



New York City Campaign Finance Board
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March 12, 2015

By First Class Mail and E-mail

Evgeny Freidman
[REDACTED]
[REDACTED]

FINAL BOARD DETERMINATION

The New York City Campaign Finance Board (“Board” or “CFB”), at a meeting held on March 12, 2015, made the following final determination:

Violations and Penalties

The Board determined that Evgeny Freidman (the “Spender”) violated the New York City Charter (“Charter”) and Board Rules and is liable for paying \$3,561 in penalties as follows:

1. A penalty of \$1,061 for making expenditures that were coordinated with a campaign. *See* Admin. Code § 3-702(8); Board Rules 1-08(f)(1), (3); CFB Advisory Op. 2009-7 (Aug. 6, 2009) (“A.O. 2009-7”).

During the 2013 election cycle, Friends of John Lisianskiy (“the Campaign”) paid rent to Graphete Realty for an office at 1411 Neptune Avenue in Brooklyn. Upon information and belief, this property is owned by Almaz Realty, whose CEO is Evgeny Freidman (“Freidman”), and the lease was signed by “G. Freidman” as landlord/agent for Graphete Realty LLC.

On August 31, 2013, a consultant (“Consultant 1”) contacted CFB staff seeking guidance regarding potentially non-independent expenditures on behalf of a candidate whom the consultant declined to name. Consultant 1 had met with the candidate in May 2013 and discussed doing work for the campaign. The candidate declined, but gave Consultant 1 the contact information for a friend of his who might be interested in making expenditures on behalf of the campaign. Consultant 1 contacted the potential spender

in late June or early July and discussed ideas for such expenditures. Even though Consultant 1's last contact with the candidate was in May, CFB staff advised Consultant 1 that because the candidate had directed him to the spender, any expenditures made by that spender on behalf of the campaign would not be independent. Consultant 1 asked if he could resolve the situation by recommending a different consultant to work with the spender. CFB staff advised him that this would not necessarily suffice to make the expenditures independent.

On September 17, 2013, a consultant to Freidman ("Consultant 2") contacted CFB staff for guidance on filing a disclosure statement. In the course of the conversation, Consultant 2 asked whether he should file if the expenditure was not independent, because Freidman "had dealings with the candidate." He also noted that Freidman had received a letter from the CFB concerning whether expenditures related to a flier promoting Lisianskiy, which was marked "Paid for by Evgeny Freidman," were non-independent.¹ CFB staff advised that if the expenditure was not independent, no filing should be submitted, but rather Freidman should give the Campaign documentation of the expenditure so that the Campaign could report it as an in-kind contribution. The next day, during another conversation with CFB staff, Consultant 2 referenced the August 31 conversation between CFB staff and Consultant 1, and identified himself as the consultant whom Consultant 1 had recommended to the spender.

Rule 1-08(f)(1)(v) provides that a factor in determining whether an expenditure was independent is "whether the person . . . making the expenditure and the candidates have each retained, consulted, or otherwise been in communication with the same third party or parties, if the candidate knew or should have known that the candidate's communication or relationship to the third party or parties would inform or result in expenditures to benefit the candidate[.]" When Lisianskiy directed Consultant 1 to Freidman, he knew or should have known that any relationship between the two would inform or result in expenditures to benefit the Campaign.

On September 18, Freidman reported making independent expenditures supporting Lisianskiy valued at \$1,061.53. Consultant 2 contacted CFB staff again on September 18. He stated that the Campaign had refused to accept the in-kind contribution, and that therefore he had submitted an independent expenditure disclosure to ensure that Freidman met his reporting obligation. CFB staff reminded Consultant 2 that in order to submit a filing via IEDS, the spender affirmed that the expenditures were made independently, to the best of the filer's knowledge. CFB staff stated that if the Board later determined that the communications were not independent, then both the Campaign and the filer could be subject to penalties, but assured Consultant 2 that the submission of a good faith filing would not be held against the spender. CFB staff explained Board Rule 1-08(f), in particular the provision regarding renting space from an alleged independent spender, and informed Consultant 2 that staff was in the process of investigating the relationship between the Campaign and the Spender.

The Board assessed a penalty of \$1,061 for this violation.

¹ CFB staff had been informed of this flier by a representative for one of Lisianskiy's opponents on September 8. Freidman had established an account in the CFB's Independent Expenditure Disclosure System ("IEDS"), but had never submitted a filing. On September 9, CFB staff sent a letter to the Campaign, noting the flier and Board Rule 1-08(f)(1)(vi), and advising the Campaign that "if Mr. Freidman or any entity controlled by Mr. Freidman shares space with or rents space to the Campaign, any expenditure made by Mr. Freidman or such entity would not be independent of the Campaign." Because Freidman had not submitted a filing, he was not sent a letter by the CFB. Presumably the CFB letter referenced by the consultant was the one sent to the Campaign.

2. A penalty of \$2,500 for material misrepresentation. See NYC Charter § 1052(a)(15); Board Rule 13-05. As detailed in violation #1, Freidman made coordinated expenditures with the Campaign in the amount of \$1,061. Freidman's submission of a disclosure statement reporting those expenditures as independent constitutes misrepresentation of a material fact and a knowing and intentional violation of the Charter and Board Rules.

The Board determined that the amount due is \$3,561.

You must pay to the Board the full amount due of \$3,561 no later than April 13, 2015. Checks should be made payable to the "New York City Election Campaign Finance Fund," and mailed to the attention of Bethany M. Perskie, Senior Associate Counsel, New York City Campaign Finance Board, 100 Church St., 12th Floor, New York, New York 10007, or delivered to the offices of the Board.

If the Board is not in receipt of the full \$3,561 by April 13, 2015, the Spender's name and the unpaid amount will be posted on the Board's Website and the Board may initiate a civil action against the Spender to compel payment.

You may challenge this final determination, within four months, in the New York State Supreme Court pursuant to Article 78 of the Civil Practice Law and Rules.

If you need additional time to pay this amount or if you have any questions concerning this Final Board Determination, please contact Ms. Perskie at (212) 409-1861 or bperskie@nyccfb.info.



signature on original

Sue Ellen Dodell
General Counsel

**NEW YORK CITY
CAMPAIGN FINANCE BOARD**

SED/BMP