

STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

LAWRENCE M. VALENCIA, TREASURER
RICHMOND DEMOCRATIC TOWN COMMITTEE

CAMPAIGN FINANCE AUDIT



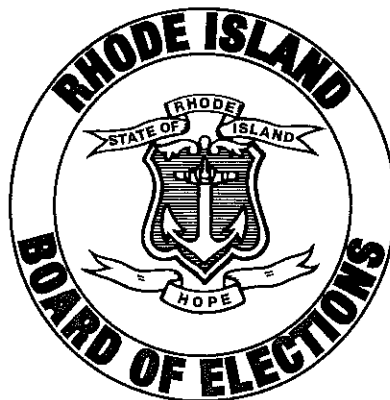
Audit Conducted By: Richard E. Thornton, Director of Campaign Finance

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Lawrence M. Valencia, Treasurer
Richmond Democratic Town Committee

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Lawrence M. Valencia, Treasurer
Richmond Democratic Town Committee

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.

Lawrence M. Valencia, Treasurer
Richmond Democratic Town Committee

Scope: Review campaign finance reports and supporting documentation for the period January 1, 2017 through May 31, 2022.

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: Lawrence M. Valencia (“Valencia”) served as Deputy Treasurer/ Treasurer of the Richmond Democratic Town Committee (“RDTC”) from November 2, 2015 until a successor was appointed on June 2, 2022.

In August 2022, the RI Board of Elections (“Board”) initiated an audit of RDTC’s campaign bank account pursuant to R.I.G.L. §17-25-5(a), due to concerns about RDTC’s campaign finances expressed by the individual who succeeded Valencia as Treasurer of the RDTC.

In September 2022, the Board received via subpoena served upon RDTC’s campaign bank account; bank statements, copies of check written from, and deposits made into the account, for the period January 1, 2017 through May 31, 2022.

- All checks written from the RDTC bank account, and all deposit tickets written for deposits made into the RDTC bank account were signed by Valencia.

Lawrence M. Valencia, Treasurer
Richmond Democratic Town Committee

Findings: The following are Findings of campaign finance violations discovered during the Audit Review of campaign finances, campaign bank account and supporting documentation of the Richmond Democratic Town Committee with Lawrence M. Valencia as its Treasurer:

Contributions:

- \$2,621.11 in contributions were reported on campaign finance reports filed with the Board, of which \$1,796.11 was not supported by deposits/credits to the RDTC's campaign bank account.
- \$5,659.00 was deposited into the RDTC's campaign bank account, including \$4,649.00 cash, but was not reported on its campaign finance reports.

Expenditures:

- Campaign finance report discloses \$80.00 paid to Valencia for reimbursement for stationery and postage on 4/16/2019, but the check was written and cashed by Valencia for \$700.00.
- \$700.00 check written and cashed by Valencia on 1/9/2020, but not reported on a campaign finance report filed with the Board.
- \$2,877.97 in valid campaign expenditures, representing 26 transactions, were paid from the campaign bank account but not reported on campaign finance reports filed with the Board.

Summary: The Audit Review of campaign finances, campaign bank account and supporting documentation of the Richmond Democratic Town Committee with Lawrence M. Valencia as its Treasurer for the period January 1, 2017 through May 31, 2022 demonstrates:

- \$2,621.11 in contributions were reported on campaign finance reports filed with the Board, of which \$1,796.11 was not supported by deposits/credits to the RDTC's campaign bank account, in violation of R.I.G.L. § § 17-25-7 and 17-25-11.
- \$5,659.00, including \$4,649.00 cash, was deposited into the RDTC's campaign bank account, but not disclosed on campaign finance reports, in violation of R.I.G.L. § § 17-25-7 and 17-25-11.
- \$2,877.97, representing 26 valid campaign expenditures, was paid from the RDTC's campaign bank account but not disclosed on campaign finance reports, in violation of R.I.G.L. § § 17-25-7 and 17-25-11.

Lawrence M. Valencia, Treasurer
Richmond Democratic Town Committee

- \$700.00 check written and cashed by Valencia (4/16/2019) was reported on a campaign finance report as \$80.00 paid to Valencia, in violation of R.I.G.L. § § 17-25-7 and 17-25-11.
- \$700.00 check written and cashed by Valencia (1/9/2020) was not reported on any campaign finance report and could not be confirmed as a valid campaign expenditure, in violation of R.I.G.L. § § 17-25-7 and 17-25-11.
- Records to support contributions received and expenditures made were not always preserved, in violation of R.I.G.L. § 17-25-11.1.

Auditee Responses: Lawrence M. Valencia, in his capacity as Treasurer of the Richmond Democratic Town Committee, admitted that he took committee funds for personal use. Valencia took the committee's funds by keeping cash received at fundraisers or by writing committee checks to himself. Valencia stated that, although there were extenuating circumstances in his personal life at the time, he makes no excuses, takes full responsibility for his actions and knows that what he did is wrong. Valencia said he replenished the committee's account for the full amount taken, but he acknowledges he maintains no accounting records.

Action: Refer Lawrence M. Valencia to the Office of Attorney General for their consideration.

Recommend the Richmond Democratic Town Committee improve internal controls over its receipts and disbursements, including:

- Bank statements should be reviewed for unauthorized or missing transactions and reconciled with the accounting records each month. The reconciliations should be done by someone other than a check signer or an individual responsible for handling the committee's accounting.
- Bank records should be reconciled with the campaign finance report prior to filing the report. The reconciliations should be done by someone other than a check signer or an individual responsible for handling the committee's accounting.
- An individual who does not have the committee's accounting or have banking authority handles and records incoming checks, money orders and cash.
- A check signer shall not write a check payable to himself or herself.