



STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

GERARD C. CATALA

CAMPAIGN FINANCE AUDIT



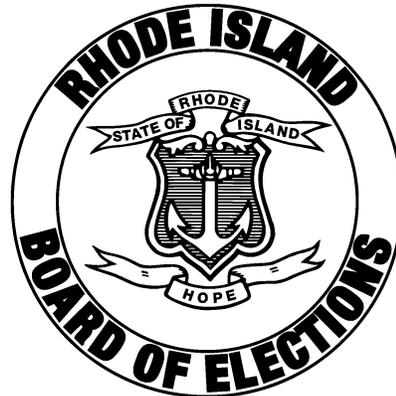
Audit Conducted By: Richard E. Thornton, Director of Campaign Finance

**STATE OF RHODE ISLAND
BOARD OF ELECTIONS**

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Gerard C. Catala

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Gerard C. Catala

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.

Gerard C. Catala

Scope: Review campaign finance reports and supporting documentation for the period January 1, 2018 through June 30, 2021.

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 August 2021, the Board of Elections (“Board”) initiated an audit of the campaign account of Gerard C. Catala (“Catala”) pursuant to R.I.G.L. §17-25-5(a), due to Catala’s failure to submit a copy of his 2018 campaign bank account statement pursuant to R.I.G.L. §17-25-11(c)(2) and failure to file four (4) campaign finance reports during the 2018 election period, required pursuant to R.I.G.L. §17-25-11(c)(1).

On October 8, 2021, the Board received via subpoena served upon the bank of Catala’s campaign account, campaign depository account bank statements for the period January 1, 2018 through June 30, 2021.

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

Gerard C. Catala

Contributions:

- \$6,278.17 in deposits/credits were disclosed on campaign bank account statements but not reported on campaign finance reports; unable to verify the source of \$3,940.00 in deposits.
- \$50.00 check bearing "Donation" on the memo line was deposited into a personal bank account.

Expenditures:

- \$7,176.22 in bank debits, including \$1,400.00 in cash withdrawals, representing one hundred thirty-two (132) transactions, were expended from the campaign bank account, but not disclosed on campaign finance reports; unable to validate the debits as campaign related.
- Over \$4,000.00 in campaign expenditures were paid from Catala's personal funds, not from funds available in his campaign account and not disclosed on campaign finance reports.

Summary: The Audit Review of Catala's campaign account and supporting documentation for the period January 1, 2018 through June 30, 2021 demonstrates:

- For the 2018 election period, four (4) campaign finance reports were not filed, in violation of R.I.G.L. §17-25-11(c)(1).
- Copies of the 2018, 2019 and 2020 campaign bank account statements were not submitted, in violation of R.I.G.L. §17-25-11(c)(2).
- From 2019 Q4 through 2021 Q2, seven (7) campaign finance reports were filed falsely reporting no contributions or expenditures.
- \$6,278.17 in deposits/credits were disclosed on campaign bank account statements but not reported on campaign finance reports; unable to identify the source of \$3,940.00 in deposits, in violation of R.I.G.L. §17-25-11.
- \$50.00 check bearing "Donation" on the memo line was deposited into a personal bank account, in violation of R.I.G.L. §17-25-7.2.
- \$7,176.22 in bank debits, including \$1,400.00 in cash withdrawals, representing one hundred thirty-two (132) transactions, were expended from the campaign bank account, but not disclosed on campaign finance reports; unable to validate the debits as campaign related, in violation of R.I.G.L. §17-25-11.
- Over \$4,000.00 in campaign expenditures were paid from Catala's personal funds and not from funds available in his campaign account, in violation of R.I.G.L. §17-25-5.2, and not disclosed on campaign finance reports, in violation of R.I.G.L. §17-25-11.

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Auditee Response:

- Catala indicated his delay in filing his campaign finance reports for 2018 was due to his desire to submit complete and accurate campaign finance reports that wouldn't need to be later amended. Catala further indicated his 2018 campaign promotional launch included items such as door hangers, bumper stickers, palm cards, business cards, button stickers and more, which cost over \$2,000.00, were paid from his personal funds and not from funds available in his campaign account. Likewise, his campaign headquarters, which cost over \$2,000.00, was paid from his personal account and not from funds available in his campaign account. Catala claimed that, to the best of his memory, his campaign was 100% self-financed throughout the entire 2018 campaign; and that he didn't receive his first contribution until November 1, which was deposited on November 5.

Action:

Referral to Attorney General