

STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

REPRESENTATIVE JEREMIAH T. O'GRADY

CAMPAIGN FINANCE AUDIT



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

**STATE OF RHODE ISLAND
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Jeremiah T. O'Grady

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Jeremiah T. O'Grady

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.

Jeremiah T. O'Grady

Scope: Review campaign finance reports and supporting documentation for the period January 1, 2010 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: On January 31, 2017, Representative Jeremiah T. O'Grady ("O'Grady") submitted his campaign account bank statement for the period ending December 31, 2016, pursuant to R.I.G.L. 17-25-11(c)(2). The balance in his campaign bank account was \$11,044.75, while the balance on his campaign finance report filed with the Board of Elections was \$7,589.82; resulting in a variance of \$2,063.90.

On February 10, 2017, the Board contacted O'Grady, seeking an explanation of the variance.

On February 5, 2018, O'Grady completed a reconciliation of his account and amended campaign finance reports dating back to the 2010 On-Going Quarterly (2nd) report. The reconciliation narrowed the variance to \$442.63.

On March 22, 2018, the Board requested an audit of Representative O'Grady's campaign account pursuant to R.I.G.L. §17-25-5(a) for the period January 1, 2010 through December 31, 2017.

Jeremiah T. O'Grady

Findings: The following are findings from the Audit Review:

1. For 2010:

- Loan Proceeds (Self) originally reported \$2,404.48; Loan Proceeds (Self) amended reported \$5,906.56, resulting in \$3,502.08 originally unreported Loan Proceeds (Self).
- Expenditures originally reported totaled \$13,427.01, while amended reported expenditures totaled \$13,423.01.

2. For 2011:

- Loan Repayment (Self) originally reported \$0.00; Loan Repayment (Self) amended reported \$3,000.00, resulting in \$3,000.00 originally unreported Loan Repayment (Self).
- Expenditures originally reported totaled \$0.00; while amended reported expenditures totaled \$487.00, resulting in \$487.00 originally unreported expenditures.

3. For 2012:

- Contributions originally reported \$13,345.00; while amended reported contributions totaled \$12,970.00, resulting in a net change of (\$375.00) in originally reported contributions.
- Loan Proceeds (Self) originally reported \$2,200.00; Loan Proceeds (Self) amended reported \$7,463.33, resulting in \$5,263.33 originally unreported Loan Proceeds (Self).
- Expenditures originally reported totaled \$12,696.74; while amended reported expenditures totaled \$12,834.19, resulting in \$137.45 originally unreported expenditures.
- Loan Repayment (Self) originally reported \$2,304.00; Loan Repayment (Self) amended reported \$7,112.42, resulting in \$4,808.42 originally unreported Loan Repayment (Self).

4. For 2013:

- Expenditures originally reported totaled \$0.00; while amended reported expenditures totaled \$126.00, resulting in \$126.00 originally unreported expenditures.

5. For 2014:

- Contributions originally reported \$10,640.00; while amended reported contributions totaled \$11,850.00, resulting in \$1,210.00 originally unreported reported contributions.

Jeremiah T. O'Grady

- Loan Proceeds (Self) originally reported \$0.00; Loan Proceeds (Self) amended reported \$3,147.74, resulting in \$3,147.74 originally unreported Loan Proceeds (Self).
- Expenditures originally reported totaled \$8,158.66; while amended reported expenditures totaled \$8,362.66, resulting in \$204.00 originally unreported expenditures.
- Loan Repayment (Self) originally reported \$2,000.00; Loan Repayment (Self) amended reported \$4,607.15, resulting in \$2,607.15 originally unreported Loan Repayment (Self).

6. For 2016:

- Contributions originally reported \$9,525.00; while amended reported contributions totaled \$9,250.00, resulting in a (\$275.00) net change in reported contributions.
- Expenditures originally reported totaled \$6,978.63; while amended reported expenditures totaled \$6,987.63, resulting in \$9.00 originally unreported expenditures.

Summary: For the Audit Review period January 1, 2010 - December 31, 2017:

- All Contributions received complied with statutory provisions related to sources and limits.
- All Expenditures made complied with statutory provisions and were valid and legal.
- Contributions were under-reported by a total of \$560.00.
- Loan Proceeds (Self) were under-reported by \$11,913.15 and correspond entirely to out-of-pocket expenses paid personally by Jeremiah T. O'Grady.
- Expenditures were under-reported by a total of \$959.45.
- Loan Repayment (Self) was under-reported by \$10,415.57 and corresponds entirely to repayment to Jeremiah T. O'Grady for expenses paid personally out-of-pocket.
- The \$442.63 variance between the balance in the campaign bank account and balance reported on the 2017 4th Quarterly campaign finance report occurred prior to January 1, 2010.

Auditee Response:

As you know, prior to somewhat recent changes in the Campaign Finance laws, candidates were not required to keep separate bank accounts for their campaigns. While I had a separate bank account which I used for most of my campaign purchases, I did not have a debit card or charge card associated with that campaign account.

Jeremiah T. O'Grady

As a result, at times, I would use my personal debit card to make campaign related purchases. To the best of my knowledge and abilities, I reported those expenses on my campaign finance reports and would also reimburse myself using campaign funds for the eligible campaign purchases made with my personal credit card. After the laws changed and the bank statements were required to be submitted, a variance in the balance of the bank statement compared to the Board of Elections account was observed. This variance was primarily due to the use of my personal credit card for legal, allowable campaign purchases, at a time when commingling of personal accounts and campaign accounts was allowed.

After review, I learned that the Board of Elections expected me to report the use of my personal credit card and subsequent repayment as three transactions - as a loan, as an expense, and then as a loan repayment. After learning of your preference for reporting what seemed to me to be a simple expense and repayment, I hired an assistant to help reconcile and amend the relevant reports. I have cooperated fully with the audit conducted by your office and have retained and provided records beyond the record retention window of four years in order to fully reconcile my account and provide the Board of Elections with as much information as possible.

Rep. Jeremiah T. O'Grady

Action: Consent Order

State of Rhode Island
Board of Elections

CONSENT ORDER

In Re: Jeremiah T. O'Grady

Jeremiah T. O'Grady ("O'Grady") hereby agrees to the entry of this Order and to each term and condition set forth herein:

1. At all times relevant hereto, Mr. O'Grady 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 2017, the Board of Elections ("Board") noted a discrepancy between the balance in Mr. O'Grady's campaign bank account and his campaign finance report of a similar date. As a result of amendments made to Mr. O'Grady's campaign finance reports in February 2018, the Board requested bank records and supporting documentation for the period January 1, 2010 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 Mr. O'Grady originally failed to report the following:
 - 1) \$560.00 in Campaign Contributions;
 - 2) \$11,913.15 in Loan Proceeds (self);
 - 3) \$959.45 in Campaign Expenditures; and
 - 4) \$10,415.57 in Loan Repayment (self).

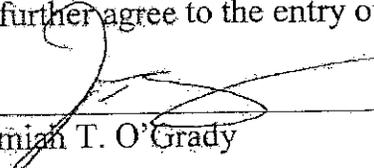
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4. Mr. O'Grady hereby acknowledges that from January 2010 through December 2017, he originally failed to report some campaign contributions, loan proceeds, campaign expenditures and loan repayments (as set forth in paragraph 3 above).
5. Mr. O'Grady 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. O'Grady has at all times been cooperative with the Board of Elections and has timely responded to all inquiries.
7. The Board has determined that Mr. O'Grady originally omitted some contributions and expenditures on his campaign finance reports, but that he properly amended all campaign finance reports for the period under review to provide an accurate accounting of contributions and expenditures.
8. The Board has determined that all contributions received by Mr. O'Grady complied with statutory provisions related to allowable sources and limits.
9. The Board has determined that all expenditures made by Mr. O'Grady were valid and legal campaign expenditures.
10. Mr. O'Grady further consents to the entry of this Order, consents to a forfeiture of campaign funds of \$500.00 to the State of RI for unreported contributions and consents to submit documentation to the Board supporting his campaign finance reports from the present through the fourth quarter of 2018.
11. Mr. O'Grady hereby agrees to make the following payment of forfeiture to the Board:
 - 1) \$500.00 forfeiture from Jeremiah T. O'Grady's campaign account within thirty (30) days of the execution of this Consent Order.

12. Mr. O'Grady agrees to make the payment described above on or before the Due Date. In the event Mr. O'Grady fails to make the payment by the corresponding Due Date, the Board shall notify Mr. O'Grady both by U.S. Mail First Class and electronically at the residence and email address set forth below ("Delinquency Notice"). Mr. O'Grady 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. O'Grady agrees that the entire amount shall immediately become due and payable to the Board. Mr. O'Grady 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. O'Grady agrees to fully reimburse the Board for all costs and reasonable legal fees incurred as a result therefrom.

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

I, Jeremiah T. O'Grady, agree to each and every term set forth above and further agree to the entry of this Order.



Jeremiah T. O'Grady

4-23-18

Date

So entered this 24 of April, 2018.



Richard Dubois, Chairman

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