



**TENNESSEE BUREAU OF ETHICS AND CAMPAIGN FINANCE
REGISTRY OF ELECTION FINANCE**

**Campaign Finance Audit of
Deanna Debow Osborne
Election Year 2018**



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November 4, 2021

Members of the Registry of Election Finance
404 James Robertson Parkway, Suite 104
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Registry Members,

Transmitted herewith are the agreed upon procedures for the campaign finance audit of Deanna Debow Osborne's 2018 election campaign for House of Representatives District 37. This audit was conducted pursuant to the requirements of T.C.A. §2-10-212.

The procedures were developed to aid the Registry of Election Finance in its responsibilities to monitor and enforce Tennessee's Campaign Financial Disclosure Law and Campaign Contribution Limits Law. 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 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 intended 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
Director of Audit

STATE OF TENNESSEE
BUREAU OF ETHICS AND CAMPAIGN FINANCE
REGISTRY OF ELECTION FINANCE

Audit Highlights
Deanna Debow Osborne
2018 Campaign Finance Audit

AUDIT OBJECTIVES

The objectives of the audit were to determine Deanna Debow Osborne's compliance with certain provisions of campaign finance disclosure laws and regulations; compliance with certain provisions of campaign contribution limit laws and regulations; accuracy and completeness of the disclosures on the 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General and 2018 Fourth Quarter Campaign Financial Disclosure Statements; and to recommend appropriate actions to correct any deficiencies.

FINDING(S)

- 1. Deanna Debow Osborne failed to provide any supporting receipt, invoice, or other supporting document for eight expenses totaling \$3,303.14 incurred by the campaign. In addition, the records Deanna Debow Osborne maintained for a \$1,500 expense were insufficient to support the disclosure made. The failure to maintain such records is non-compliant with T.C.A. §§ 2-10-212(c) and 2-10-105(f), which requires candidates to retain and maintain such disbursement records to support the disclosures made.**

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INTRODUCTION

AUDIT AUTHORITY

Tennessee Code Annotated (T.C.A.) §§ 2-10-207, 2-10-212 authorizes the Registry of Election Finance (the “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(2), which requires the Registry to audit approximately two percent of all candidates for the general assembly.

AUDIT PURPOSE

The Registry’s campaign finance audits were developed 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 general 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 intended to assist the candidate and the State of Tennessee with promoting governmental accountability and integrity.

AUDIT SCOPE

During non-election years, 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 reporting periods are from January 16 to June 30 and July 1 to January 15 of each year. During election years, the disclosures expand to quarterly, pre-primary, and pre-general reports. Therefore, the audit reviewed Deanna Debow Osborne’s disclosures on the 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General, and 2018 Fourth Quarter Campaign Financial Disclosure Statements.

CAMPAIGN OVERVIEW

CAMPAIGN ORGANIZATION

Deanna Debow Osborne was a candidate in the November 6, 2018 general election for House of Representatives District 37. Deanna Debow Osborne filed an Appointment of Political Treasurer Statement with the Registry on April 9, 2018, appointing Janey Suitt Drye as political treasurer.

The candidate's first financial disclosure for the 2018 campaign was the 2018 Second Quarter Disclosure Statement filed on July 9, 2018 and later amended. As of September 1, 2021, Deanna Debow Osborne's most recent financial disclosure was the 2019 Annual Mid-Year Supplemental Disclosure Statement, which was filed on July 19, 2019. The 2019 Annual Mid-Year Supplemental Disclosure Statement indicated no cash on hand, no outstanding obligations, and no outstanding loans. The candidate's filing account was closed as of June 30, 2019 and the candidate was no longer required to file campaign financial disclosure statements as of the end of the 2019 Annual Mid-Year Supplemental reporting period.

OVERVIEW OF FINANCIAL ACTIVITIES

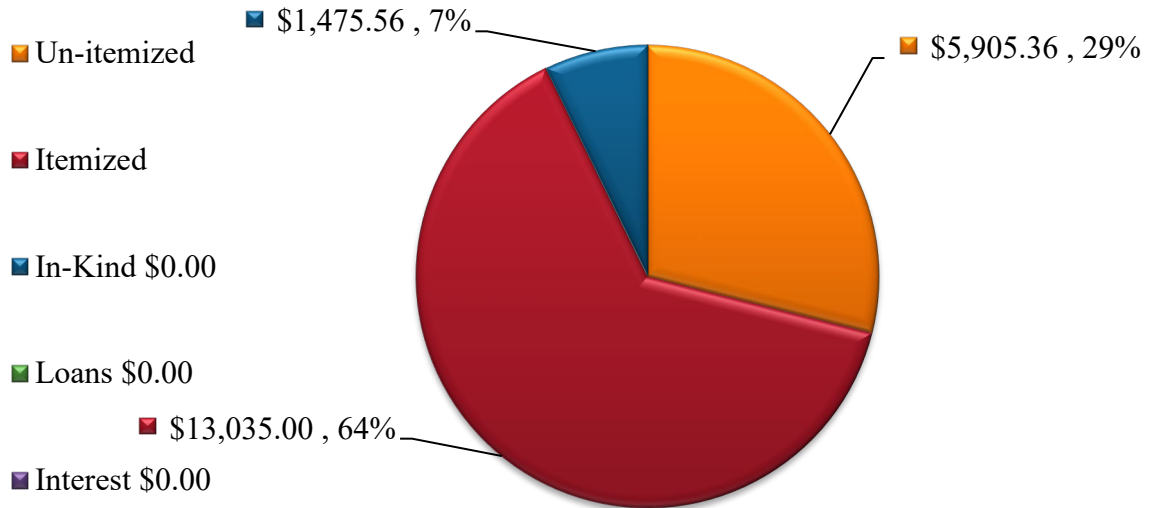
The following financial amounts are a summary of the financial disclosures made by the candidate. The summarized amounts are from the following disclosure reports: 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General, and 2018 Fourth Quarter reports after amendments. The amounts displayed are for informational purposes only.

<u>Summary of Financial Activity</u>		
<u>(Un-audited Amounts)</u>		
Cash on hand at April 1, 2018		\$0.00
Receipts		
Unitemized	\$5,905.36	
Itemized	13,035.00	
Loans received	0.00	
Interest	0.00	
Total receipts		<u>\$18,940.36</u>
Disbursements		
Unitemized	908.48	
Itemized	18,011.77	
Loans principal payments	0.00	
Obligation payments	0.00	
Total disbursements		<u>\$18,920.25</u>
Cash on hand at January 15, 2019		<u>\$20.11</u>
Loans outstanding at January 15, 2019		\$0.00
Obligations at January 15, 2019		\$0.00
Total in-kind contributions received		\$1,475.56

CHARTS

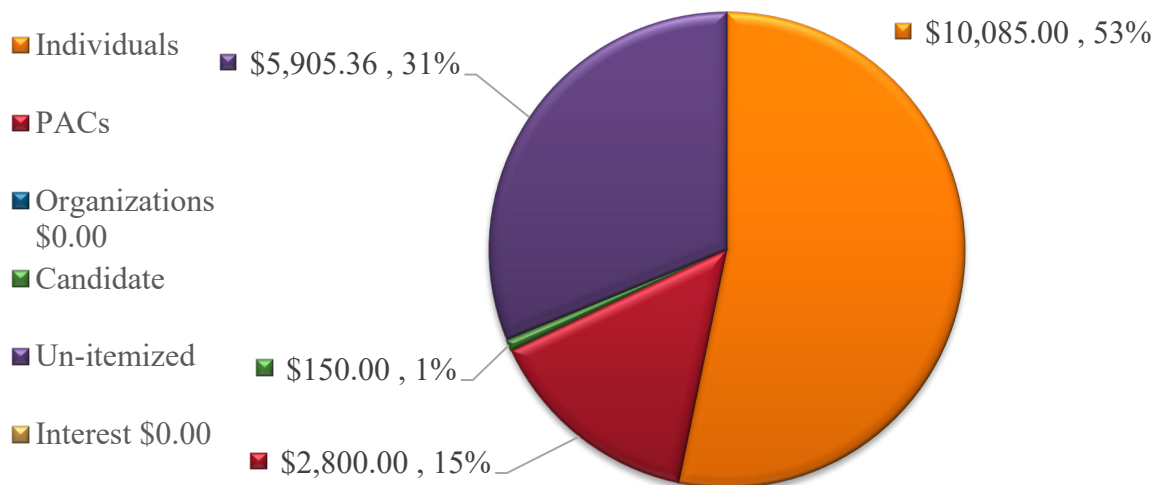
2018 ELECTION CAMPAIGN CONTRIBUTIONS

The following chart shows the contributions reported by the candidate for the 2018 election campaign.



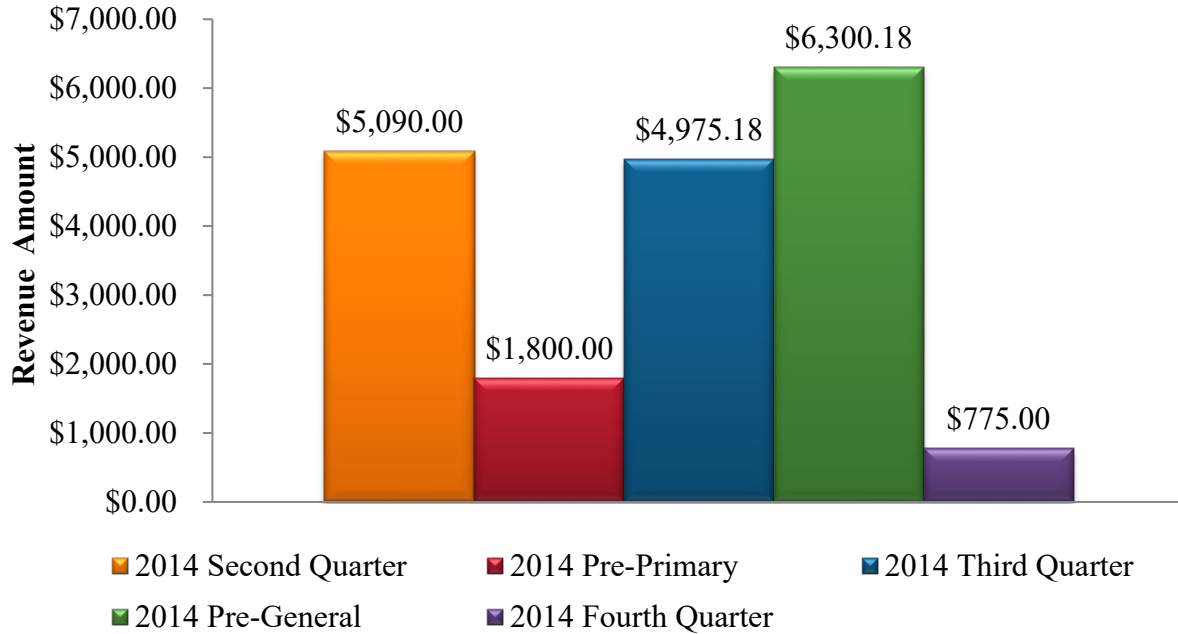
2018 ELECTION CONTRIBUTIONS BY SOURCE

The following chart shows the monetary contributions reported by the candidate for the 2018 election campaign. Organizations in this chart represent non-profit organizations, non-PAC campaign organizations, or businesses.



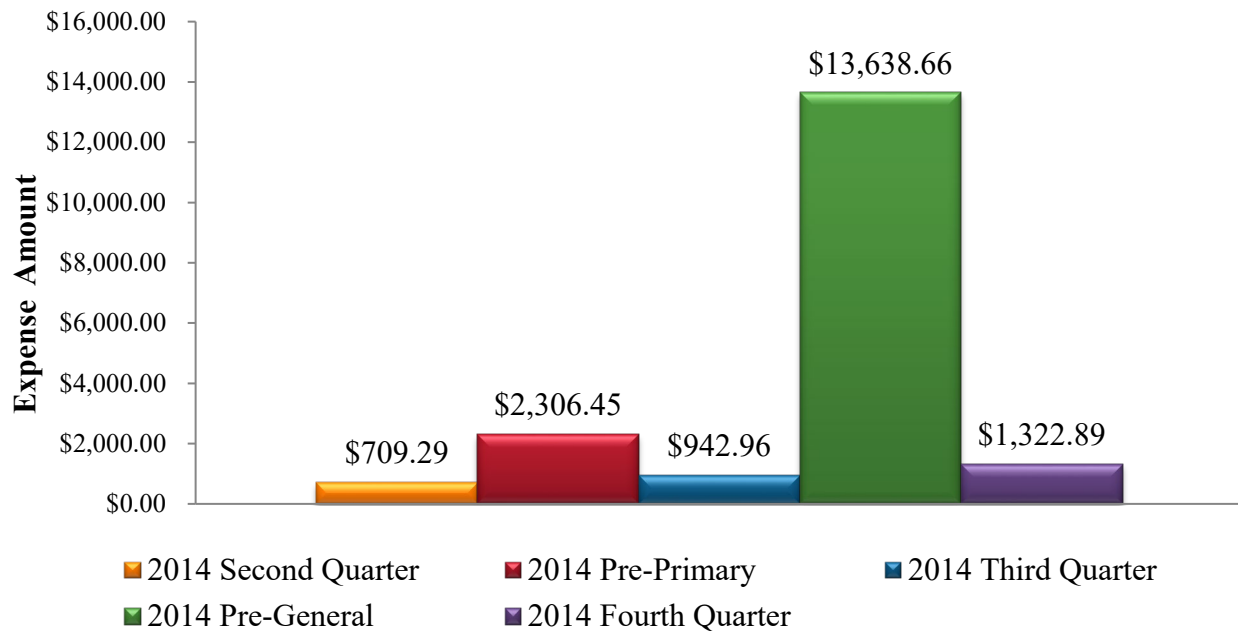
2018 ELECTION CONTRIBUTIONS BY REPORTING PERIOD

The following chart shows the contributions that the candidate reported for the 2018 election campaign by reporting period.



2018 ELECTION EXPENSES BY REPORTING PERIOD

The following chart shows the expenses that the candidate reported for the 2018 election campaign by reporting period.



OBJECTIVES, METHODOLOGIES, CONCLUSIONS

CONTRIBUTIONS AND RECEIPTS

Audit Objectives:

The objectives of our audit of contributions and loans were to determine whether:

- all campaign contributions from individuals and Political Campaign Committees (commonly call PACs) were within campaign 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;
- all monetary contributions were supported by bank statements and deposit slips;
- all in-kind contributions were supported by donation letters or other appropriate supporting documentation;
- all interest and other investment earnings received were reported, reported in the proper period, and supported by bank or investment statements;
- all loans received were reported to the Registry, reported in the proper period, reported in compliance with T.C.A. §§2-10-105 and 2-10-107; and,
- all loans received from lending institutions were supported by loan agreements.

Audit Methodology:

The Registry obtained Deanna Debow Osborne's 2018 Campaign Financial Disclosure Statements from April 1, 2018 to January 15, 2019. We requested Deanna Debow Osborne to provide campaign records to support all contributions, loans, and interest that received during the 2018 election campaign. Deanna Debow Osborne's campaign records for contributions included bank statements, deposit slip copies, contributor check copies and contributor listings for online contributions. The following steps were performed on Deanna Debow Osborne's campaign disclosure and documentation:

- The documentation was reviewed to determine if the candidate's monetary contributions and interest received from April 1, 2018 to January 15, 2019 totaled \$18,940.36.
- A reconciliation of monetary contributions reported to funds deposited into the campaign accounts was prepared to determine if the candidate deposited all funds into

campaign bank account and properly reported the funds in the campaign account on the campaign disclosures.

- A listing of itemized monetary and unitemized contributions was prepared and compared to the candidate's disclosures 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.; contributions were properly reported; contributions were reported in the proper period; contributions were reported in compliance with T.C.A. §§2-10-105 and 2-10-107; and contributions were reported in compliance with the Registry's rules.
- In-kind contributions by contributor were 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.
- The documentation was reviewed to verify the candidate received no loans or earned interest from April 1, 2018 to January 15, 2019.

Audit Conclusion:

Deanna Debow Osborne's 2018 Campaign Financial Disclosure Statements from April 1, 2018 to January 15, 2019 and the candidate campaign records indicated that the campaign received and deposited monetary contributions in the amount of \$18,940.36. In addition, the campaign disclosures and related campaign records indicate the campaign received and reported in-kind contributions totaling \$1,462.91. The campaign records and disclosures indicated that Deanna Debow Osborne received no loans and earned no interest.

The candidate campaign records for contributions also indicated that Deanna Debow Osborne failed to report two campaign contributions in the period in which they were received in noncompliance with T.C.A. §2-10-107. The total of these two contributions was \$45 and both were received late in the 2018 Third Quarter reporting period but were reported one period late during the 2018 Pre-General reporting period. The records indicate that both contributions were reported when deposited, not when received. The \$45 is less than 1% of the \$18,940.36 in monetary contributions received (or in total contribution of \$20,415.92). No detailed findings were provided for these errors, as they represent less than 1% of the transactions the candidate reported.

The candidate's campaign records also were insufficient to verify the date reported as received for two in-kind contributions. The total of these contributions was \$300. The supporting records for these in-kind contributions were emails from the contributor and support the amount and description of the contribution, but not the date. The emails appear to have been obtained after the audit notice was sent. The audit notice was issued on February 19, 2019 and both emails are dated March 20, 2019. The failure to maintain records is non-compliant with T.C.A. §§ 2-10-212(c) and 2-10-105(f), which requires candidates to retain and maintain such records to support the disclosures made. No detail finding is being provided; even though the \$300 is 20% of the \$1,462.91 in in-kind contributions received, it is approximately 1% of the total contributions of

\$20,415.92 received. (The total in-kind contributions received, totaling approximately \$1,462.91, are only 7% of the total contributions of \$20,415.92.) In addition, only one aspect of the disclosure was unsupported, and it is reported in a reporting period that would appear likely to be correct based on other disclosures; the only error is in having a record to support the specific date, likely due to the original record not being maintained but obtained later.

DISBURSEMENTS AND OBLIGATIONS

Audit Objectives:

The objectives of our audit of disbursements and obligations were to determine whether:

- all disbursements and obligations were supported by vendor receipts, canceled checks, and bank statements;
- all disbursements and obligations were made for non-prohibited activities; and,
- all disbursements and obligations were reported, reported in the proper period, reported in compliance with T.C.A. §§2-10-107 and 2-10-114.

Audit Methodology:

The Registry obtained Deanna Debow Osborne's 2018 Campaign Financial Disclosure Statements from April 1, 2018 to January 15, 2019. We requested Deanna Debow Osborne provide campaign records to support all expenses during the 2018 election campaign. Deanna Debow Osborne's campaign records for expenses included bank statements, cancelled checks, and vendor receipts/invoices. The following steps were performed on his campaign documentation:

- The documentation was reviewed to determine if the candidate's disbursements from January 16, 2018 to January 15, 2019 totaled \$18,920.25.
- A list of disbursements was prepared and compared to the candidate's bank statements and copies of cleared checks to determine if the candidate expended all funds from the campaign bank account.
- The list of disbursements was compared to the candidate's campaign disclosures and the bank statements to determine if all disbursements were reported.
- The list of disbursements were reviewed to determine if all expenditures were reported, reported in the proper period, reported in compliance with T.C.A. §§2-10-107 and 2-10-114, and reported in compliance with the Registry's rules.

Audit Conclusion:

Deanna Debow Osborne’s 2018 Campaign Financial Disclosure Statements from April 1, 2018 to January 15, 2019 and the candidate campaign records indicated that the campaign incurred expenses totaling \$18,920.25. The campaign records and disclosures indicated that Deanna Debow Osborne neither reported nor incurred obligations requiring reporting.

The candidate campaign records for expenses and disbursements also indicated that Deanna Debow Osborne improperly reported the fees incurred by the campaign from the vendor who collected contributions on her campaign’s behalf. The fee incurred by the campaign is related to the contributions made; as such, the fee associated with each contribution reported during the period should also be reported in the period. The following are the fee amounts reported by the candidate and the actual fees incurred based on the contributions reported in the period per the online vendors report each reporting period:

2018 Second Quarter	\$78.04	\$103.72	(\$25.68)
2018 Pre-Primary	\$65.22	\$37.56	\$27.66
2018 Third Quarter	\$73.97	\$75.95	(\$1.98)
<i>Totals</i>	<i>\$217.23</i>	<i>\$217.23</i>	<i>\$0.00</i>

As shown in the chart, the fee amount is improperly reported in three reporting periods, but by the end of the 2018 Third Quarter, the actual amount of expenses report in total is correct. The failure to report expenses in the period they are incurred is non-complaint with T.C.A. §§2-10-105(a) and 2-10-107(a). In addition, the available funds reported as the ending balance is also improperly reported during the 2018 Second Quarter and 2018 Pre-Primary reporting period, which is non-compliant with T.C.A §2-10-107(e). Finally, the candidate reported the \$78.04 fee on the 2018 Second Quarter as an unitemized expense. Such a disclosure is proper if the amount paid to the vendor was under \$100, however; again, as noted above the amount paid to the vendor during the period was \$103.72. When the payments to the vendor in a period exceed \$100 itemized disclosure is required to show vendor information. The failure to itemize expenses incurred to a vendor in excess of \$100 during a reporting period is also noncompliant with T.C.A. §2-10-107(a). No detail findings for the errors is being provided as the total amount of the fees involved is only \$217.23, which is approximately 1% of all the expenses reported and, as noted, not all the fee amounts during the period is mis-stated. Also, the net effect of these errors at the end of the three reporting periods is zero.

Deanna Debow Osborne’s campaign records also appear to indicate that an improper category was reported for a pair of expenses totaling \$53 on the 2018 Fourth Quarter Disclosure Statements. The candidate reported the expenses as unitemized using the category “telephone”. However, instead of supporting telephone services provided to the campaign, the expenses were for the purchase of Robocall services. Although, Robocalls use telephone services to perform their activities, the category “telephone” does not appear to represent the activities incurred. The candidate should have reported a more descriptive category either by reporting the created category “Robocalls” or the provided category “Advertising” to report the true nature of the services being purchased. No detail findings for this error is being provided.

Deanna Debow Osborne failed to maintain a vendor receipt, invoice, or other record to support eight expenses reported. The eight expenses totaled \$3,303.14. In addition to the eight unsupported by any invoices and receipts, the campaign also provided contradictory, and thus, insufficient support for an advertising expense of \$1,500 to TN Victory 2018. The same \$1,500 expense was also reported as being made to the wrong vendor and reported one reporting period late in noncompliance with T.C.A. §§2-10-105(a) and 2-10-107(a). The failure to maintain records sufficient to support the expenses disclosed is noncompliant with T.C.A. §§ 2-10-212(c) and 2-10-105(f), which requires candidates to retain and maintain such disbursement records to support the disclosures made. Details of the expenses unsupported and partial reported are in the Finding 1.

Finding 1

- 1. Deanna Debow Osborne failed to provide any supporting receipt, invoice, or other supporting document for eight expenses totaling \$3,303.14 incurred by the campaign. In addition, the records Deanna Debow Osborne maintained for a \$1,500 expense were insufficient to support the disclosure made. The failure to maintain such records is non-compliant with T.C.A. §§ 2-10-212(c) and 2-10-105(f), which requires candidates to retain and maintain such disbursement records to support the disclosures made.**

The audit requested that Deanna Debow Osborne provide all bank statements, canceled checks, receipts, invoices and any other supporting documentation for all campaign activities for expenses. Deanna Debow Osborne provided bank records for the period April 1, 2018 through January 15, 2019. This data allowed the audit to confirm payments were made to the reported vendors/payees. However, the audit of the campaign records indicated that the candidate failed to retain vendor receipts, invoices, or other applicable supporting data for eight of the approximately 40 expenses reported by the campaign (approximately 20% of reported expenses). Although the disclosures indicate the purpose of the purchases and appear likely based on the vendor, the audit cannot confirm the purpose for any of the eight transactions and cannot assess whether an expense is allowable per the campaign finance statutes without a receipt, invoice, contract or other third-party supporting document. The eight expenses are as follows.

Itemized reported expenses

	Vendor	Purpose	Date	Amount
1	Rick Malkin Photography	Professional Services	6/10/2018	\$250
2	Blackwell, Rupa	Campaign Worker	7/17/2018	\$500
3	Blackwell, Rupa	Campaign Worker	7/18/2018	\$500
4	Blackwell, Rupa	Campaign Worker	10/04/2018	\$2,000

(Note Items 2 and 3 were disbursed in two checks on the dates noted but reported in one entry by the candidate for the total \$1,000 which was disbursed and dated 7/19/2018)

Unitemized reported expense

	Category	Amount	Notes
5	Postage	\$20	On 3 rd Qtr. report; 1 of 3 disbursements totaling \$73.50
6	Postage	\$6.70	On Pre-General; 1 of 2 disbursements totaling \$13.40
7	Postage	\$6.70	On Pre-General; 1 of 2 disbursements totaling \$13.40
8	Professional Services	\$19.74	On 4 th Qtr. report; 1 of 3 disbursements totaling \$59.22

As can be noted in the chart, a majority of the unsupported expenses are payments to individuals; \$3,000 paid to a campaign worker and \$250 paid to an individual who appears to be operating his own business. When such transactions occur, invoices and receipting by the individuals may not be common practice; however, for the campaign, such supporting records become important documents to show campaign services were actually received.

In the instance of a small business, likely operated by a sole proprietor, the candidate can request a receipt or invoice be prepared by the vendor or have the vendor prepare a letter/email detailing the services being provided, the date of service, and the amount of the payment to be made. In this specific instance, as the service was photography, a sample of the services performed could also be included with the supporting statements from the vendor.

When campaigns provide payments to individuals serving as employees, staff, and/or campaign workers in the form of payroll or payroll type payments, the campaign has two options to document the transactions. First, the candidate may provide supporting tax records, such a payroll tax payment, or for non-payroll services when required, a 1099 form filed for services performed can support the payments made. When tax records are unavailable, similar to a business that may not normally issue an invoice, the candidate can ask the individual to prepare a record indicating the services rendered, the dates for services, and the amounts paid. Such a record can also be prepared by the campaign when payment is made. When the campaign prepares the record, the Registry Audit Staff recommends the candidate have the document signed by the recipient of the funds when the disbursement is made.

As noted, Deanna Debow Osborne provided no supporting records for these disbursements to the individuals, except for the disbursement check; as such, the audit is unable to determine that the services reported were provided to the campaign and were for campaign related activities. The remaining missing receipt beyond the individual disbursements appear to be minor errors in maintaining small dollar expense disbursements and do not appear to be systemic in the way the campaign was maintaining records.

In addition to the eight missing receipts, Deanna Debow Osborne reported on October 3, 2018 a \$1,500 expense to TN Victory 2018 for advertising. The expense appears on the 2018 Pre-General Campaign Finance Disclosure Statement. The candidate provided two supporting records for the expense. First, the candidate provided a copy of the check disbursed for the expense showing the payment to TN Victory 2018 written on September 16, 2018. Second, the candidate provided a copy of a memorandum of understanding between the Tennessee Democratic Party (hereafter also referred to as "TDP") and the Deanna Debow Osborne campaign. (The memo is attached to the end of the audit report). These supporting records show that a \$1,500 disbursement was made and reported, however, the records indicate various errors in the disclosure and are insufficient to verify the purpose of the expense.

As noted, the records indicate several errors, including the following:

1. The check records indicate the expense occurred on September 16, 2018; this is the date the campaign wrote the check. The candidate reported the expense on the 2018 Pre-General

Disclosure Statement, which covered activities of the campaign from October 1, 2018 to October 27, 2018 and reported a date of October 3, 2018. The expense should have been reported on the 2018 Third Quarter Disclosure Statement, which covered the period of July 24, 2018 to September 30, 2018, using the date September 16, 2018. Failing to report an expense in the period it was incurred is non-compliant with T.C.A. §§2-10-105(a). The fact that the expense was incurred in the 2018 Third Quarter is also confirmed by the disclosures of the Tennessee Democratic Party PAC, which reported receiving the funds on September 28, 2018, as noted in the following paragraph.

2. The records also indicate the funds did not go to an entity named “TN Victory 2018” but, to a fund maintained by an entity. The funds went to the Tennessee Democratic Party. This was confirmed in part by the memo noted above, but additionally verified by review of the Tennessee Democratic Party’s PAC (hereafter “TDP PAC”) disclosures, which appear to show the check. The TDP PAC’s 2018 Third Quarter disclosures shows a contribution from Osborne, Deanna Debow on September 28, 2018 for \$1,500. (Although the audit did not verify the check in the PAC records or review the back of the cleared check, the candidate did confirm no other contributions were made to the party at the time). Based on the records available, the proper vendor to report was the TDP’s PAC, not TN Victory 2018, and the candidate should have pulled the TDP PAC information provided on the Registry online computer system.

In addition to the errors made in the reporting of the expense, there are insufficient records to determine the purpose of the expense both as originally reported and subsequently amended by the candidate during the audit process. Deanna Debow Osborne’s original 2018 Pre-General campaign disclosure submitted on October 30, 2018 indicated the expense was for “advertising”. The 2018 Pre-General Disclosure submitted on October 30, 2018 was the report used to commence and complete the audit, as the disclosure was the most current one submitted prior to the audit notice sent on February 19, 2019. During the audit, the candidate changed the disclosure on a submitted report on June 23, 2020 to indicate the expense was a “contribution” to the TN Victory 2018. The amended disclosure occurred after discussion with both the candidate and TDP about the specific expense, its purpose, reporting requirements and other issues noted, but prior to a final resolution of the item. (NOTE: The correction was made by the candidate of her own volition and was not part of any recommended correction by the Registry Audit Staff as part of the audit process).

The changing of the purpose appears to show the issue, noted by the campaign records in the actual purpose of the disbursement and the supporting records. The two disclosures indicate an “advertising” or “contribution”. This confusion also appears in the memorandum of understanding that was used to support this expense. The memo states the campaign commits to:

“The Campaign commits to a buy-in amount of \$1,500.00, in the form of a contribution payable by September 31st, 2018 to the Tennessee Victory 2018 non-federal account. These funds will be used for the direct expenses of TNV and cannot be earmarked for any individual programs.”

The statement specifically indicates the funds may not be earmarked for any campaign. This statement was likely because any such earmark would no longer make the funds a campaign contribution to the TDP, but a contribution to the campaign for which they are earmarked. The memo then states that the TDP's (listed under TNV) responsibilities are as follows:

“TNV will endeavor to provide to and accomplish on behalf of the Campaign:

- a. One canvass pass of the TNV persuasion walk universe with partner Campaign survey question and accompanying literature, if provided*
- b. One phone pass of the TNV persuasion phone universe with partner Campaign survey question*
- c. One canvass pass of the TNV GOTV walk universe with partner Campaign survey question and accompanying literature, if provided*
- d. One phone pass of the TNV GOTV phone universe with partner Campaign survey question*
- e. GOTVtexting*
- f. Seven flights of non-Campaign specific turnout mail, with delivery dates between 10/1/18 and 11/4/18*

TNV will provide the Campaign, once each week on Sunday, a report summarizing the distribution of the Campaign's survey question results and Campaign-specific production, as well as a direct transfer of survey question results to the Campaign's VAN committee through the use of a Master · Survey Question, administered by the TNDP. In the event that the Campaign does not have a VAN committee, an export - as an xls file - of the relevant canvass results achieved during that week may be provided.”

The statement again hedges by indicating the TDP will “endeavor to provide”, not indicating specific actions to be performed on the campaign's behalf. However, the final portions of the memorandum appear to make specific requirements of the campaign related to these activities when it states:

“The Campaign agrees that TNV will act as the complete direct voter contact and turnout program for the Campaign, solely responsible for all canvass and phone operations within the Campaign's relevant legislative district for the remainder of the election cycle, ending November 7th, 2018.”

Thus, the memo appears to indicate that the candidate is making a campaign contribution, however, it also appears to indicate that the funds paid were in exchange for services the TDP was going to perform on the campaign's behalf that are “advertising” in nature.

As a result of the contradictory memo, the audit attempted to get more clarification from the candidate and the TDP to determine that exact nature of the transactions and what activities were performed and received by the campaign from the TDP. The candidate only had the records that were indicated but, as noted, originally reported “advertising” as the expenditure's purpose and later switched the stated purpose to reflect a “contribution”, indicating that the candidate was also confused as to the activities that occurred and the purpose of the expenditure. The TDP indicated that the funds were solely a contribution and made no other comment on activities

conducted on behalf of the Deanna Debow Osborne campaign. Also, as noted, the TDP reported the check as a PAC contribution. A review of the TDP PAC disclosures shows no in-kind or independent expense to the Deanna Debow Osborne campaign. Thus, the audit was unable to obtain any other record to determine the proper disposition of this expense.

As a result, the records provided are insufficient to determine if the \$1,500 payment was a campaign contribution to the TDP or was a \$1,500 payment for advertising services to the TDP. The audit also cannot confirm if any services were provided to the campaign from TDP, which would require reporting, either as the reimbursed advertising by the \$1,500 payment or that would represent in-kind contribution for services provided on the campaign behalf by the TDP. (Note: the memo would appear to make any services provided to the campaign by the TDP to be unable to be reported as independent expense by the TDP, as the memo would appear to show coordination of activities.) The audit can only determine the memo is insufficient to support the disclosures made and such failure to maintain the records by Deanna Debow Osborne was noncompliant with T.C.A. §§ 2-10-212(c) and 2-10-105(f), which requires candidates to retain and maintain such disbursement records to support the disclosures made.

RECOMMENDATION TO CANDIDATE

Deanna Debow Osborne should amend the 2018 Campaign Financial Disclosure Statements to ensure that all contributions and expenses are reported in the proper period. Contributions should be reported when received and disbursements should be reported when incurred/made. Deanna Debow Osborne should amend the 2018 Pre-General report and change the expense reported to TN Victory 2018 to the Tennessee Democratic Party's PAC by selecting the Tennessee Democratic Party from the PAC list provided on the online system.

For future elections, the candidate should develop a campaign record-keeping system that adequately meets the requirements of the campaign financial disclosure statutes. The system should ensure that the campaign reports contributions and expenses fully and correctly. In addition, the record keeping system should include the retention of all vendor invoices/receipts and other documentation to show funds disbursed from the campaign are allowable. For payroll type transactions for which an invoice or receipt may not be provided, the Registry audit staff recommends the candidate maintain a record of services performed, date performed, and amount paid and have the records signed by the payee. The Registry audit staff also recommends agreements like the memo attached with this audit not be completed by candidate or PACs. Contributions to PACs should be unattached to services being provided by the PAC, in order to show that the contribution does not represent a reimbursement of expenses paid on the campaign's behalf, or as payments for services rendered, and are unearmarked contributions. When paying political entities like a PAC for campaign services, the candidate should request to be provided invoices verify the services are being provided at market values. When a candidate has coordinated with a PAC related to services or possible services to be performed on the campaign's behalf and is aware of services being performed or receives services at a rate under market value, the candidate should request and report the value of the services as an in-kind contribution. Finally, the candidate should reconcile the campaign bank account or other account records to the campaign disclosure statements to ensure that all campaign finance activities are properly recorded and reported.

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 web site 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 findings and other errors noted with the candidate, Deanna Debow Osborne chose to take corrective action on the reports prior to the Registry's approval of the audit with the Registry's assistance. Deanna Debow Osborne amended the 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General Campaign Financial Disclosure Statements on October 13, 2021. The corrections made and their effects on the findings reported are detailed below.

Corrective Actions - Contributions:

The 2018 Third Quarter and 2018 Pre-General Campaign Financial Disclosure Statements were amended. The unitemized contribution amount on the 2018 Third Quarter was increased by \$45 and the unitemized contribution amount on the 2018 Pre-General was reduced by \$45. The correction properly reports contributions in the periods received. The amended reports properly disclose all contributions errors noted in the audit report except those related to maintaining proper records, which is not able to be corrected by disclosure amendment.

Corrective Actions – Expenses:

The 2018 Second Quarter, 2018 Pre-Primary, 2018 Third Quarter, 2018 Pre-General, and 2018 Fourth Quarter Campaign Financial Disclosure Statements were amended to reflect the corrected expenses.

Online Fees corrected

- The 2018 Second Quarter Disclosure Statement was amended to report a new itemized expense to ActBlue with the purpose “fees for online contribution collection services” for \$103.72. At the same time, the \$78.04 unitemized expense reported for dues/subscriptions was removed.
- The 2018 Pre-Primary Disclosure Statement was amended to change the reported itemized expense to ActBlue for dues/subscriptions from \$65.22 to be \$37.56.
- The 2018 Third Quarter Disclosure Statement was amended to change the reported unitemized expense for dues/subscriptions from \$73.97 to be \$75.95

The three amended reports properly disclose the online fees incurred each period.

Category correction

The 2018 Fourth Quarter Disclosure Statement was amended to change the category reported as “telephone” to be “Robocalls”. This provides a more descriptive category for the services received, as noted in the audit report.

\$1,500 advertising/contribution correction

The 2018 Pre-General Disclosure Statement was amended to remove the \$1,500 expense reported to TN Victory 2018. The 2018 Third Quarter Disclosure Statement was amended to add the \$1,500 expense. The new expense discloses the proper vendor as the Tennessee Democratic Party and the date the expense was incurred by the check written on September 16, 2018. No specific suggestion of the purpose to report was provided, only that the candidate should report the activity that was incurred. The candidate elected to report “Advertising” as the purpose for the amended expense.

REGISTRY OF ELECTION FINANCE ACTIONS

The Members of the Registry of Election Finance will review the 2018 campaign finance audit of Deanna Debow Osborne during the November 4, 2021 regular monthly meeting. Approval and any subsequent actions taken by the board will be documented in the board minutes.



This Memorandum of Understanding (MOU) is between, the Deanna Osborne Campaign, referred to henceforth as "Campaign" and the Tennessee Democratic Party (TNDP). The MOU sets forth the expectations of Tennessee Victory 2018 (TNV) - a project of the TNDP - and its partners.

The Campaign commits to a buy-in amount of \$1,500.00, in the form of a contribution payable by September 31st, 2018 to the Tennessee Victory 2018 non-federal account. These funds will be used for the direct expenses of TNV and cannot be earmarked for any individual programs.

TNV will endeavor to provide to and accomplish on behalf of the Campaign:

- One canvass pass of the TNV persuasion walk universe with partner Campaign survey question and accompanying literature, if provided
- One phone pass of the TNV persuasion phone universe with partner Campaign survey question
- One canvass pass of the TNV GOTV walk universe with partner Campaign survey question and accompanying literature, if provided
- One phone pass of the TNV GOTV phone universe with partner Campaign survey question
- GOTV texting
- Seven flights of non Campaign-specific turnout mail, with delivery dates between 10/1/18 and 11/4/18

TNV will provide the Campaign, once each week on Sunday, a report summarizing the distribution of the Campaign's survey question results and Campaign-specific production, as well as a direct transfer of survey question results to the Campaign's VAN committee through the use of a Master Survey Question, administered by the TNDP. In the event that the Campaign does not have a VAN committee, an export - as an .xls file - of the relevant canvass results achieved during that week may be provided.

The Campaign agrees that TNV will act as the complete direct voter contact and turnout program for the Campaign, solely responsible for all canvass and phone operations within the Campaign's relevant legislative district for the remainder of the election cycle, ending November 7th, 2018. Excepting the Campaign's named candidate for office, the Campaign will direct its stakeholders, volunteers and allied organizations to utilize TNV voter contact lists, supplies and offices whenever possible, and will collect no voter contact-originated data not intended for entry in TNV databases. Campaign will provide TNV with a list of all volunteers that have completed direct voter contact activity for the Campaign. Campaign will also provide and regularly update a list of their Candidate Support Survey Question ID results to-date for appropriate universe removals and additional inclusion in the turnout mail program.



If desired, the Campaign may provide a mutually agreed-upon quantity of Campaign-specific literature for TNV distribution during direct voter contact activity. The Campaign may also deposit a reasonable amount of signs, literature and other Campaign-specific paraphernalia to designated TNV offices for distribution in accordance with criteria agreed upon between the Campaign and TNV. The Campaign may also provide TNV with specific messaging guidance, from which TNV will draw material for voter contact scripts in consultation with the Campaign.

Campaign

Tennessee Victory 2018

By: Rupe Shukle Blackwell

By: Andrew Adamski

On behalf of: DeAnna Osborne

On behalf of: TN Victory 2019

Date: 8/28/2018

Date: 8/28/18