



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

BOARD OF ELECTIONS

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ALLAN W. FUNG and CARPIONATO PROPERTIES
CAMPAIGN FINANCE INVESTIGATION

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

COMPLAINT FILED:

On June 18, 2018: Common Cause Rhode Island ("Common Cause") filed a verified complaint with the Rhode Island Board of Elections ("Board"), alleging violations of campaign finance law by Allan W. Fung ("Fung") and Carpionato Properties ("Carpionato").

RESPONSE FILED:

On July 3, 2018, attorneys Michael J. Lepizzera, Jr. and Stephen J. Angell delivered a Response to the complaint on behalf of Allan Fung/Committee for Allan Fung.

RESPONSE FILED:

On July 17, 2018, attorney Gerald J. Petros submitted a Response to the complaint on behalf of Carpionato Properties.

ALLEGED VIOLATIONS 2014:

2014: Fung made four (4) payments for rent to Carpionato, totaling \$4,500. In 2016, \$1,000 was allegedly "refunded" to Fung by Carpionato, resulting in an unreported in-kind contribution in violation of RIGL 17-25-11 and the receipt of an illegal corporate contribution (in-kind) from Carpionato in violation of RIGL 17-25-10.1(h)(1).

CAMPAIGN FINANCE INVESTIGATION 2014:

2014: The \$1,000 was not refunded by Carpionato to Fung in 2016 as alleged. Fung originally misreported rent expenditure dated August 29, 2014 for \$1,000 (check #1103). The error was recognized by Fung, who then amended the 2014 7 Days Before Primary report on October 25, 2016 to "delete" the transaction. Check #1103 was payable to Targeted Strategies LLC for \$7,000 and correctly reported on the same report. There was no refund. In 2014, the total rent paid by Fung to Carpionato was \$3,500.

ALLEGED VIOLATIONS 2016:

2016: Fung made three (3) payments for rent to Carpionato, totaling \$1,500, for headquarters located in the Chapel View retail shopping center. In 2017, \$1,500 was allegedly "refunded" to Fung by Carpionato, resulting in unreported in-kind contribution in violation of RIGL 17-25-11, the receipt of an illegal corporate contribution (in-kind) from Carpionato in violation of RIGL 17-25-10.1(h)(1), and the receipt of contributions in excess of the annual allowable limit of \$1,000, in violation of RIGL 17-25-10.1(a)(1).

CAMPAIGN FINANCE INVESTIGATION 2016:

2016: Rent was paid in 2016 from August-October. Initially, check # 1494 for \$1,500 was written to pay rents for Aug-Oct, but was voided by the treasurer and replaced with checks # 1498, 1499 and 1500, each for \$500 and forwarded to Carpionato. In April 2017, Campaign Finance recognized a variance between Fung's campaign finance report balance as of December 31, 2016 and his campaign bank account balance as of the same date and requested an explanation. The variance was identified by Fung, which included the three (3) uncashed \$500 rent checks. In July 2017, Fung amended his 2016 28 Days After Election report to account for the uncashed checks and "Return" the funds to the campaign account. The \$1,500 was not refunded by Carpionato to Fung in 2016 as alleged. Fung, however, did not reissue checks totaling \$1,500 for 2016 rent to Carpionato in July 2017 when he amended his campaign finance report.

On August 8, 2018, attorney Gerald J. Petros responded that Carpionato's failure to cash the checks was an administrative oversight, with no intent to contribute to Fung's campaign, and the roof repairs referred to in the complaint were, upon reconsideration, at a property located near the Fung Campaign space, but at a time when the Fung Campaign was no longer occupying that space.

ALLEGED VIOLATIONS 2016 and 2018:

Rent and utilities totaling \$1,500 in 2016 and \$3,100 year-to-date in 2018 are below market rate for retail rentals, resulting in a violation of RIGL 17-25-10.1(a)(1).

RECOMMENDATION:

No recommendation is forthcoming on the issue of fair market value of campaign rental space.

For 2014: Carpionato did not refund \$1,000 to the Fung Campaign as alleged.

For 2016: The Fung Campaign twice attempted to pay rent for the 3-month period, August-October 2016. Due to an administrative oversight by Carpionato which caused the checks to be uncashed, the failure of the Fung Campaign to reissue payment upon discovery of the uncashed checks in July 2017 and the failure of Campaign Finance to direct the Fung Campaign to reissue payment upon discovery of the uncashed check in July 2017, a recommendation the Board acknowledge the June 13, 2018 payment of the August-October 2016 rent as curative and issue a warning to the Fung Campaign against future violations of this type.

BOARD ACTION:

On August 22, 2018, the Board voted to accept the Recommendations related to payment issues in 2016, and issue a warning to Allan Fung against future violations of a similar nature. The Board made no determination with respect to the issue of fair market value of rental space due to the lack of any regulations or guidelines at the present time.