



STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

RI BROTHERHOOD OF CORRECTIONAL OFFICERS PAC

CAMPAIGN FINANCE AUDIT



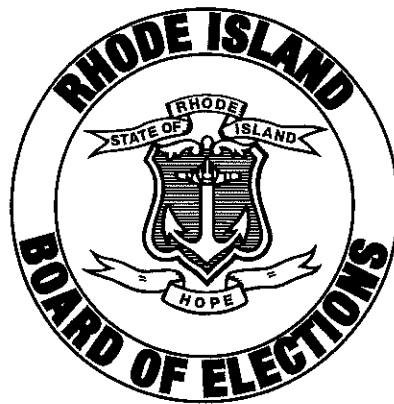
Audit Conducted By: Richard E. Thornton, Director of Campaign Finance

STATE OF RHODE ISLAND
BOARD OF ELECTIONS

Diane C. Mederos, Chairwoman
Stephen P. Erickson, Vice-Chairman
Richard H. Pierce
William West
Isadore S. Ramos, PhD
David H. Sholes
Jennifer L. Johnson

Robert Rapoza
Executive Director

Richard E. Thornton
Director of Campaign Finance



50 Branch Avenue
Providence, Rhode Island 02904
(401) 222-2345 (401) 222-4424 FAX

www.elections.ri.gov
Email: campaign.finance@elections.ri.gov

RI Brotherhood of Correctional Officers PAC

TABLE OF CONTENTS

Introduction4
Scope5
Methodology5
History5
Findings.....6
Summary7
Auditee Response 7
Action.....8

RI Brotherhood of Correctional Officers PAC

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.

RI Brotherhood of Correctional Officers PAC

Scope: Review campaign finance reports and supporting documentation for the period January 1, 2017 through September 30, 2019.

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 campaign expenditures are valid and legal.
- Verify expenditures for political donations do not exceed aggregate annual limit.

History: On October 21, 2019, the Board of Elections (“Board”) initiated an audit of RI Brotherhood of Correctional Officers PAC (“PAC”) pursuant to R.I.G.L. §17-25-5(a), following the discovery the PAC may have violated R.I.G.L. §17-25-10.1(a)(1), specifically, making contributions to candidates, political action committee or political party committee that, in the aggregate, exceeded \$25,000 within a calendar year.

The Board requested the following items from the PAC:

1. Copies of checks, money orders or like instruments received from all contributors;
2. A complete copy of deposit slips and validated bank receipts, with copies of payroll transactions, any related checks, money orders or like instruments within each deposit;
3. Bank statements issued by the depository of such funds showing the amounts on deposit, amounts withdrawn and copies of checks written from the account; and
4. Copies of receipts and invoices for expenditures made or incurred.

RI Brotherhood of Correctional Officers PAC

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

For 2017:

Contributions:

- Contributions received were accurately and completely reported on campaign finance reports.

Expenditures:

- Of the eighty-seven (87) political donations made, four (4) were reported on campaign finance reports with a misspelled recipient candidate name.
- Expenditures were completely reported on campaign finance reports, but one (1) political donation was reported under the wrong recipient name.
- All campaign expenditures were valid and legal.
- Expenditures for political donations exceeded the statutory aggregate annual limit of \$25,000 by \$4,075.

For 2018:

Contributions:

- Contributions received were accurately and completely reported on campaign finance reports.

Expenditures:

- Of the seventy-seven (77) political donations made, eight (8) were reported on campaign finance reports with a misspelled recipient candidate name.
- Expenditures were completely reported on campaign finance reports.
- All campaign expenditures were valid and legal.
- Expenditures for political donations exceeded the statutory aggregate annual limit of \$25,000 by \$1,350.

RI Brotherhood of Correctional Officers PAC

For 2019 (through 3Q):

Contributions:

- Contributions received were accurately and completely reported on campaign finance reports.

Expenditures:

- Of the eighty-two (82) political donations made, seven (7) were reported on campaign finance reports with a misspelled recipient candidate name.
- Expenditures were completely reported on campaign finance reports.
- All campaign expenditures were valid and legal.
- Expenditures for political donations exceeded the statutory aggregate annual limit of \$25,000 by \$4,775.

Summary: The Audit Review of the PAC's campaign account and supporting documentation for the period January 1, 2017 through September 30, 2019 demonstrates:

- In all instances, contributions received were accurately and completely reported on campaign finance reports;
- With some exception for misspelled names and one political donation reported under the wrong recipient name, expenditures were accurately and completely reported on campaign finance reports; and all campaign expenditures were valid and legal.
- For 2017, expenditures for political donations exceeded the statutory aggregate annual limit of \$25,000, by \$4,075.
- For 2018, expenditures for political donations exceeded the statutory aggregate annual limit of \$25,000, by \$1,350.
- Through 3Q 2019, expenditures for political donations exceeded the statutory aggregate annual limit of \$25,000, by \$4,775.

Auditee Response:

I apologize for the violation of the PAC account for the Rhode Island Brotherhood of Correctional Officers. We acknowledge the audit findings and do not dispute them. Please note that we have instituted policies and procedures to ensure we do not exceed the statutory aggregate limit of \$25,000 going forward.
~Richard Hahn, PAC Treasurer

RI Brotherhood of Correctional Officers PAC

Action: Consent Order (as follows)

State of Rhode Island
Board of Elections

CONSENT ORDER

In Re: RI Brotherhood of Correctional Officers PAC

Richard Ferruccio ("Ferruccio") hereby agrees to the entry of this Order and to each term and condition set forth herein:

1. Mr. Ferruccio has been Chairman of RI Brotherhood of Correctional Officers PAC ("PAC"), a political action committee registered with the State of RI Board of Elections ("Board"), since at least January 2006.
2. At all times relevant hereto, the PAC has been subject to the reporting requirements and statutory provisions set forth in Title 17, Chapter 25 of the General Laws, pertaining to campaign contributions and expenditures.
3. On October 21, 2019, the Board initiated an audit of the PAC pursuant to R.I.G.L. §17-25-5(a), following the discovery the PAC may have violated R.I.G.L. §17-25-10.1(a)(1), specifically, making contributions to candidates, political action committee or political party committee that, in the aggregate, exceeded \$25,000 within a calendar year.
4. The Board conducted a full review of campaign finance reports, supporting documentation and bank records for the period January 1, 2017 through September 30, 2019, to verify the accuracy and propriety of campaign receipts and expenditures and to verify expenditures for political donations did not exceed the aggregate annual limit.

5. The review determined the following:
 - In all instances, contributions received were accurately and completely reported on campaign finance reports.
 - With some exceptions, expenditures were accurately and completely reported on campaign finance reports; and all campaign expenditures were valid and legal.
 - For 2017, expenditures for political donations exceeded the statutory aggregate annual limit of \$25,000, by \$4,075.
 - For 2018, expenditures for political donations exceeded the statutory aggregate annual limit of \$25,000, by \$1,350.
 - Through 3Q 2019, expenditures for political donations exceeded the statutory aggregate annual limit of \$25,000, by \$4,775.

6. Mr. Ferruccio hereby acknowledges that in his capacity as Chairman of the PAC, he was responsible for ensuring the PAC complied with the reporting requirements and statutory provisions set forth in Title 17, Chapter 25, and in 2017, 2018 and through 3Q 2019, the PAC exceeded the statutory aggregate annual limit of \$25,000 for political donations by a total of \$10,200.

7. Mr. Ferruccio 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 its actions, as more fully described above, violate statutory provisions of Title 17, Chapter 25 of the General Laws.

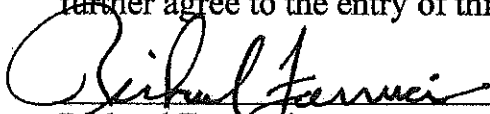
8. Mr. Ferruccio further consents to the entry of this Order and the imposition of a fine in the amount of \$1,020 to be paid by him personally; for making expenditures for political donations in 2017 which exceeded the statutory aggregate annual limit of \$25,000, by \$4,075; in 2018 which exceeded the statutory aggregate annual limit of \$25,000, by \$1,350; and through 3Q 2019 which exceeded the statutory aggregate annual limit of \$25,000, by \$4,775.

9. Mr. Ferruccio hereby agrees the fine in the amount of \$1,020 must be paid to the Board by him on or before March 31, 2020.

10. Mr. Ferruccio hereby agrees to make the payment described above on or before the Due Date. In the event Mr. Ferruccio fails to make the payment by the corresponding Due Date, the Board shall notify Mr. Ferruccio both by U.S. Mail First Class and electronically at the residence and email address set forth below ("Delinquency Notice"). Mr. Ferruccio 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. Ferruccio 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. Ferruccio 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, Richard Ferruccio, agree to each and every term set forth above and further agree to the entry of this Order.

 11/19/19
Richard Ferruccio Date

So entered this 9th day of December, 2019.


Diane Mederos, Chairwoman