



TENNESSEE REGISTRY OF ELECTION FINANCE

Contribution Audit of Judge Mark Rogers' 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
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Ladies and Gentlemen,

Transmitted herewith is the agreed upon procedures for the un-itemized contribution audit of Judge Mark Rogers' 2014 Second Quarter Campaign Financial Disclosure Statement for the 2014 election campaign for Circuit Court 16th Judicial District – Division 1. 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 Mark Rogers'
2014 Second Quarter Report Contribution Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Judge Mark Rogers' 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.

FINDING

- 1. Judge Rogers violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$775 in campaign contributions from five contributors who contributed in excess of \$100 during a reporting period.**

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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 only to disclosure reports that meet the requirements listed in T.C.A. §2-10-212(i). Therefore, the audit reviewed only Judge Rogers' disclosures on his 2014 Second Quarter report.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Judge Mark Rogers was a candidate in the August 7, 2014 general election for the Circuit Court 16th Judicial District – Division 1. Judge Rogers filed an Appointment of Political Treasurer Statement with the Registry on February 14, 2014 naming Paula Thomas as political treasurer.

The candidate's first financial disclosure for the 2014 campaign was the 2014 First Quarter report filed on April 7, 2014. The candidate's latest financial disclosure report for the 2014 election was the 2014 Pre-General report filed on July 28, 2014. The 2014 Pre-General report indicated \$17,040.95 cash on hand, \$9,940 in 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

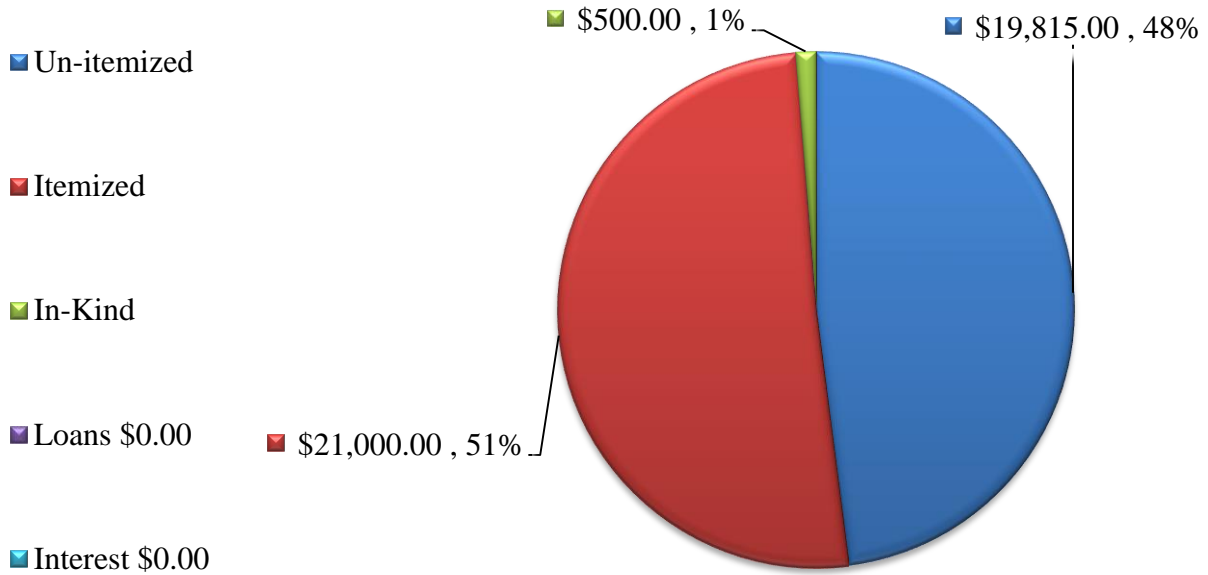
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2014 First Quarter, 2014 Pre-Primary, 2014 Second Quarter and 2014 Pre-General reports. As noted in the audit scope, we only audited un-itemized 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 | | \$0.00 |
| Receipts | | |
| Un-itemized | \$21,040.00 | |
| Itemized | 37,650.00 | |
| Interest | 0.00 | |
| Loans received | 10,000.00 | |
| Total receipts | | <u>\$68,690.00</u> |
| Disbursements | | |
| Un-itemized | 1,852.27 | |
| Itemized | 49,736.78 | |
| Loans principal payments | 60.00 | |
| Total disbursements | | <u>\$51,649.05</u> |
| Cash on hand at July 28, 2014 | | <u>\$17,040.95</u> |
| Loans outstanding at July 28, 2014 | | \$9,940.00 |
| Obligations at July 28, 2014 | | \$0.00 |
| Total in-kind contributions received | | \$1,100.00 |

CHARTS

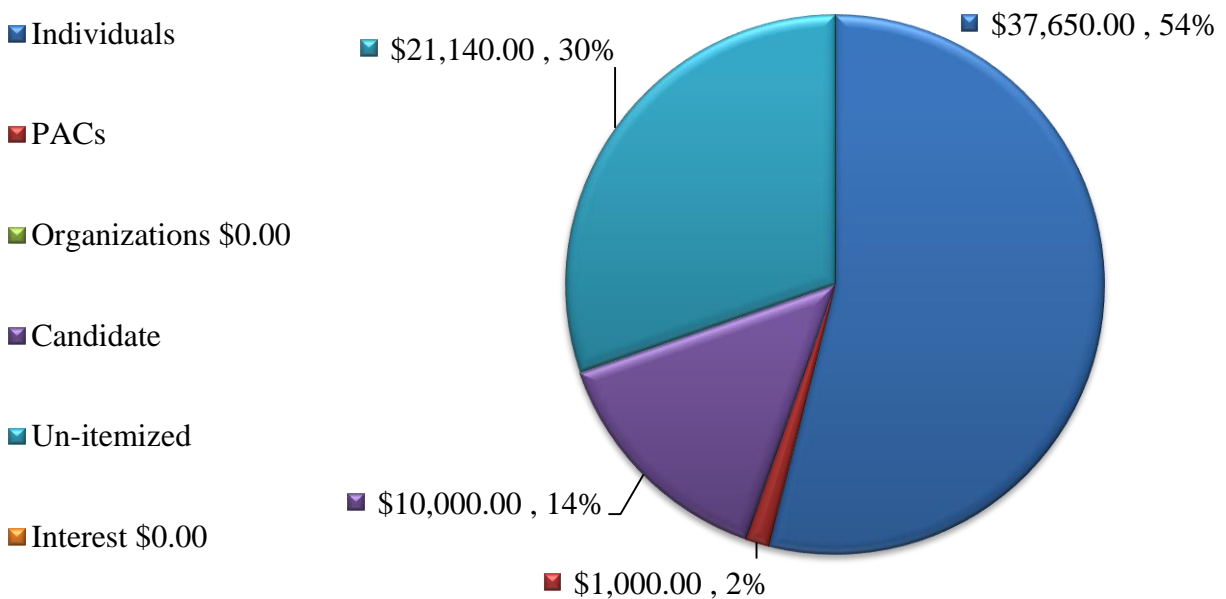
2014 SECOND QUARTER CAMPAIGN CONTRIBUTIONS

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 Rogers' 2014 Second Quarter Campaign Financial Disclosure Statement to verify that the un-itemized contributions were greater than \$5,000 and 30% of the total contributions reported. We requested Judge Rogers provide supporting documentation for the un-itemized contributions of \$19,815 reported on his 2014 Second Quarter report. The candidate's campaign records included bank statements, deposit slips, copies of checks and a donation list. The following steps were performed on Judge Rogers' 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 \$19,815.
- 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 Rogers' 2014 Second Quarter Campaign Financial Disclosure Statement reported un-itemized contributions greater than \$5,000 and 30% of 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 Rogers failed to itemize \$775 in campaign contributions from contributors who contributed in excess of \$100 during the 2014 Second Quarter reporting period (Finding 1).

The Registry audit staff sent notice of audit on July 8, 2014 of the 2014 Second Quarter report submitted on July 7, 2014. The candidate amended his 2014 Second Quarter report on July 12, 2014, after receiving the audit notice. The report filed after the notification appears to confirm that \$575 of the \$775 in un-itemized contributions reported July 7, 2014 were actually required to be itemized contributions as noted in Finding 1.

FINDING

1. Judge Rogers violated T.C.A. §2-10-107(a)(2)(A)(i) by failing to itemize \$775 in campaign contributions from five contributors who contributed in excess of \$100 during a reporting period.

Judge Rogers included \$775 in un-itemized campaign contributions he received from five contributors that were required to be itemized during the 2014 Second Quarter reporting period. The candidate originally reported \$19,815 in un-itemized contributions and \$21,000 in itemized contributions. On July 12, 2014, after the audit notice was sent, the candidate submitted an amended report showing \$19,240 in un-itemized contributions and \$21,575 in itemized contributions. The \$575 in contributions reallocated from un-itemized to itemized contributions consisted of six contributions from four individuals. The amount of each of these contributions was \$100 or less; however, the contributions were required to be itemized because the total amount from each contributor during the reporting period was over \$100.

The remaining \$200 was a business check that was split between two individuals by the candidate and then reported as un-itemized. However, there is no support to show the check should be allocated to an individual or individuals instead of the business. As the check is greater than \$100 and appears to be a contribution from the business, the contribution was required to be itemized.

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 the contribution. The \$775 in contributions represents approximately 4% of the un-itemized contributions reported by Judge Rogers on his 2014 Second Quarter Campaign Finance Disclosure Statement prior to audit notice.

RECOMMENDATION TO CANDIDATE

Judge Rogers should amend his 2014 Second Quarter Campaign Financial Disclosure Statement to ensure that all contributions from individuals or businesses who contributed over \$100 are properly itemized. Judge Rogers should maintain and review all contributor data for all campaign contributions received and reconcile the campaign records to his campaign disclosures to ensure all disclosures are complete, accurate, properly allocated and contributions 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 finding with Judge Rogers, he chose to take corrective action on his report prior to the Registry's approval of the audit. Judge Rogers amended his 2014 Second Quarter Campaign Financial Disclosure Statement on September 18, 2014.

Correction Action - Finding 1:

On his amended 2014 Second Quarter report submitted on September 18, 2014, Judge Rogers increased itemized monetary contributions by \$200 by adding one contributor. In addition, he reduced un-itemized contributions by \$200. This correction along with the amended 2014 Second Quarter on July 12, 2014 noted in the finding, properly reports the contributions noted in Finding 1.

REGISTRY OF ELECTION FINANCE ACTIONS

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