

Fund For Democratic Leadership (PAC)

Campaign Finance Investigation

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

COMPLAINT FILED

On February 14, 2017, RI Republican State Central Committee and Brandon Bell as Chairman and Qualified Elector ("Petitioners"), filed a complaint against Fund For Democratic Leadership ("Respondent"), alleging violations of RI campaign finance law:

Facts:

- Fund For Democratic Leadership is a Political Action Committee (PAC) registered in RI on August 16, 2010.
- Nicholas Mattiello has been Chairman of Fund For Democratic Leadership since its inception.
- Richard Raspallo was Treasurer of Fund For Democratic Leadership from its inception to October 30, 2017.

Petitioners alleged that during 2016, the Respondent:

1. Made monetary contributions to candidates and political party committees totaling \$38,100.00.
 - The contributions exceeded the annual aggregate contribution limit by a political action committee of \$25,000.00 (R.I.G.L. 17-25-10.1(a));
2. Expended \$31,500.00 on internet advertising with **GoLocalProv**, which included political advertising on behalf of some candidates.
 - Neither did the candidates disclose receipt of an in-kind contribution from the Respondent, provided the expenditures were coordinated the candidates (R.I.G.L. 17-25-10.1(c));
 - Nor did the Respondent file a report of Independent Expenditures, provided the expenditures were not coordinated with the candidates (R.I.G.L. 17-25.3-1).
3. Expended \$69,550 on consulting and professional services with **Fleming & Associates, Grant Pilkington, Strategic Consulting Solutions, Inc., and Watch Hill Strategies**, who provided consulting and professional services on behalf of some candidates.
 - Neither did the candidates disclose receipt of an in-kind contribution from the Respondent, provided the expenditures were coordinated the candidates (R.I.G.L. 17-25-10.1(c));
 - Nor did the Respondent file a report of Independent Expenditures, provided the expenditures were not coordinated with the candidates (R.I.G.L. 17-25.3-1).

CAMPAIGN FINANCE INVESTIGATION

On February 14, 2017, Director of Campaign Finance, Richard E. Thornton ("Thornton") e-mailed Speaker Nicholas Mattiello, in his capacity as Chairman of Fund For Democratic Leadership ("Respondent"), sending him a copy of the Complaint and a request to examine and respond to the allegations.

On February 27, 2017, Attorney Michael DiChiro, on behalf of the Respondent, filed a response to the Complaint.

On March 8, 2017, Thornton sent an e-mail to Nicholas Mattiello requesting additional documentation responsive to the Complaint.

On April 10, 2017, Attorney DiChiro responded by providing some of the requested documentation, with the remaining requested information to follow upon his receipt.

On April 9, 2018, all available remaining requested documentation responsive to the Complaint was provided to Thornton by Attorney DiChiro, with the following requested documentation reported to be non-existent:

- Documentation of agreement with Strategic Consulting Solutions;
- Documentation of agreement with Grant Pilkington;
- Copies of invoices that correspond to each expenditure;
- Documentation on whose behalf the consulting and professional services were provided;
- Documentation of the individual or individuals who authorized each expenditure.

FINDINGS

In 2016, Respondent donated funds totaling \$30,100.00 to candidates and \$8,500.00 to party committees. Provided all the funds donated to the party committees were used for organizational or party building activities, the Respondent exceeded the allowable annual donation limit of \$25,000.00 by \$5,100.00.

In 2016, Respondent, for whom Nicholas Mattiello is Chairman, expended \$77,350.60 for advertising, consulting and professional services on behalf of candidates, with \$73,067.80 of that total expended on behalf of candidate Nicholas Mattiello, which constituted an in-kind contribution, and which exceeded the allowable annual donation limit of \$1,000.00 by \$72,067.80.

RECOMMENDATION

Consent Order (as follows)

On April 24, 2018, the Board voted unanimously to approve the Consent Order.

State of Rhode Island
Board of Elections

CONSENT ORDER

In Re: Nicholas Anthony Mattiello and Fund For Democratic Leadership

Nicholas Anthony Mattiello ("Mattiello") hereby agrees to the entry of this Order and to each term and condition set forth herein:

1. At all times relevant hereto, Mr. Mattiello and Fund For Democratic Leadership have been subject to the statutory provisions set forth in Title 17, Chapter 25 of the General Laws, pertaining to campaign contributions and expenditures.
2. In 2016, Mr. Mattiello was a candidate for State Representative District 15 in Rhode Island and Chairman of Fund For Democratic Leadership ("Leadership PAC"), a political action committee registered with the State of RI Board of Elections ("Board").
3. During 2016, the Leadership PAC donated funds totaling \$38,600.00 to candidates (\$30,100.00) and political party committees (\$8,500.00) and expended another \$77,350.60 on behalf of candidates for advertising, consulting and professional services.
4. During 2016, the Leadership PAC paid for advertising on behalf of Mr. Mattiello's campaign for State Representative as follows:
 - GoLocalProv \$ 3,517.80
5. During 2016, the Leadership PAC paid for consulting and professional services on behalf of Mr. Mattiello's campaign for State Representative as follows:
 - Grant Pilkington \$ 3,650.00

- Watch Hill Strategies \$ 7,500.00
- Fleming & Associates \$18,000.00
- Strategic Consulting Solutions, Inc. \$40,400.00

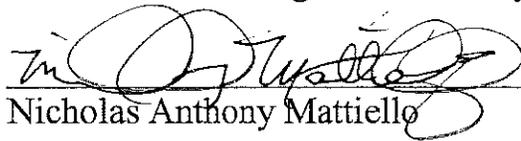
6. Mr. Mattiello hereby acknowledges that in 2016, his campaign for State Representative received a total of \$73,067.80 (See # 3 and # 4 above) in goods and services paid for by the Leadership PAC on his behalf, which constituted an In-Kind Contribution to his campaign.
7. Mr. Mattiello further acknowledges that since the aggregate amount of contributions his campaign was allowed by statute to receive from the Leadership PAC in 2016 was \$1,000.00, his campaign received \$72,067.80 in excess of the annual allowable statutory limit from the Leadership PAC.
8. Mr. Mattiello further acknowledges that since the aggregate amount of contributions the Leadership PAC, for which he is Chairman, was allowed by statute to make to candidates in 2016 was \$25,000.00, the Leadership PAC contributed \$5,100.00 in excess of the annual allowable statutory limit to candidates.
9. Mr. Mattiello 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 provisions for limitations on contributions of Title 17, Chapter 25.
10. Mr. Mattiello consents to the entry of this Order and consents to a reimbursement of funds from his campaign account of \$72,067.80 to the Leadership PAC for accepting contributions from the Leadership PAC in excess of the annual allowable statutory limit.
11. Mr. Mattiello hereby agrees to make the following payment of reimbursement to the Leadership PAC:
 - 1) \$72,067.80 reimbursement from Nicholas Anthony Mattiello's campaign account to the Leadership PAC account within thirty (30) days of the execution of this Consent Order.

12. Mr. Mattiello agrees to make the payment described above on or before the Due Date. In the event Mr. Mattiello fails to make the payment by the corresponding Due Date, the Board shall notify Mr. Mattiello both by U.S. Mail First Class and electronically at the residence and email address set forth below ("Delinquency Notice"). Mr. Mattiello 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, the Board shall file a lawsuit to enforce payment. Mr. Mattiello 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 he 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. Mattiello agrees to fully reimburse the Board for all costs and reasonable legal fees incurred as a result therefrom.

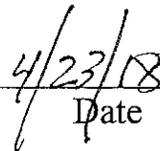
This Consent Order resolves and concludes any and all investigations and complaints pertaining to the Leadership PAC and/or Mr. Mattiello in his capacity as Chairman of the PAC, relative to the 2016 election cycle.

13. Mr. Mattiello consents to a warning issued to him by the Board of Elections against making or accepting any future contributions which, in the aggregate, exceed the allowable annual contribution limits.

I, Nicholas Anthony Mattiello, agree to each and every term set forth above and further agree to the entry of this Order.



Nicholas Anthony Mattiello



Date

So entered this 24 of April 2018.



Richard DuBois, Chairman