



# STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

REPRESENTATIVE ARTHUR HANDY

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**CAMPAIGN FINANCE AUDIT**



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

**STATE OF RHODE ISLAND  
BOARD OF ELECTIONS**

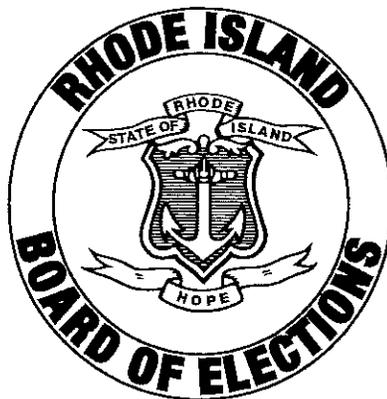
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Arthur Handy

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# Arthur Handy

## 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.

## Arthur Handy

**Scope:** Review campaign finance reports and supporting documentation for the period January 1, 2012 through December 31, 2017.

**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 February 2018, the Board of Elections ("Board") conducted a preliminary review of campaign finance reports filed by Representative Arthur Handy ("Handy") when it noted unreported and/or misreported contributions on his campaign finance reports filed with the Board.

On February 27, 2018, the Board requested an audit of Handy's campaign account pursuant to R.I.G.L. §17-25-5(a) for the period January 1, 2012 through December 31, 2017.

On March 15, 2018, Handy submitted his campaign account bank statement for the periods ending December 31, 2016 and December 31, 2017, pursuant to R.I.G.L. 17-25-11(c)(2).

- For January 1, 2012 (the beginning of the audit period): the balance in his campaign bank account was \$984.05; while the balance on his campaign finance report filed with the Board was \$1,144.53, resulting in a variance of \$160.48.
- For December 31, 2016: the balance in his campaign bank account was \$6,925.01, while the balance on his campaign finance report filed with the Board was \$14,408.70, resulting in a variance of \$7,483.69.

## Arthur Handy

- For December 31, 2017: the balance in his campaign bank account was \$5,076.05, while the balance on his campaign finance report filed with the Board was \$15,030.74; resulting in a variance of \$9,954.69.

**Findings:** The following are findings from the Audit Review:

1. For 2012:

- \$160.48 variance between Cash Balance reported to the Board (\$1,144.53) and Cash Balance in the campaign bank account (\$984.05) as of January 1, 2012.
- \$1,251.00 in Contributions reported twice on campaign finance report filed with the Board.
- \$10,135.00 in Contributions reported on campaign finance reports filed with the Board (exclusive of \$1,251.00 duplicate entry); while \$14,561.19 deposited into campaign bank account.
- \$5,322.34 in Expenditures reported on campaign finance reports filed with the Board; while \$13,255.92 expended from campaign bank account.

2. For 2013:

- \$0.00 in Contributions reported on campaign finance reports filed with the Board; while \$4,650.00 deposited into campaign bank account.
- \$0.00 in Expenditures reported on campaign finance reports filed with the Board; while \$4,784.40 expended from campaign bank account.

3. For 2014:

- \$0.00 in Contributions reported on campaign finance reports filed with the Board; while \$6,600.00 deposited into campaign bank account.
- \$0.00 in Expenditures reported on campaign finance reports filed with the Board; while \$5,191.09 expended from campaign bank account.

4. For 2015:

- \$800.00 in Contributions reported on campaign finance reports filed with the Board; while \$2,540.00 deposited into campaign bank account.
- \$1,226.83 in Expenditures reported on campaign finance reports filed with the Board; while \$2,012.65 expended from campaign bank account.

## Arthur Handy

### 5. For 2016:

- \$4,315.00 in Contributions reported twice on campaign finance reports filed with the Board.
- \$4,965.00 in Contributions on campaign finance reports filed with the Board (exclusive of \$4,315.00 duplicate entry); while \$4,865.00 deposited into campaign bank account.
- \$1,652.66 in Expenditures reported on campaign finance reports filed with the Board; while \$2,005.48 expended from campaign bank account.

### 6. For 2017:

- \$1,000.00 in Contributions on campaign finance reports filed with the Board; while \$0.00 deposited in campaign bank account (the \$1,000.00 was deposited on 1/15/2018).
- \$377.96 in Expenditures reported on reports filed with the Board; while \$1,839.96 expended from campaign bank account.

**Summary:** For the Audit Review period January 1, 2012 - December 31, 2017:

- All Contributions received and deposited complied with statutory provisions related to sources and limits.
- All Expenditures appeared to be valid and legal campaign expenses.
- Contributions were under-reported by a total of \$17,166.18.
- Expenditures were under-reported by a total of \$20,509.71.

### **Auditee Response:**

Due to personal and professional obligations and the increasing complexity of campaign finance compliance requirements, I fell behind on my campaign finance reports. While I made an attempt to catch up, I wasn't able to complete the audits and reconciliation work prior to the frequent reporting deadlines. I am working to find a new campaign treasurer and have hired someone to help file the reports and ensure I stay up to date moving forward.

**Action:** Consent Order (as follows)

State of Rhode Island  
Board of Elections

CONSENT ORDER

In Re: Arthur Handy

Arthur Handy ("Handy") hereby agrees to the entry of this Order and to each term and condition set forth herein:

1. At all times relevant hereto, Mr. Handy 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 February 2018, the Board of Elections ("Board") conducted a preliminary review of campaign finance reports filed by Mr. Handy when it noted unreported or misreported contributions on his campaign finance report filed with the Board, resulting in a request by the Board for bank records and supporting documentation for the period January 1, 2012 through December 31, 2017.
3. The Board conducted a full review of campaign finance reports, supporting documentation and bank records to verify the accuracy and propriety of campaign receipts and expenditures. The review determined the following:
  - 1) \$160.48 variance between Bank Balance (\$984.05) and Report Balance (\$1,144.53) as of January 1, 2012.
  - 2) \$17,166.18 in Unreported Campaign Contributions;
  - 3) \$20,509.71 in Unreported Campaign Expenditures;
4. Mr. Handy hereby acknowledges that from January 2012 through December 2017, he originally failed to report campaign contributions and campaign expenditures (as set forth in paragraph 3 above).

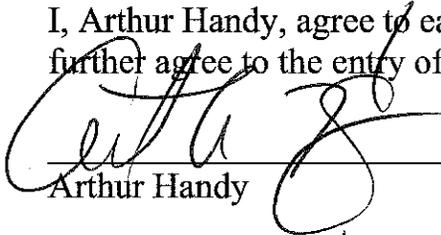
5. Mr. Handy hereby waives his right to any further hearing before the Board, and his right to bring any legal challenge before any state or federal court and expressly consents to a finding by the Board that his actions, as more fully described above, violate the reporting requirements of Title 17, Chapter 25.
6. Mr. Handy will at the direction of the Board of Elections, appoint a new campaign treasurer who will receive training on the Electronic Reporting and Tracking System and who will amend all previously filed reports to accurately report all contributions and expenditures, to become completed no later than July 31, 2018.
7. Mr. Handy has at all times been cooperative with the Board of Elections and has timely responded to all inquiries.
8. The Board has determined that Mr. Handy failed to review contributions, expenditures and campaign reports which resulted in an inaccurate accounting of contributions and expenditures.
9. The Board has determined that campaign funds appeared to be used only for valid and legal purposes.
10. Mr. Handy further consents to the entry of this Order and the imposition of a fine in the amount of \$2,000.00 to be paid personally by him; and consents to a forfeiture of campaign funds of \$4,000.00 to the State of RI for unreported contributions and expenditures and consents to submit documentation to the Board supporting his campaign finance reports from the present through the second quarter of 2019.
11. Mr. Handy hereby agrees to make the following payments of forfeitures and fines to the Board:
  - 1) \$4,000.00 forfeiture from the Arthur Handy's campaign account within thirty (30) days of the execution of this Consent Order; and
  - 2) \$2,000.00 fine to be paid personally by Arthur Handy according to the following schedule:
    - \$500.00 on or before July 31, 2018; then

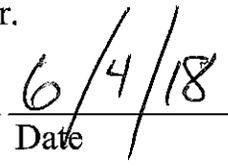
- \$100.00 monthly on or before the last day of the next following fifteen (15) months, ending October 31, 2019.

12. Mr. Handy agrees to make each payment described above on or before the Due Date. In the event Mr. Handy fails to make any payment by the corresponding Due Date, the Board shall notify Mr. Handy both by U.S. Mail First Class and electronically at the residence and email address set forth below ("Delinquency Notice"). Mr. Handy 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, Mr. Handy agrees that the entire amount shall immediately become due and payable to the Board. Mr. Handy consents to the personal jurisdiction and entry of this Order as a final judgment in the superior court and waives any and all defenses that she may have to its enforcement and collection. In the event of a lawsuit filed to enforce any term or payment required by this Order, Mr. Handy agrees to fully reimburse the Board for all costs and reasonable legal fees incurred as a result therefrom.

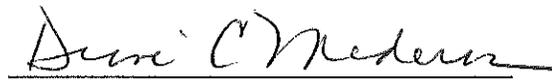
The fines and forfeitures contained herein relate only to the violations identified in this Order and do not cover any violations not listed.

I, Arthur Handy, agree to each and every term set forth above and further agree to the entry of this Order.

  
Arthur Handy

  
Date

So entered this 5<sup>th</sup> of June, 2018.

  
~~Richard Dubois, Chairman~~  
Diane C. Mederos