



STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

RICHARD A. WELCH

CAMPAIGN FINANCE AUDIT



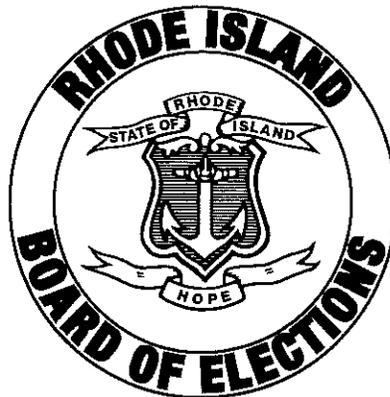
Audit Conducted By: Richard E. Thornton, Director of Campaign Finance

**STATE OF RHODE ISLAND
BOARD OF ELECTIONS**

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Richard A. Welch

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Richard A. Welch

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.

Richard A. Welch

Scope: Review campaign finance reports and supporting documentation for the period January 1, 2016 through December 31, 2018.

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 October 2018, the Board initiated an audit of Richard A. Welch's ("Welch") campaign account pursuant to R.I.G.L. §17-25-5(a), following the discovery of deficiencies in reporting contributions during the 2018 election period.

The audit initially covered the period January 1, 2018 through December 31, 2018, which was expanded to include January 1, 2016 through December 31, 2017 due to Findings discovered during the review of the 2018 period.

In addition to the bank records provided by Welch, on April 16, 2019, the Board issued a subpoena to Welch's bank of account, compelling production of campaign depository account bank statements for the period January 2018 through December 2018 and campaign credit card statements for the period January 2018 through April 2019; and on May 20, 2019, issued a second subpoena to Welch's bank of account, compelling production of campaign depository account bank statements and credit card statements for the period January 2016 through December 2017.

Richard A. Welch

Findings: The following are Findings of campaign finance violations discovered during the Audit Review of Welch's campaign account and supporting documentation:

For 2016:

- 1) \$325.04 Campaign Expenditure reported as paid to 48 Hour Printing on 10/01/2016 was misreported;
 - Other vendors who were not disclosed were paid the total of \$325.04;
- 2) \$1,699.91 Campaign Expenditure reported as paid to Independent Newspaper/Standard Times on 11/22/2016 was misreported;
 - \$1,039.09 Campaign Expenditure was paid to Hometown Newspaper or South County Independent;
 - Other vendors who were not disclosed were paid the remaining \$660.82.

For 2018:

- 1) \$475.00 in total Cash Contributions accepted which exceeded the maximum allowable limit of \$25.00 per contributor per calendar year;
- 2) \$1,838.00 Campaign Expenditure reported as paid to Southern RI Newspaper (aka Hometown Newspaper) on 12/4/2018 was misreported;
 - Campaign had 3 invoices from Southern RI Newspaper (8/15/2018, 10/16/2018 and 10/24/2018) and paid them only \$838.08;
 1. Other vendors who were not disclosed were paid the remaining \$999.92; including
 2. \$190.27 in expenditures for personal use.

Summary: The Audit Review of Welch's campaign account and supporting documentation for the period January 1, 2016 - December 31, 2018 demonstrates:

- Misreported expenditures;
- Received cash contributions over annual allowable limit; and
- Expended campaign funds for personal use.

Richard A. Welch

Auditee Response: Welch has run for public office a minimum of eight times. Unlike his previous campaigns when he appointed a separate campaign treasurer, during the 2016-2018 election periods Welch served as his own campaign treasurer. As a result, some accidental and inadvertent errors were made in his campaign accounting.

Action: Consent Order (as follows)

19 JUL 16 PM 12:17

State of Rhode Island
Board of Elections

CONSENT ORDER

In Re: Richard A. Welch

Richard A. Welch ("Welch") hereby agrees to the entry of this Order and to each term and condition set forth herein:

1. At all times relevant hereto, Mr. Welch 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 October 2018, the Board initiated an audit of Richard A. Welch's ("Welch") campaign account pursuant to R.I.G.L. §17-25-5(a), following the discovery of deficiencies in reporting contributions during the 2018 election period.

The audit initially covered the period January 1, 2018 through December 31, 2018, which was expanded to include January 1, 2016 through December 31, 2017 due to Findings discovered during the review of the 2018 period.

In addition to the bank records provided by Welch, on April 16, 2019, the Board issued a subpoena to Welch's bank of account, compelling production of campaign depository account bank statements for the period January 2018 through December 2018 and campaign credit card statements for the period January 2018 through April 2019; and on May 20, 2019, issued a second subpoena to Welch's bank of account, compelling production of campaign depository account bank statements and credit card statements for the period January 2016 through December 2017.

3. The Board conducted a full review of campaign finance reports, supporting documentation, bank statements and credit card statements to verify the accuracy and propriety of campaign receipts and expenditures. The review determined the following:

For 2016:

- \$985.86 in campaign expenditures were reported as paid to the wrong vendor.

For 2018:

- \$475.00 in total Cash Contributions accepted in 2018 which exceeded the maximum allowable limit of \$25.00 per contributor per calendar year;
- \$999.92 in campaign expenditures were reported as paid to the wrong vendor; and
- \$190.27 in campaign funds were expended for personal use.

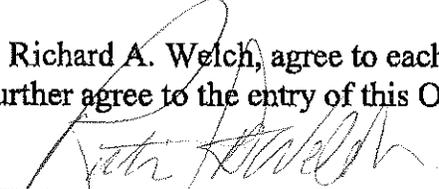
4. Mr. Welch hereby acknowledges that in 2018, he accepted cash contributions over the maximum allowable limit; in 2016 and 2018, he misreported campaign expenditures (as set forth in paragraphs 3 above); and in 2018, he expended campaign funds for personal use.
 - 1) The cash contributions accepted over the maximum allowable limit were refunded to the contributors at the direction of the Board of Elections.
 - 2) The campaign funds expended for personal use were reimbursed to the campaign account.
5. Mr. Welch, with the assistance of the Board of Elections, amended all affected campaign finance reports to accurately reported campaign expenditures for the 2016 and 2018 election periods.
6. Mr. Welch 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.
7. Mr. Welch will, at the direction of the Board of Elections, appoint a new campaign treasurer who will report contributions and expenditures accurately and maintain detailed records of campaign

receipts and expenditures. Notwithstanding the appointment of a campaign treasurer, Mr. Welch acknowledges that he is responsible for the timely and accurate reporting of campaign contributions and expenditures.

8. The Board has determined that Mr. Welch failed to review contributions, expenditures and campaign reports which resulted in an inaccurate reporting of expenditures and receiving cash contributions over allowable limit.
9. The Board has determined that while most misreported campaign funds appear to be used for valid and legal purposes, some campaign funds were expended for personal use.
10. Mr. Welch consents to the entry of this Order and the imposition of a fine in the amount of \$500.00, with \$250.00 suspended on the condition that he submit documentation to the Board supporting his campaign finance reports from the present through the fourth quarter 2020, with the remaining \$250.00 to be paid by Mr. Welch personally in equal monthly installments of \$50.00, with the first payment due by the last day of the month in which the Consent Order is entered by the Board with the remaining payments due by the last day of the next four (4) successive months.
11. Mr. Welch agrees to make each payment described above on or before the Due Date. In the event Mr. Welch fails to make any payment by the corresponding Due Date, the Board shall notify Mr. Welch both by U.S. Mail First Class and electronically at the residence and email address set forth below ("Delinquency Notice"). Mr. Welch 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. Welch agrees that the entire amount of the fine shall immediately become due and payable to the Board. Mr. Welch 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. Welch agrees to fully reimburse the Board for all costs and reasonable legal fees incurred as a result therefrom.

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

I, Richard A. Welch, agree to each and every term set forth above and further agree to the entry of this Order.


Richard A. Welch

07/16/19
Date

So entered August 6, 2019.


Diane Mederos, Chairwoman