

POLITICAL REFORM AUDIT REPORTS

State Campaigns

1. Michael Francis Eng
Mike Eng for State Senate 2018 (1355121)
2. David Vela
David Vela for Assembly 2017 (1397986)



STATE OF CALIFORNIA

Franchise Tax Board

POLITICAL REFORM AUDIT PROGRAM MS F387

PO BOX 651

SACRAMENTO CA 95812-0651

AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR:

Michael Francis Eng
Mike Eng for State Senate 2018 (1355121)
c/o Leiderman & Associates

January 1, 2012 through December 31, 2018

AUDIT AUTHORITY AND SCOPE

This audit is authorized under Section 90001 of the California Government Code. State Senate districts were randomly selected by the Fair Political Practices Commission. Candidates in selected districts who raised or spent \$15,000 or more were subject to audit.

The audit was performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State and the Attorney General on January 31, 2020.

ABOUT THE COMMITTEE

BACKGROUND INFORMATION

The Committee was controlled by Michael Francis Eng, a candidate for State Senate, District 22, in the 2018 General Election. The Committee terminated effective January 31, 2019.

TREASURER: Jane Leiderman
Leiderman & Associates

FINANCIAL ACTIVITY

Total Contributions Received: \$ 2,899,866

Total Expenditures: \$ 2,951,019

The totals for contributions received and expenditures were taken from the unaudited statements as filed in paper format with the Secretary of State for the period indicated above.

FINDINGS AND RESPONSES

OPINION

Except as indicated in this Audit Report, the filers have, in our opinion, substantially complied with the disclosure and recordkeeping provisions of the Political Reform Act (Government Code Section 81000 et seq.) and related rules and regulations of the Fair Political Practices Commission.

REPORTS AND STATEMENTS

Form 497 Contribution Reports were not filed with the Secretary of State (SOS) for 7 contributions received totaling \$38,700.

Reference Exhibit A

Form 497 Contribution Reports were filed with the SOS between 12 and 51 days late for 3 contributions received totaling \$155,000. Of this amount, \$150,000 was received as loans from the candidate.

Contributions received were understated by \$9,450 and overstated by \$39,600 on Form 497 Contribution Reports filed.

Form 497 Contribution Reports were timely filed for 343 contributions received totaling \$1,427,106.

Ms. Leiderman stated that the reports were not filed due to clerical errors made during busy filing periods and noted the required contributor information was disclosed to the public prior to the pertinent election for all contributors except Elinor Leary.

MONETARY CONTRIBUTIONS RECEIVED

Contributions received from 8 contributors exceeded the contribution limits by \$18,600. The funds were refunded between 3 and 80 days after the contributions in excess of the limits were received.

Reference Exhibit B

Ms. Leiderman stated that the committee did not benefit from the excess contributions received by the Committee because they were all refunded to contributors upon discovery of the excess. She further stated that both excess contributions and refunds were reported on Forms 460 and available to the public.

EXHIBIT A - FORM 497 CONTRIBUTION REPORTS NOT FILED FOR CONTRIBUTIONS RECEIVED

	<u>Date</u> <u>Received</u>	<u>Contributor</u>	<u>Amount</u>
1.	12/09/16	Allied Pacific of California IPA APP	\$ 5,000
2.	12/09/16	Network Medical Management Inc.	5,000
3.	06/12/17	JHEC, Inc.	5,700
4.	05/04/18 *	E.K. Grove	1,000
5.	06/01/18	Elinor Leary	4,400
6.	06/27/18	UFCW Western States Council	8,800
7.	07/31/18	California Federation of Teachers Cope Small Contributor Committee	8,800
		Total	\$ 38,700

* Date cumulative contributions met or exceeded the \$1,000 reporting threshold.

EXHIBIT B - CONTRIBUTIONS RECEIVED IN EXCESS OF THE LIMITS

	<u>Contributor</u>	<u>Date</u> <u>Exceeded</u>	<u>Excess</u>	<u>Date</u> <u>Refunded</u>
1.	Lams USA Group, LLC	10/12/16 05/26/17	\$ 900 4,400	12/31/16 08/10/17
2.	Advanced Diagnostic & Surgical Center, Inc.	12/09/16	2,700	12/13/16 ⁽¹⁾
3.	San Gabriel Valley Water Company	06/30/17 06/04/18	800 200	07/19/17 07/17/18
4.	Southern California Pipe Trades District Council #16 Political Action Committee	12/01/17	3,350	01/11/18
5.	Political Action for Classified Employees of California School Employees Small Contributor Committee	07/27/18	700	07/30/18
6.	California Federation of Teachers Cope Small Contributor Committee	07/31/18	1,000	08/06/18
7.	Consumer Attorneys Association of Los Angeles PAC	08/08/18	2,550	09/22/18
8.	Professional Engineers in California Government PECG-PAC	09/25/18	2,000	10/20/18
		Totals	\$ 18,600	

(1) A check for \$3,100 was issued to the contributor on 12/13/16 but has not been cashed.



STATE OF CALIFORNIA
Franchise Tax Board

POLITICAL REFORM AUDIT PROGRAM MS F387
PO BOX 651
SACRAMENTO CA 95812-0651

AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR:

David Vela
David Vela for Assembly 2017 (1397986)
c/o Gould & Orellana, LLC

January 1, 2017 through December 31, 2017

AUDIT AUTHORITY AND SCOPE

This audit is authorized under Section 90001 of the California Government Code. Legislative candidates in a special primary or special runoff election who raised or spent \$15,000 or more were subject to audit.

The audit was performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State, and the Attorney General on January 31, 2020.

ABOUT THE COMMITTEE

BACKGROUND INFORMATION

The Committee was controlled by David Vela, a candidate for State Assembly, District 51, in the October 3, 2017 Special Primary Election. The Committee terminated effective December 31, 2018.

TREASURER: David L. Gould
Gould & Orellana, LLC

FINANCIAL ACTIVITY

Total Contributions Received: \$ 139,563

Total Expenditures: \$ 155,977

The totals for contributions received and expenditures were taken from the unaudited statements as filed in paper and/or electronic format with the Secretary of State for the period indicated above.

FINDINGS AND RESPONSES

OPINION

Except as indicated in this Audit Report, the filers have, in our opinion, substantially complied with the disclosure and recordkeeping provisions of the Political Reform Act (Government Code Section 81000 et seq.) and related rules and regulations of the Fair Political Practices Commission.

MONETARY CONTRIBUTIONS RECEIVED

Funds totaling \$76,346 received from David Vela for Assembly 2018 (1395866) on August 14, 2017, were not reported on Schedule A as monetary contributions attributed to specific contributors. Instead, the funds were reported on Schedule A as a lump sum received from the transferring committee. After notification of the audit finding, a list of 65 specific contributions was provided, including 62 contributions required to be itemized. These contributions were itemized on the Form 460 Campaign Disclosure Statements filed for the period January 1 through August 19, 2017, by the transferring committee.

Mr. Gould stated that the funds were not disclosed as attributed since the transfer came from a committee for the same office.



AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR SUBSTANTIALLY ACCURATE AND COMPLETE FILINGS

AUDIT AUTHORITY, SCOPE, AND RESULTS

The filings, records, and documentation of the filers listed below were audited in accordance with Section 90001 of the California Government Code.

The audits were performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

The examinations indicate that the statements and/or reports filed, for the periods covered, were substantially accurate and complete.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State, and the Attorney General on January 31, 2020.

<u>CAMPAIGNS</u>	<u>PERIOD COVERED</u>
1. Andreas Borgeas Borgeas for Senate 2018 (1394470)	01/01/17 – 12/31/18
2. Clinton Olivier Clint Olivier for Senate 2018 (1394450)	01/01/17 – 06/30/18
3. Californians Building a Healthy Future – Dr. Pan Ballot Measure Committee (1347510)	12/12/14 – 12/31/18
4. Dr. Richard Pan Dr. Richard Pan for Senate 2018 (1374058)	01/01/14 – 12/31/18
5. Dr. Richard Pan Dr. Richard Pan Senate 2018 Officeholder Account (1414230)	01/01/18 – 12/31/18
6. Thomas V. Pratt Tom Pratt for State Senate 2018 (1401066)	01/01/17- 06/30/18
7. Susan Rubio Susan Rubio for Senate 2018 (1392890)	01/01/16 – 12/31/18
8. David Vela David Vela for Assembly 2018 (1395866)	01/01/17 – 08/19/17

9. Bruce W. Whitaker
Bruce Whitaker for Senate 2018 (1398495)

01/01/17 – 06/30/18

POLITICAL REFORM AUDIT REPORTS

State Campaigns

1. Roger Hernandez
Hernandez for Assembly 2014 (1354454)
2. Roger Hernandez
San Gabriel Valley Leadership Roger Hernandez Ballot Measure
(1366674)
3. Dr. Asif Mahmood
Dr Asif Mahmood for Lieutenant Governor 2018 (1394556)
4. Kristin M. Olsen
Olsen for Senate 2018 (1373374)



AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR:

Roger Hernandez
Hernandez for Assembly 2014 (1354454)

January 1, 2015 through December 31, 2017

AUDIT AUTHORITY AND SCOPE

This audit is authorized under Section 90003 of the California Government Code.

The audit was performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State and the Attorney General on March 30, 2020.

ABOUT THE COMMITTEE

BACKGROUND INFORMATION

The Committee was controlled by former Assembly Member Roger Hernandez, District 48. Mr. Hernandez was a candidate for State Senate, District 22, in the 2018 Statewide Direct Primary Election. However, he withdrew from the election and was not on the ballot. The Committee terminated effective December 31, 2017.

TREASURER: David L. Gould
Gould & Orellana, LLC

FINANCIAL ACTIVITY

Total Contributions Received:	(\$8,350)
Total Expenditures:	\$ 241,061

The totals for contributions received and expenditures were taken from the unaudited statements as filed in paper and/or electronic format with the Secretary of State for the period indicated above.

FINDINGS AND RESPONSES

OPINION

The filers, in our opinion, have not substantially complied with the disclosure and recordkeeping provisions of the Political Reform Act (Government Code Section 81000 et seq.) and related rules and regulations of the Fair Political Practices Commission.

RECORDKEEPING

Records, such as invoices, receipts or vendor billing statements, were not maintained for all expenses of \$25 or more charged on the Committee's credit cards totaling \$71,639. The lack of records precluded the determination of whether the expenses were made for political, legislative, or governmental purposes. Included in the amount were \$3,877 of meals and overnight stays at casinos, \$2,832 of travel out of state and to Mexico, and a single \$4,070 purchase at a grocery store. Copies of monthly credit card billing statements were provided for these expenses.

The monthly credit card billing statement for the period August 20 through September 19, 2015, was not maintained. Net purchases for this period totaled \$3,038. The lack of records precluded the determination of whether the expenses were made for political, legislative, or governmental purposes and/or if additional information for gifts, meals, and travel was required to be reported.

For \$41,500 of gifts, meals, and travel of \$100 or more charged on the Committee's credit cards, the additional records required for these types of expenses, such as memorandums and/or lists of attendees, were not maintained. The additional information required for gifts, meals, and travel was not reported on the campaign statements for \$31,461 of these expenses and only partially reported for the remaining \$10,039.

TREASURER'S COMMENT

Comments were not provided.



STATE OF CALIFORNIA
Franchise Tax Board

POLITICAL REFORM AUDIT PROGRAM MS F387
PO BOX 651
SACRAMENTO CA 95812-0651

AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR:

Roger Hernandez
San Gabriel Valley Leadership Roger Hernandez
Ballot Measure (1366674)

January 1, 2015 through December 31, 2016

AUDIT AUTHORITY AND SCOPE

This audit is authorized under Section 90001 of the California Government Code. State Senate districts were randomly selected by the Fair Political Practices Commission. Candidates in selected districts who raised or spent \$15,000 or more were subject to audit. In addition, each controlled committee of the candidate was subject to audit.

The audit was performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State and the Attorney General on March 30, 2020.

ABOUT THE COMMITTEE

BACKGROUND INFORMATION

The Committee was controlled by former Assembly Member Roger Hernandez, District 48. Mr. Hernandez was a candidate for State Senate, District 22, in the 2018 Statewide Direct Primary Election. However, he withdrew from the election and was not on the ballot. The Committee terminated effective December 31, 2016.

TREASURER: David L. Gould
Gould & Orellana, LLC

FINANCIAL ACTIVITY

Total Contributions Received: \$ 11,700

Total Expenditures: \$ 14,403

The totals for contributions received and expenditures were taken from the unaudited statements as filed in paper and/or electronic format with the Secretary of State for the period indicated above.

FINDINGS AND RESPONSES

OPINION

Except as indicated in this Audit Report, the filers have, in our opinion, substantially complied with the disclosure and recordkeeping provisions of the Political Reform Act (Government Code Section 81000 et seq.) and related rules and regulations of the Fair Political Practices Commission.

EXPENDITURES

Civic donations totaling \$11,000 were made before the permissible 60-day period prior to the effective date of termination of a candidate-controlled ballot measure committee. Of this amount, \$10,000 was reported as scholarships paid to ten individuals.

	<u>Date</u> <u>Made</u>	<u>Payee</u>	<u>Amount</u>
1.	10/08/15	Spirit Family Services	\$ 500
2.	06/09/16	Mark Reyes	1,000 *
3.	06/09/16	Santiago Sanchez	1,000 *
4.	06/09/16	Jasmine Soukhaseum	1,000 *
5.	06/09/16	Jason Terrazas	1,000 *
6.	06/09/16	Jessica Trujillo	1,000 *
7.	06/14/16	Guadalupe Avila	1,000 *
8.	06/14/16	Evon Du	1,000 *
9.	06/14/16	Jennifer Garcia	1,000 *
10.	06/14/16	Kimberly Caal Garcia	1,000 *
11.	06/14/16	Anthony Guan	1,000 *
12.	10/04/16	Rudy Chavarria Scholarship Foundation	<u>500</u>
		Total	\$ 11,000

* Disclosed as scholarship.

Mr. Gould stated that the candidate wanted to give money to charity and found individuals worthy of scholarships. Mr. Gould further stated that, while he intended to terminate the Committee within days of issuing the checks, it didn't happen because he was waiting for the candidate's signature.



STATE OF CALIFORNIA
Franchise Tax Board

POLITICAL REFORM AUDIT PROGRAM MS F387
PO BOX 651
SACRAMENTO CA 95812-0651

AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR:

Kristin M. Olsen
Olsen for Senate 2018 (1373374)

January 1, 2014 through June 30, 2018

AUDIT AUTHORITY AND SCOPE

This audit is authorized under Section 90001 of the California Government Code. State Senate districts were randomly selected by the Fair Political Practices Commission. Candidates in selected districts who raised or spent \$15,000 or more were subject to audit.

The audit was performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State, and the Attorney General on March 30, 2020.

ABOUT THE COMMITTEE

BACKGROUND INFORMATION

The Committee was controlled by former Assembly Member and current Stanislaus County Supervisor Kristin M. Olsen. Ms. Olsen was a candidate for State Senate, District 8, in the 2018 Statewide Direct Primary Election. Ms. Olsen filed a Form 501 Candidate Intention Statement for the office of State Senate; however, she withdrew from the election and was not on the ballot. Ms. Olsen was elected to the Stanislaus County Board of Supervisors in the Presidential Primary Election held on June 7, 2016. The committee terminated effective December 31, 2018.

TREASURERS: Bryan Burch
Political Finance Solutions, Inc.

Sally Olsen (10/31/14 – 01/31/17)

FINANCIAL ACTIVITY

Total Contributions Received: \$ 762,687

Total Expenditures: \$ 764,962

The totals for contributions received and expenditures were taken from the unaudited statements as filed in paper and/or electronic format with the Secretary of State for the period indicated above.

FINDINGS AND RESPONSES

OPINION

Except as indicated in this Audit Report, the filers have, in our opinion, substantially complied with the disclosure and recordkeeping provisions of the Political Reform Act (Government Code Section 81000 et seq.) and related rules and regulations of the Fair Political Practices Commission.

RECORDKEEPING

Copies of contributors' checks or credit card authorization forms were not maintained for contributions received totaling \$62,847. Bank statements, images of deposit tickets, and a listing of contributions received were provided.

Ms. Sally Olsen stated she maintained binders containing computer logs and detailed paper records of income and disbursements, including copies of contributors' checks, original receipts for expenses, filings and reconciled bank statements. Ms. Olsen stated she delivered the binders to Bryan Burch's office when Mr. Burch became the Committee's treasurer in early 2017.

Mr. Burch stated the records delivered to his office by Ms. Sally Olsen were thorough and complete, but were lost during an office move in January 2019. Mr. Burch stated he was able to retrieve some of the expenditure information for purposes of this audit, but was unable to retrieve the contributor information.

REPORTS AND STATEMENTS

Three Form 460 Campaign Disclosure Statements were not timely filed with the Secretary of State (SOS), including two preelection statements that were required in connection with the election for the Stanislaus County Board of Supervisors in the Presidential Primary Election held on June 7, 2016.

Reference Exhibit A

Ms. Sally Olsen stated that she mailed the filings when she received the notice to file from the SOS.

EXHIBIT A - FORM 460 CAMPAIGN DISCLOSURE STATEMENTS NOT TIMELY FILED

<u>Statement Period</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Date Filed in Paper Format</u>	<u>Days Late</u>	
01/01/16 to 04/23/16	\$ 24,760	\$ 11,455	10/24/16	179	(1)
04/24/16 to 05/21/16	7,200	1,063	10/24/16	151	(1)
05/22/16 to 06/30/16	<u>16,687</u>	<u>4,503</u>	10/22/16	82	(2)
Totals	\$ 48,647	\$ 17,021			

(1) Campaign Disclosure Statement was filed electronically on June 17, 2016.

(2) Campaign Disclosure Statement was timely filed electronically.



STATE OF CALIFORNIA

Franchise Tax Board

POLITICAL REFORM AUDIT PROGRAM MS F387

PO BOX 651

SACRAMENTO CA 95812-0651

AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR:

Dr. Asif Mahmood

Dr Asif Mahmood for Lieutenant Governor 2018 (1394556)

January 1, 2017 through April 21, 2018

AUDIT AUTHORITY AND SCOPE

This audit is authorized under Section 90001 of the California Government Code. Statewide candidates who raised or spent \$25,000 or more were subject to audit.

The audit was performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State and the Attorney General on March 30, 2020.

ABOUT THE COMMITTEE

BACKGROUND INFORMATION

The Committee was controlled by Asif Mahmood. Dr. Mahmood was a candidate for Lieutenant Governor in the 2018 Statewide Direct Primary Election. However, he withdrew as a candidate for this office to run for Insurance Commissioner in the same election. The Committee terminated effective April 21, 2018.

TREASURER: Jane Leiderman
Leiderman & Associates

FINANCIAL ACTIVITY

Total Contributions Received: \$ 1,360,121

Total Expenditures: \$ 1,360,121

The totals for contributions received and expenditures were taken from the unaudited statements as filed in paper format with the Secretary of State for the period indicated above.

FINDINGS AND RESPONSES

OPINION

Except as indicated in this Audit Report, the filers have, in our opinion, substantially complied with the disclosure and recordkeeping provisions of the Political Reform Act (Government Code Section 81000 et seq.) and related rules and regulations of the Fair Political Practices Commission.

MONETARY CONTRIBUTIONS RECEIVED

Contributions received from 2 contributors exceeded the contribution limits by \$10,000. Of this amount, \$9,600 was returned 25 days after the contribution in excess of the limits was received.

<u>Contributor</u>	<u>Date Exceeded</u>	<u>Excess</u>
1. Rashida M. Ahmad	06/30/17	9,600 (1)
2. Edwin Haratonians	12/26/17	<u>400</u>
Total Received in Excess of the Limits		\$ 10,000

(1) Excess of \$9,600 returned on 07/25/17.

Ms. Leiderman explained that Ms. Ahmad's contribution was received via ActBlue, and the Committee had no control of the receipt. She stated once the excess was discovered, and after further research regarding possible reattribution, the contribution was returned. She added that accepting Mr. Haratonians' excess contribution was an inadvertent oversight.



AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR SUBSTANTIALLY ACCURATE AND COMPLETE FILINGS

AUDIT AUTHORITY, SCOPE, AND RESULTS

The filings, records, and documentation of the filers listed below were audited in accordance with Section 90001 of the California Government Code.

The audits were performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

The examinations indicate that the statements and/or reports filed, for the periods covered, were substantially accurate and complete.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State, and the Attorney General on March 30, 2020.

<u>CAMPAIGNS</u>	<u>PERIOD COVERED</u>
1. Joel C. Anderson Anderson for Assembly 2018 (1374227)	01/01/14 – 06/30/18
2. Marggie Castellano Marggie Castellano for Senate 2018 (1399445)	01/01/17 – 12/20/18
3. Janine L. DeRose Janine DeRose for California State Senate District 6 2018 (1396490)	01/01/17 - 07/20/18
4. Roger Hernandez Hernandez for Senate 2018 (1374662)	01/01/15 – 06/30/18
5. Dr. Asif Mahmood Dr Asif Mahmood for Insurance Commissioner 2018 (1401431)	01/01/18 – 06/30/18
6. Miguel Santiago Miguel Santiago for Assembly 2016 (1373492)	01/01/17 – 12/31/17
7. Miguel Santiago Miguel Santiago for Assembly 2018 (1392439)	01/01/16 – 12/31/18
8. Miguel Santiago Uplifting California Families a Controlled Committee by Assemblymember Miguel Santiago (1395895)	01/01/17 – 12/31/18

POLITICAL REFORM AUDIT REPORTS

State Campaigns

1. Jack J. Lavers
Lavers for Assembly 2018 (1399835)



AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR:

Jack J. Lavers
Lavers for Assembly 2018 (1399835)

July 1, 2017 through June 14, 2018

AUDIT AUTHORITY AND SCOPE

This audit is authorized under Section 90001 of the California Government Code. Assembly districts were randomly selected by the Fair Political Practices Commission. Candidates in selected districts who raised or spent \$15,000 or more were subject to audit.

The audit was performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State, and the Attorney General on May 29, 2020.

ABOUT THE COMMITTEE

BACKGROUND INFORMATION

The Committee was controlled by Jack J. Lavers, a candidate for Assembly, District 26, in the 2018 Statewide Direct Primary Election. The Committee terminated effective June 14, 2018.

TREASURER: Thomas E. Montgomery III
Political Communications, Inc.

FINANCIAL ACTIVITY

Total Contributions Received: \$ 123,976

Total Expenditures: \$ 128,248

The totals for contributions received and expenditures were taken from the unaudited statements as filed in paper and/or electronic format with the Secretary of State for the period indicated above.

FINDINGS AND RESPONSES

OPINION

The filers, in our opinion, have not substantially complied with the disclosure and/or recordkeeping provisions of the Political Reform Act (Government Code Section 81000 et seq.) and related rules and regulations of the Fair Political Practices Commission.

RECORDKEEPING

Bank statements or other documents were not provided to verify the source(s) of a \$20,000 loan reported as received from the candidate on October 17, 2017, and \$9,452 in campaign expenses paid from the candidate's personal checking account. Copies of the checks were provided.

For expenditures examined, receipts and/or invoices were not maintained for 61 expenditures made totaling \$57,106. Canceled checks, bank statements, and a check register were maintained to verify the names of the payees and the amounts paid.

CAMPAIGN BANK ACCOUNT

Two campaign expenditures totaling \$9,452 were not processed through the Committee's designated campaign bank account. Instead, these expenditures were paid from the candidate's personal checking account and were not reported on the campaign statements.

FILERS' COMMENTS

No comments were provided.



AUDIT REPORT OF THE POLITICAL REFORM AUDIT PROGRAM FOR SUBSTANTIALLY ACCURATE AND COMPLETE FILINGS

AUDIT AUTHORITY, SCOPE, AND RESULTS

The filings, records, and documentation of the filers listed below were audited in accordance with Section 90001 of the California Government Code.

The audits were performed by the Political Reform Audit Program of the Franchise Tax Board using generally accepted auditing standards and the auditing standards set by the Fair Political Practices Commission. This included tests of disclosure, accounting records, and other auditing procedures considered necessary.

The examinations indicate that the statements and/or reports filed, for the periods covered, were substantially accurate and complete.

This Audit Report was submitted to the Fair Political Practices Commission, the Secretary of State, and the Attorney General on May 29, 2020.

<u>CAMPAIGNS</u>	<u>PERIOD COVERED</u>
1. Marc E. Berman Marc Berman for Assembly 2018 (1392758)	01/01/16 – 12/27/18
2. Tyler Diep Tyler Diep for Assembly 2018 (1397523)	01/01/17 – 12/31/18
3. James Gallagher Gallagher for Assembly 2018 (1392567)	01/01/16 - 12/31/18
4. E. Warren Gubler Warren Gubler for Assembly 2018 (1399219)	01/01/17 – 06/30/18
5. Kevin H. Jang Jang for Assembly 2018; Kevin (1402049)	01/01/18 – 12/05/18
6. Luis Lopez Luis Lopez for Assembly 2017 (1397810)	01/01/17 – 12/31/17
7. Luis Lopez Luis Lopez for Assembly 2018 (1395613)	01/01/16 – 12/31/18
8. Alex Padilla Padilla for Secretary of State 2018 (1373719)	01/01/15 – 12/31/18

9. Vivian Romero
Vivian Romero for State Senate 2018 (1402414)

01/01/18 – 06/30/18