





## REPORT OF INVESTIGATION



**K12-184 Luis Santiago political campaign**

Date Opened: December 12, 2012

Date Closed:

Name of investigator: Karl Ross

### Predication

The case involving the Luis Santiago political campaign was opened after it was learned the subject allegedly failed to pay a vendor, Serigraph Screen Printing Corp., for more than \$1,200 worth of campaign materials delivered on behalf of the campaign. It was further alleged the subject asked the vendor not to prepare related invoices so that any discrepancies would not be apparent on campaign finance reports. The subject was elected to the Opa-locka City Commission on November 6, 2012. The vendor had been contacted by COE in connection with another pending investigation.

### Applicable Law

Florida Statute 106.11 (*Expenses and expenditures by candidates* ...), which states in section (4) that: "No candidate, campaign manager, treasurer ... shall authorize any expense, to honor all other checks drawn on such account, which checks are outstanding, and to meet all expenses previously authorized but not yet paid."

There also appear to be violations of F.S. 106.11 in subsections (1)(b)1 and (1)(b)5, which pertain to the information to appear on campaign account checks – i.e. the name of the candidate and the words “campaign account.”

Florida Statute 106.08 (*Contributions; limitations on*), which states in subsection (3)(b) that: “Any contribution received by a candidate or by the campaign treasurer ... after the date the candidate is defeated, becomes unopposed, or is elected to office must be returned to the person or committee contributing to it and may not be used or expended by or on behalf of the candidate.”

Florida Statute 106.07 (Reports; certification and filing.), which states in subsection (4)(a)(10) that all reports required under this section shall, among other things, contain: “The amount and nature of debts and obligations owed by or to the committee or candidate, which relate to the conduct of the political campaign.”

### Investigation

The investigation found that the subject acted as his own campaign treasurer, and was thus responsible for the correct preparation and filing of all Campaign Treasurer's Reports (CTRs). A complete set of his CTRs was obtained from the Opa-locka City Clerk's Office, the repository for municipal elections in the City of Opa-locka.

These CTRs were reviewed in connection with the initial allegations regarding unpaid and possibly unreported campaign expenditures made with Serigraph Screen Printing Corp. (hereinafter, “Serigraph”). Copies of all invoices prepared on behalf of the Luis Santiago campaign were obtained from Serigraph, comprising four invoices – one of which was a duplicate invoice (see Nos. 10108 and Revised 10108).

On or about December 2012, COE interviewed Gregory Guerra, the owner of Serigraph, and was advised that the subject contracted with Serigraph to prepare roughly \$2,500 worth of signs and other materials on behalf of the Luis Santiago campaign.

Mr. Guerra indicated the first order of campaign materials (Revised invoice No. 10108) – worth \$1,144.37 placed on or about September 2012 – was paid in full by the subject, using campaign checks. COE subsequently verified this order was paid with campaign checks for \$325 (9/14/12), \$450 (10/04/12), \$300 (10/05/12) and \$69.37 (10/24/12). It should be noted that the payments total exactly \$1,144.37, which is the amount of the initial order. Note that the payment dates are those provided on the CTRs.

It should also be noted that Mr. Santiago's campaign account did not have sufficient available funds at the time of this first order – placed on or about Sept. 13, 2012 – to pay the balance in full. The campaign did eventually pay for the materials, as noted above, with the final payment being made about a month after pick-up.

Mr. Guerra state the second order placed by the subject was made on or about October 2012 (per invoices No. 10145 and No. 10147), and that the subject, as of the time of the initial interview, had failed to pay for the materials – worth \$1,436.61, as reflected by the invoices. Guerra stated campaign materials were delivered in October, approximately two to three weeks prior to Election Day. He later stated that at the time the subject picked up the materials on behalf of the campaign, he promised to make full payment the following Monday. (The materials were picked up on a Friday, he said.) Guerra said this did not happen and he was forced to issue a demand letter for the balance.

COE subsequently verified that only one other payment from the campaign was made to Serigraph prior to Election Day and that this was for \$150 (10/24/12), leaving an unpaid balance of \$1,286.61. It should be noted that, as of October 12, 2012 – the date of the end of the CTR filing period for the transactions in question, on or about October 5, 2012 – the subject's campaign account had a balance of negative \$54.96. As a result, it would seem that the subject's campaign account lacked sufficient funds to pay for the expenditures at the time the order was placed and authorized.

COE spoke to Mr. Guerra on Dec. 10, 2012, and Guerra advised that the previous week he was contacted by Santiago and that the newly elected commissioner asked him not

to submit any invoices in connection with the unpaid order of campaign materials. Guerra stated that this was the second time Santiago had made such a request. Mr. Guerra advised that he had already prepared the invoices in question, and felt that Santiago's request was inappropriate and raised concerns.

During a subsequent interview, Mr. Guerra advised that he had submitted a demand letter to Santiago and provided a copy at COE's request. The letter – dated Jan. 14, 2013 – states that "regardless of my efforts to resolve the issue of the debt, you have neither paid anything on the account nor notified me of a problem." The letter goes on to state that Serigraph would be willing to settle the account for \$750.

Mr. Guerra advised that some time in early February, he received a call from a woman who, while refusing to identify herself, stated she was contacting him on behalf of the Santiago campaign and requested a meeting. Guerra said he declined her request, but subsequently received a call from Santiago urging Guerra to take the meeting. He said Santiago promptly hung up the phone. Guerra said the woman called him back and he eventually agreed to meet with her later that day in front of his place of business.

Mr. Guerra said the woman asked him to sign two forms signed by Santiago stating that he was "in dispute of the above referenced debt" relating to invoices 10145 and 10147, but that he was willing to settle and pay the requested \$750 in "full satisfaction of the aforementioned debt" and to waive any claims against Santiago or his campaign. He said the woman drove a blue or gray SUV and had an infant in the back seat.

Mr. Guerra said the check did not appear to be a campaign check and provided a copy to COE (Wells Fargo starter check No. 095). COE contacted Wells Fargo bank and learned that Santiago had opened this account on Feb. 1, 2013, with a deposit of \$100, and that a second and final deposit of \$680 was made on Feb. 4, 2013. The account had a remaining balance of \$30 after the check to Guerra for \$750 was cashed.

COE further learned that the account was not identified as a campaign account. COE learned that Santiago has held three other accounts at Wells Fargo, including a joint personal account that was opened in 2009 and was not a campaign account. Another account was opened in October 2012 – after the campaign was in progress – and also did not appear to be a campaign account. The account has a balance of \$1.

A fourth account was opened Aug. 16, 2012, and was closed on Nov. 13, 2012, and would seem to coincide with the dates of activity reported on Santiago's CTRs. This account was not identified as a campaign account (as required by law), but was instead opened as a personal checking account. It should be noted that in his official qualifying documents, Santiago identifies Wells Fargo as his campaign depository.

### Conclusion

Based on the foregoing, it would appear that Santiago closed his campaign account on or about Nov. 13, 2012, knowing he had a significant unpaid balance to Serigraph and Guerra in the amount of approximately \$1,286. It would also appear that Santiago was concerned about this unpaid campaign liability and allegedly asked Guerra to refrain from submitting invoices reflecting this unpaid liability. There is no indication on his CTRs of the existence of this liability until the Termination Report, which shows that on or about Feb. 4, 2013, the campaign paid Serigraph \$750. The payment was made with funds that the candidate "loaned" to his campaign on Feb. 1 and Feb. 4. However, these funds were not loaned to the account used for his campaign, but a new account.

Accordingly, it would appear that Santiago, after being elected to the Opa-locka City Commission, attempted to keep the debt to Serigraph "off-the-books" by asking a vendor not to submit invoices reflecting campaign expenditures. When it became apparent that the vendor (Serigraph) was unwilling to do this, it appears that Santiago was forced to open a new account at Wells Fargo and make personal loans to the account to satisfy the debt, albeit at the reduced settlement amount of \$750.

Based on the foregoing, it would seem there is reason to believe Santiago knowingly and willfully violated provisions of Florida elections law (Chapter 106). These findings should be turned over to the State Attorney's Office for review. Alternatively, they could be brought before the Florida Elections Commission in the form of a complaint.

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