

STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

SENATOR NICHOLAS D. KETTLE

CAMPAIGN FINANCE AUDIT



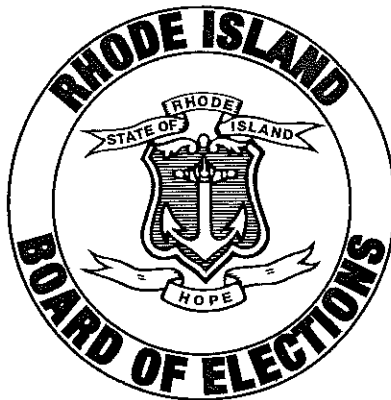
Audit Conducted By: Richard E. Thornton, Director of Campaign Finance

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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 January 1, 2013 through June 30, 2017.

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 September 2017, the Board of Elections (“Board”) conducted a preliminary review of campaign finance reports filed by Senator Nicholas D. Kettle (“Kettle”) and noted unreported or misreported contributions on campaign finance reports he filed with the Board.

On September 18, 2017, the Board requested an audit of Senator Kettle’s campaign account pursuant to R.I.G.L. §17-25-5(a) for the period January 1, 2013 through June 30, 2017.

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Findings: The following are findings from the audit:

1. For 2013:

- Contributions reported to the Board totaled \$3,860.00; while contributions deposited in the bank totaled \$6,265.00; resulting in \$2,405.00 unreported contributions.
- Accepted \$215.00 in anonymous cash contributions.
- Accepted \$200.00 cash over the allowable limit from identified contributors.
- Cash withdrawals and cash out transactions with no receipts to validate proper use of campaign funds totaled \$2,050.00.
- Expenditures reported to the Board totaled \$1,522.74, while expenditures from the bank totaled \$5,087.74, resulting in \$3,565.00 in unreported expenditures.

2. For 2014:

- Contributions reported to the Board totaled \$11,481.00; while contributions deposited in the bank totaled \$14,825.00; resulting in \$3,344.00 unreported contributions.
- Accepted \$316.00 in anonymous cash contributions.
- Accepted \$625.00 cash over the allowable limit from identified contributors.
- Cash withdrawals and cash out transactions with no receipts to validate proper use of campaign funds totaled \$60.00.
- Expenditures reported to the Board totaled \$13,288.21, while expenditures from the bank totaled \$16,258.52; resulting in \$2,970.31 unreported expenditures.

3. For 2015:

- Contributions reported to the Board totaled \$3,925.00; while contributions deposited in the bank totaled \$9,068.07; resulting in \$5,143.07 unreported contributions.
- Accepted \$648.00 in anonymous cash contributions.
- Accepted \$450.00 cash over the allowable limit from identified contributors.
- Cash withdrawals and cash out transactions with no receipts to validate proper use of campaign funds totaled \$100.00.
- Expenditures reported to the Board totaled \$1,296.00; while expenditures from the bank totaled \$5,150.15; resulting in \$3,854.15 unreported expenditures.

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Findings:

4. For 2016:

- Contributions reported to the Board totaled \$10,080.00; while contributions deposited in the bank totaled \$14,211.10; resulting in \$4,131.10 unreported contributions.
- Accepted \$725.00 in anonymous cash contributions.
- Accepted \$445.00 cash over the allowable limit from identified contributors.
- Expenditures reported to the Board totaled \$12,480.17, while expenditures from the bank totaled \$18,336.76, resulting in \$5,856.59 unreported expenditures.

5. For 2017:

- Contributions reported to the Board totaled \$0.00, while contributions deposited in the bank totaled \$322.53, resulting in \$322.53 unreported contributions.
- Accepted \$290.00 in anonymous cash contributions.
- Accepted \$150.00 cash over the allowable limit from identified contributors.
- Expenditures reported to the Board totaled \$365.00, while expenditures from the bank totaled \$435.00, resulting in \$70.00 unreported expenditures.

Summary:

For the Audit Review period January 1, 2013 through June 30, 2017:

- Contributions were under-reported by a total of \$15,345.70.
- Expenditures were under-reported by a total of \$16,316.05.
- Accepted anonymous cash contributions totaling \$2,194.00.
- Accepted cash over the allowable limit from identified contributors totaling \$1,870.00.
- Cash withdrawals and cash out transactions with no receipts to validate proper use of campaign funds totaling \$2,210.00.
- Failed to appoint a separate treasurer or deputy treasurer.

Action:

Consent Order

State of Rhode Island
Board of Elections

CONSENT ORDER

In Re: Nicholas D. Kettle

Nicholas D. Kettle ("Kettle") hereby agrees to the entry of this Order and to each term and condition set forth herein:

1. At all times relevant hereto, Mr. Kettle 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 September 2017, the Board of Elections ("Board") conducted a preliminary review of campaign finance reports filed by Mr. Kettle when it noted unreported or misreported contributions on his campaign finance report filed with the Board, resulting in a request by the Board for bank records and supporting documentation for the period January 1, 2013 through June 30, 2017.
3. The Board conducted a full review of campaign finance reports, supporting documentation and bank records to verify the accuracy and propriety of campaign receipts and expenditures. The review determined Mr. Kettle originally failed to report the following:
 - 1) \$15,345.70 in Campaign Contributions; and
 - 2) \$16,316.05 in Campaign Expenditures.
4. The review determined Mr. Kettle failed to appoint a treasurer or deputy treasurer, who shall be a person other than himself and who shall examine all campaign records and certify to the substantial accuracy of each campaign finance report filed with the Board.

5. The review determined Mr. Kettle accepted cash contributions totaling \$2,194.00, for which neither the identities of the contributors nor the amount contributed by each contributor was obtained or documented.
6. The review determined Mr. Kettle accepted cash contributions from individuals in excess of their aggregate allowable limit totaling \$1,870.00.
7. The review determined Mr. Kettle made Cash Withdrawals and Cash Out transactions from his campaign bank account totaling \$2,210.00, for which no receipts were maintained to validate the proper use of the funds.
8. Mr. Kettle hereby acknowledges that from January 2013 through June 2017, he originally failed to report campaign contributions and campaign expenditures (as set forth in paragraph 3 above); failed to appoint a treasurer or deputy treasurer who shall be a person other than himself (as set forth in paragraph 4 above); accepted anonymous cash contributions (as set forth in paragraph 5 above); accepted cash contributions from individuals in excess of their aggregate allowable limit (as set forth in paragraph 6 above); and was unable to provide documentation to validate the proper use of campaign funds (as set forth in paragraph 7 above).
9. Mr. Kettle 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.
10. Mr. Kettle will at the direction of the Board of Elections, appoint a new campaign treasurer who will receive training on the Electronic Reporting and Tracking System and who will amend all previously filed reports to accurately report all contributions and expenditures, to become completed no later than December 31, 2017.
11. Mr. Kettle has at all times been cooperative with the Board of Elections and has timely responded to all inquiries. The Board has

determined that the candidate improperly failed to review expenditures, contributions and campaign reports.

12. Mr. Kettle 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; consents to a forfeiture of campaign funds of \$1,000.00 to the State of RI for the acceptance of anonymous cash contributions; consents to a forfeiture of campaign funds of \$1,000.00 to the State of RI for the acceptance of cash contributions in excess of allowable limits; and consents to a forfeiture of campaign funds of \$2,000.00 to the State of RI for unreported contributions and expenditures and consents to submit documentation to the Board supporting his campaign finance reports from the present through the fourth quarter of 2018.

13. Mr. Kettle hereby agrees to make the following payments of forfeitures and fines to the Board:
 - 1) \$4,000.00 forfeiture from the Nicholas D. Kettle's campaign account within thirty (30) days of the execution of this Consent Order; and
 - 2) \$2,000.00 fine to be paid personally by Nicholas D. Kettle according to the following schedule:
 - \$500.00 on or before March 31, 2018;
 - \$500.00 on or before June 30, 2018;
 - \$500.00 on or before September 30, 2018; and
 - \$500.00 on or before December 31, 2018.

14. Mr. Kettle agrees to make each payment described above on or before the Due Date. In the event Mr. Kettle fails to make any payment by the corresponding Due Date, the Board shall notify Mr. Kettle both by U.S. Mail First Class and electronically at the residence and email address set forth below ("Delinquency Notice"). Mr. Kettle 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. Kettle agrees that the entire amount shall immediately become due and payable to the Board. Mr. Kettle 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 ~~he~~ ^{it} 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. Kettle agrees to fully reimburse the Board for all costs and reasonable legal fees incurred as a result therefrom.

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

I, Nicholas D. Kettle, agree to each and every term set forth above and further agree to the entry of this Order.

Nicholas D. Kettle 11/14/17
Nicholas D. Kettle Date

So entered this 6 of December, 2017.

Richard Dubois
Richard Dubois, Chairman