



STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

RAYMOND J. BERARDUCCI III

CAMPAIGN FINANCE AUDIT



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

**STATE OF RHODE ISLAND
BOARD OF ELECTIONS**

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Raymond J. Berarducci III

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Raymond J. Berarducci III

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.

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Scope: Review campaign finance reports and supporting documentation for the period May 1, 2018 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: On January 8, 2019, the Board initiated an audit of the campaign account of Raymond J. Berarducci III ("Berarducci") pursuant to R.I.G.L. §17-25-5(a). The audit was initiated following the discovery that, during the 2018 election period, Berarducci accepted contributions/loans in excess of the statutory limit pursuant to R.I.G.L. §17-25-10.1(a)(1).

The audit covered the period May 1, 2018 through December 31, 2018.

On January 22, 2019, Berarducci produced campaign account bank records and related documents associated with his 2018 campaign for Providence City Council.

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

Raymond J. Berarducci III

Contributions:

- \$10,500.00 in aggregate loan proceeds received from an individual, who was subsequently repaid \$4,000.00 by the campaign. Since the statutory limit for aggregate contributions/loans from an individual to a candidate in a calendar year is \$1,000.00, Berarducci exceeded the statutory limit for aggregate contributions/loans received from an individual in a calendar year by a net of \$5,500.00.

Expenditures:

- \$13,006.68 check written to repay the individual who loaned his campaign in excess of the statutory limit for aggregate contributions/loans in a calendar year. The check was never cashed as there were insufficient funds in the campaign account to pay the amount.
- \$2,100.00 campaign check to pay a vendor was returned for insufficient funds. The expenditure was subsequently paid on behalf of Berarducci from a business account, constituting an illegal in-kind contribution.

Disclosures:

- For 2018, Berarducci failed to appoint a separate treasurer or deputy treasurer pursuant to R.I.G.L. §17-25-11.2(a), which resulted in no Account Certifications filed with his campaign finance reports in 2018.

Summary: The Audit Review of Berarducci's campaign account and supporting documentation for the period May 1, 2018 through December 31, 2018 demonstrates:

- Net loan proceeds received from an individual exceeded the aggregate annual statutory limit by \$5,500.
- Illegal in-kind contribution of \$2,100 received from a business account.
- Two (2) checks were written from the campaign account with insufficient funds to cover the associated expenses.
- No separate treasurer or deputy treasurer was appointed, so no Account Certifications were filed with the campaign finance reports.

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Auditee Response: Berarducci believed it was legal for a family member to loan his campaign in excess of the aggregate annual statutory limit of \$1,000.00. He also believed the \$13,006.68 check written to repay the loan when there were insufficient funds in the account, would be covered under his overdraft protection. Berarducci acknowledged he had put off the matter of repaying the excess loans/contribution and repaid the excess amount on November 14, 2019 and provided evidence thereof.

Action: Consent Order (to follow)

State of Rhode Island
Board of Elections

CONSENT ORDER

In Re: Raymond J. Berarducci III

Raymond J. Berarducci III ("Berarducci") hereby agrees to the entry of this Order and to each term and condition set forth herein:

1. At all times relevant hereto, Mr. Berarducci 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. On January 8, 2019, the Board of Elections ("Board") initiated an audit of the campaign account of Mr. Berarducci pursuant to R.I.G.L. §17-25-5(a), following the discovery that, during the 2018 election period, he violated provisions under R.I.G.L. §17-25-10.1(a)(1), specifically, receiving contributions/loans from an individual that, in the aggregate, exceeded \$1,000 within a calendar year.
3. The Board conducted a full review of campaign finance reports, supporting documentation and bank records from May 1, 2018 through December 31, 2018, to verify the accuracy and propriety of campaign receipts and expenditures. The review determined the following:
 - 1) Net loan proceeds from an individual exceeded the aggregate annual statutory limit by \$5,500.00;
 - 2) Illegal in-kind contribution of \$2,100.00 received from a business account;
 - 3) Two (2) checks were written from the campaign account with insufficient funds to cover the associated expenses;

4) No separate treasurer or deputy treasurer was appointed, so no Account Certifications were filed with the campaign finance reports.

4. Mr. Berarducci hereby acknowledges that, during the 2018 election period, he received net loan proceeds from an individual which exceeded the statutory limit by \$5,500.00 [as set forth in paragraph 3, line 1) above]; received an illegal in-kind contribution of \$2,100.00 from a business account [as set forth in paragraph 3, line 2) above]; wrote two (2) checks from his campaign account with insufficient funds to cover the associated expenses [as set forth in paragraph 3, line 2) above]; and failed to appoint a separate treasurer or deputy treasurer so no Account Certifications were filed with the campaign finance reports [as set forth in paragraph 3, line 3) above].
5. Mr. Berarducci, at the direction of the Board, repaid the individual whose net loans exceeded the aggregate annual statutory limit a sum of \$5,500.00 from his campaign account, and provided evidence thereof.
6. Mr. Berarducci, at the direction of the Board, repaid the business account \$2,100.00 from his campaign account for an illegal in-kind contribution received, and provided evidence thereof.
7. Mr. Berarducci 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 contribution limits and compliance requirements of Title 17, Chapter 25.
8. Mr. Berarducci further consents to the entry of this Order and the imposition of a fine in the amount of \$2,000.00 to be paid personally by him; for receiving loan proceeds/in-kind contribution in excess of the aggregate annual statutory limit; and for failure to appoint a separate treasurer or deputy treasurer or file Account Certifications.
9. Mr. Berarducci hereby agrees to make the following payments of fines to the Board:

1) \$2,000.00 fine to be paid personally by Raymond J. Berarducci III according to the following schedule:

- \$500.00 on or before March 31, 2020;
- \$500.00 on or before June 30, 2020;
- \$500.00 on or before September 30, 2020; and
- \$500.00 on or before December 31, 2020.

10. Mr. Berarducci agrees to make each payment described above on or before the Due Date. In the event Mr. Berarducci fails to make any payment by the corresponding Due Date, the Board shall notify Mr. Berarducci both by U.S. Mail First Class and electronically at the residence and email address set forth below ("Delinquency Notice"). Mr. Berarducci 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. Berarducci agrees that the entire amount shall immediately become due and payable to the Board and that the Board shall refer the unpaid debt to the Department of Revenue-Central Collections Unit for collection. Mr. Berarducci 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 fines contained herein relate only to the violations identified in this Order and do not cover any violations not listed.

I, Raymond J. Berarducci III, agree to each and every term set forth above and further agree to the entry of this Order.


Raymond J. Berarducci III

12/21/19
Date

So entered this 9th day of December, 2019.


Diane Mederos, Chairwoman