

STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

JUAN M. PICHARDO

CAMPAIGN FINANCE AUDIT



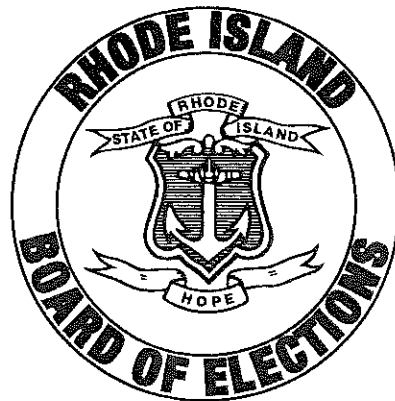
Audit Conducted By: Isairis Burchfield, Campaign Finance Representative

**STATE OF RHODE ISLAND
BOARD OF ELECTIONS**

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Juan M. Pichardo

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Juan M. Pichardo

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.

Juan M. Pichardo

Scope: Review campaign finance reports and supporting documentation for the period May 1, 2022 through December 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: Juan M. Pichardo ("Pichardo"), a Democrat, ran successfully for Providence City Council in 2022. He previously served in the RI State Senate for 14 years (2003 – 2016).

In February 2023, the Board initiated an audit of Pichardo's campaign bank account pursuant to R.I.G.L. §17-25-5(a), due to a large discrepancy between the balance in his campaign bank account and the balance reported on his campaign finance report as of December 31, 2022.

Findings: The following are Findings of campaign finance violations discovered during the Audit Review of campaign finances, campaign bank account and supporting documentation for Pichardo:

Juan M. Pichardo

Contributions:

Total contributions received during 2022: \$38,782.65

- Contributions (12) not reported: \$3,795.65
- Contributions reported inaccurately or incompletely: \$10,628.00
- Contributions (6) received from anonymous sources: \$275.00

Expenditures:

Total expenditures made during 2022: \$35,500.71

- Expenditures (52) not reported: \$5,706.96
- Expenditures reported inaccurately or incompletely: \$4,360.03
- Expenditure (1) for personal use: \$50.00

Other:

A separate Treasurer or Deputy Treasurer was not appointed.

An Account Certification (Form CF-9) was not filed for six (6) reporting periods:

- 2022 28 Days Before Primary
- 2022 7 Days Before Primary
- 2022 28 Days Before Election
- 2022 7 Days Before Election
- 2022 28 Days After Election
- 2022 On-Going Qrtly (4th)

Summary: The Audit Review of Pichardo's campaign finances, campaign bank account and supporting documentation for the period May 1, 2022 through December 31, 2022 demonstrates:

- Contributions totaling \$3,795.65 were disclosed on campaign bank account statements, but not disclosed on campaign finance reports, in violation of R.I.G.L. § § 17-25-7 and 17-25-11;
- Contributions totaling \$10,628.00 were disclosed on campaign bank account statements, but disclosed inaccurately or incompletely on campaign finance reports, violation of R.I.G.L. § § 17-25-7 and 17-25-11;
- Contributions totaling \$275.00 were received from anonymous sources, in violation of R.I.G.L. § § 17-25-10 and 17-25-10.1(i);
- Expenditures totaling \$5,706.96 were disclosed on campaign bank account statements, but not disclosed on campaign finance reports, in violation of R.I.G.L. § § 17-25-7 and 17-25-11;

Juan M. Pichardo

- Expenditures totaling \$4,360.03 were disclosed on campaign bank account statements, but disclosed inaccurately or incompletely on campaign finance reports, violation of R.I.G.L. § § 17-25-7 and 17-25-11;
- Personal expense of \$50.00 was paid from the campaign bank account, in violation of R.I.G.L. §17-25-7.2.
- A separate treasurer or deputy treasurer was not appointed and an Account Certification was not submitted for six (6) campaign finance reports, in violation of R.I.G.L. §17-25-11.2(a).

Auditee Response: I have made every effort to cooperate by providing the necessary documents and receipts to the best of my ability. However, it has come to my attention that an error occurred in classifying a receipt from the purchase of a box of baseballs for the local little league resulting in an incorrect allocation of funds. As a result, I personally reimbursed the Campaign account with \$50.00 to rectify this mistake.

Furthermore, I paid a forfeiture of \$275.00 to the state due to the inability to identify the individuals who donated by money orders. I understand the importance of maintaining proper records and will take the necessary steps to prevent such issues from recurring in the future.

Additionally, it has been noted that a Campaign treasurer was not secured in accordance with the relevant statute. I fully recognize the significance of this requirement and assure you that I will remedy this situation by appointing a Campaign Treasurer as soon as possible.

Moreover, it has been recommended that I engage the services of a bookkeeper/CPA or agency to ensure accurate and proper reporting. I acknowledge the importance of maintaining transparency and accountability in campaign finances, and I will follow this recommendation to ensure compliance with all reporting requirements now and in the future.

Action: Consent Order (follows)

State of Rhode Island
Board of Elections

CONSENT ORDER

In Re: Juan M. Pichardo

Juan M. Pichardo ("Pichardo") hereby agrees to the entry of this Order and to each term and condition set forth herein:

1. At all times relevant hereto, Pichardo 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 2023, the Board of Elections ("Board") initiated an audit of the campaign account of Pichardo pursuant to R.I.G.L. §17-25-5(a), due to a large discrepancy between his campaign bank account balance and his campaign finance report balance as of December 31, 2022.
3. At all times, Pichardo was cooperative and forthcoming with information requested from him.
4. The Board conducted a full review of campaign finance reports, supporting documentation and bank records submitted voluntarily by Pichardo to verify the accuracy and propriety of campaign receipts and expenditures for the period May 1, 2022 through December 31, 2022. The review determined the following:
 - Contributions totaling \$3,795.65 were disclosed on campaign bank account statements, but not disclosed on campaign finance reports, in violation of R.I.G.L. § § 17-25-7 and 17-25-11;
 - Contributions totaling \$10,628.00 were disclosed on campaign bank account statements, but disclosed inaccurately or incompletely on campaign finance reports, violation of R.I.G.L. § § 17-25-7 and 17-25-11;
 - Contributions totaling \$275.00 were received from anonymous sources, in violation of R.I.G.L. § § 17-25-10 and 17-25-10.1(i);
 - Expenditures totaling \$5,706.96 were disclosed on campaign bank account statements, but not disclosed on campaign finance reports, in violation of R.I.G.L. § § 17-25-7 and 17-25-11;

- Expenditures totaling \$4,360.03 were disclosed on campaign bank account statements, but disclosed inaccurately or incompletely on campaign finance reports, violation of R.I.G.L. § § 17-25-7 and 17-25-11;
 - Personal expense of \$50.00 was paid from the campaign bank account, in violation of R.I.G.L. §17-25-7.2.
 - A separate treasurer or deputy treasurer was not appointed and an Account Certification was not submitted for six (6) campaign finance reports, in violation of R.I.G.L. §17-25-11.2(a).
5. Pichardo hereby acknowledges that he violated the provisions of Title 17, Chapter 25, as summarized in Paragraph 3, which required seven (7) campaign finance reports to be amended. Pichardo's campaign finance reporting is now complete and accurate through 2023 1st quarter.
 6. Pichardo 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 in Section 3, violate the reporting and compliance requirements of Title 17, Chapter 25.
 7. On May 17, 2023, Pichardo forfeited to the Board \$200.00 in anonymous contributions received and reimbursed his campaign account \$50.00 for personal use of campaign funds.
 8. On May 30, 2023, Pichardo forfeited to the Board the remaining \$75.00 in anonymous contributions received.
 9. Pichardo consents to the entry of this Order and the imposition of a fine by the Board pursuant to R.I.G.L. §17-25-13(b), in the amount of \$3,000.00 to be paid personally by him; consents to submit campaign bank account statements and documentation to the Board supporting his campaign finance reports from the second quarter of 2023 through the fourth quarter of 2024; consents to appoint a separate treasurer or deputy treasurer for his campaign; and consents to engage the services of an accountant or bookkeeper for campaign finance reporting.
 10. Pichardo hereby agrees to the following schedule for fine payments:
 - \$3,000.00 fine to be paid to the Board from the personal funds of Juan M. Pichardo as follows:
 - \$1,500.00 paid by December 31, 2023; and
 - \$1,500.00 paid by December 31, 2024.
 11. Pichardo agrees to make each payment described above on or before the Due Date. In the event Pichardo fails to make a payment by the corresponding Due Date, the Board shall notify Pichardo both by U.S. Mail First Class and electronically at the residence and email address set forth in Pichardo's Notice of Organization ("Delinquency Notice"). Pichardo shall be afforded ten (10)

Collections Unit for collection. Pichardo consents to the personal jurisdiction and entry of this Order as a final judgment and waives any and all defenses that he may have to its enforcement.

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

I, Juan M. Pichardo, agree to each and every term set forth above and further agree to the entry of this Order.




Juan M. Pichardo

5/30/2013

Date

So entered this 6th day of June, 2023



Diane Mederos, Chairwoman