



# STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

ROBERT V. RUSSO

**CAMPAIGN FINANCE AUDIT**



Audit Conducted By: Richard E. Thornton, Director of Campaign Finance

**STATE OF RHODE ISLAND  
BOARD OF ELECTIONS**

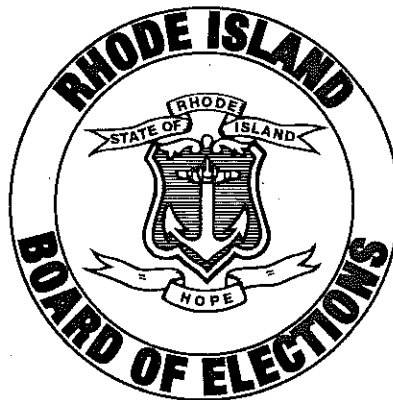
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# Robert V. Russo

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# Robert V. Russo

## INTRODUCTION

### Audit Authority

Pursuant to Rhode Island General Law §17-25-5(a)(8), the Board of Elections is authorized to perform any duties that are necessary to implement the provisions of Chapter 25 of Title 17. Without limiting the generality of this provision, the Board is authorized and empowered to: Conduct compliance reviews and audits of campaign accounts as necessary, and in a manner consistent with the provisions of Chapter 25, Title 17.

### Audit Purpose

Campaign Finance audits assist the Board of Elections with enforcement of campaign finance laws, provides a tool to evaluate the effectiveness of those laws and the campaign finance reporting process, verifies the accuracy and propriety of campaign finance receipts and validity and legality of campaign finance expenses and helps provide timely and accurate information to the public.

Campaign Finance audits assist and encourage candidate compliance with campaign finance reporting laws and promotes candidate accountability and integrity.

# Robert V. Russo

**Scope:** Review campaign finance reports and supporting documentation for the period January 1, 2017 through June 30, 2021.

**Methodology:** Review Contributions:

- Compare contributions received to bank statement deposits
- Compare contributions received to contributions reported on campaign finance reports
- Verify there are no prohibited contributions
- Verify contributions do not exceed aggregate annual limit

Review Expenditures:

- Compare expenditures made to bank statement checks/debits
- Compare expenditures made to expenditures reported on campaign finance reports
- Verify there are no prohibited uses of campaign funds
- Verify campaign expenditures are valid and legal.

**History:** In August 2021, the Board of Elections (“Board”) initiated an audit of the campaign account of Robert V. Russo (“Russo”) pursuant to R.I.G.L. §17-25-5(a), due to Russo’s failure to reconcile a variance between his campaign bank account balance and his 2020 Q4 campaign finance report ending balance as so directed and his failure to file two (2) campaign finance reports, required pursuant to R.I.G.L. §17-25-11(c)(1).

In October 2021, the Board received via subpoena served upon the bank of Russo’s campaign account, campaign depository account bank statements for the period January 1, 2017 through June 30, 2021.

**Findings:** The following are Findings of campaign finance violations discovered during the Audit Review of Russo’s campaign account and supporting documentation:

# Robert V. Russo

## Contributions/Loans:

- Contributions and Loan Proceeds were accurately reported.

## Expenditures:

- \$22,344.60 Loan Repayment was reported on the 2017 Q1 campaign finance report which brought the reported account balance to \$0.00; the account was dissolved. The repayment did not occur as was reported and the account should not have been dissolved.
- \$0.00 in expenditures were reported on the four (4) campaign finance reports filed during Russo's 2018 campaign; whereas \$5,500.00 Loan Repayment, \$625.00 Political Donations and \$77.00 Bank Fees were expended from the campaign bank account during 2018. Concurrent with the filing of the 2018 Q4 campaign finance report, the account was again dissolved and should not have been.
- \$16,726.50 Loan Repayment and \$179.00 Bank Fees were expended from the campaign bank account from 2019 Q1 through 2020 Q2, but due to the dissolution filed in 2018, no campaign finance reports were scheduled to be filed for the period.

## Other:

- The campaign dissolved twice (2017 Q1 and 2018 Q4) when it was not eligible due to funds remaining in the campaign bank account. By improperly dissolving the account, Russo avoided filing up to ten (10) campaign finance reports and submitting two (2) campaign bank account statements.

**Summary:** The Audit Review of Russo's campaign account and supporting documentation for the period January 1, 2017 through June 30, 2021 demonstrates:

- Loan Repayment (\$22,344.60) was inaccurately reported on a campaign finance report, as the funds were not expended from the campaign bank account, in violation of R.I.G.L. §17-25-11.
- Loan Repayments (\$22,226.50), Political Donations (\$625.00) and Bank Fees (\$256.00) were disclosed on campaign bank account statements, but not disclosed on campaign finance reports, in violation of R.I.G.L. §17-25-11.
- The campaign dissolved twice when it was not eligible due to funds remaining in the campaign bank account, in violation of R.I.G.L. §17-25-11(b).

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- Copies of Russo's 2018 and 2019 campaign bank account statements were not submitted, in violation of R.I.G.L. §17-25-11(c)(2).

### Auditee Response:

Russo acknowledged he failed to file two (2) campaign finance reports due to his attempt to reconcile a variance which existed between his campaign bank account balance and his campaign finance report ending balance as of December 31, 2020. Russo also acknowledged making a mistake in reporting. Prior to dissolving his campaign account with the Board in 2017, Russo recalled speaking to a staff member who instructed him to do a repayment of loan to dissolve. Russo explained that since the money in the campaign bank account was largely his loan proceeds, he believed he could leave it there and did not realize it must be fully transferred out of the bank account as a condition of dissolving his campaign account with the Board. Russo believed that the subsequent political donations made from the campaign bank account were personal transactions and not campaign activity.

### Action:

Consent Order (to follow)

State of Rhode Island  
Board of Elections

CONSENT ORDER

In Re: Robert V. Russo

Robert V. Russo ("Russo") hereby agrees to the entry of this Order and to each term and condition set forth herein:

1. At all times relevant hereto, Russo has been subject to the reporting requirements set forth in Title 17, Chapter 25 of the General Laws, pertaining to campaign contributions and expenditures.
2. In August 2021, the Board of Elections ("Board") initiated an audit of the campaign account of Russo due to Russo's failure to reconcile a variance between his campaign bank account balance and his 2020 Q4 campaign finance report ending balance as so directed and his failure to file two (2) campaign finance reports, required pursuant to R.I.G.L. §17-25-11(c)(1).
3. The Board conducted a full review of campaign finance reports, supporting documentation and bank records obtained via subpoena to verify the accuracy and propriety of campaign receipts and expenditures. The review determined the following:
  - Loan Repayment (\$22,344.60) was inaccurately reported on a campaign finance report, as the funds were not expended from the campaign bank account, in violation of R.I.G.L. §17-25-11.
  - Loan Repayments (\$22,226.50), Political Donations (\$625.00) and Bank Fees (\$256.00) were disclosed on campaign bank account statements, but not disclosed on campaign finance reports, in violation of R.I.G.L. §17-25-11.
  - The campaign dissolved twice when it was not eligible due to funds remaining in the campaign bank account, in violation of R.I.G.L. §17-25-11(b).
  - Copies of Russo's 2018 and 2019 campaign bank account statements were not submitted, in violation of R.I.G.L. §17-25-11(c)(2).
4. Russo hereby acknowledges that he unintentionally violated several provisions of Title 17, Chapter 25 as noted above; filed the two (2) past due campaign finance reports and properly reconciled all reports and statements to date.



5. Russo hereby waives his right to any further hearing before the Board, and his right to bring any legal challenge before any state or federal court and expressly consents to a finding by the Board that his actions, as more fully described above, violate the reporting and compliance requirements of Title 17, Chapter 25.
6. Russo further consents to the entry of this Order and the imposition of a civil fine by the Board pursuant to R.I.G.L. §17-25-13(b), in the amount of \$2,000.00 to be paid personally by him and consents to submit documentation to the Board supporting his campaign finance reports from the fourth quarter of 2021 through the fourth quarter of 2022.
7. Russo hereby agrees to the following schedule for fine payments:
  - \$2,000.00 fine to be paid personally by Robert V. Russo within one hundred twenty (120) days of the execution of this Consent Order.
8. Russo agrees to make the fine payment described above on or before the Due Date. In the event Russo fails to make the payment by the corresponding Due Date, the Board shall notify Russo both by U.S. Mail First Class and electronically at the residence and email address set forth below ("Delinquency Notice"). Russo shall be afforded ten (10) calendar days from the date of the Delinquency Notice to make the overdue payment. In the event the aforesaid payment is not made within the ten (10) day notice period, Russo agrees that the fine shall increase to \$4,000.00 which shall immediately become due and payable to the Board and that the Board shall refer the unpaid debt to the Department of Revenue-Central Collections Unit for collection. Russo consents to the personal jurisdiction and entry of this Order as a final judgment and waives any and all defenses that he may have to its enforcement.

The fine contained herein relates only to the violations identified in this Order and do not cover any violations not listed.

I, Robert V. Russo, agree to each and every term set forth above and further agree to the entry of this Order.

      10/25/2021  
Robert V. Russo      Date

So entered this 2nd day of November, 2021.

  
Diane Mederos, Chairwoman