary contributions, public funds received, expenditures) reported by the Committee on disclosure statements, Auditor determined that seven required SFEC-152 notices were not timely filed by the required deadline. The notices were filed between one and 10 days later than required. See **Table 3** below.

**Table 3**

<b><u>Threshold Level</u></b>	<b><u>Date Reached</u></b>	<b><u>Date Due</u></b>	<b><u>Date Filed</u></b>	<b><u>Days Late</u></b>
\$250,000	8/31/20	9/1/20	9/2/20	1
\$260,000	9/11/20	9/12/20	9/14/20	2
\$280,000	9/12/20	9/13/20	9/14/20	1
\$300,000	9/19/20	9/20/20	9/21/20	1
\$310,000	9/25/20	9/26/20	9/28/20	2
\$350,000	10/10/20	10/11/20	10/13/20	2

\$420,000	11/1/20	11/2/20	11/12/20	10
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**Conclusion**

Except as indicated in the **Audit Findings** section above, and in our opinion, the Committee substantially complied with the requirements of the Political Reform Act Sec. 81000 et seq. and supporting regulations, and the San Francisco Campaign Finance Reform Ordinance Sec. 1.100 et seq. and supporting regulations.