

STATE OF RHODE ISLAND BOARD OF ELECTIONS

CAMPAIGN FINANCE AUDIT

THOMAS PAOLINO

CAMPAIGN FINANCE AUDIT



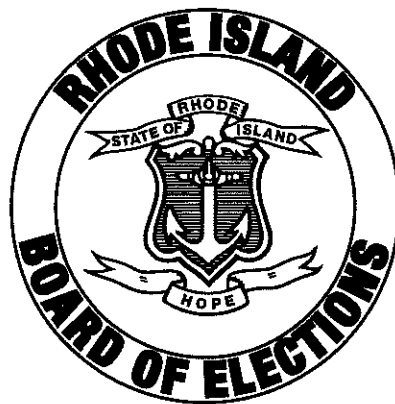
Audit Conducted By: Richard E. Thornton, Director of Campaign Finance

**STATE OF RHODE ISLAND
BOARD OF ELECTIONS**

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Thomas Paolino

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Thomas Paolino

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.

Thomas Paolino

Scope: Review campaign finance reports and supporting documentation for the period January 1, 2021 through March 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: Thomas Paolino ("Paolino"), a Republican, was elected to the Senate in 2016, 2018 and 2020 and ran unsuccessfully for Lincoln Town Administrator during a 2021 special election.

In April 2022, the Board of Elections ("Board") initiated an audit of the campaign account of Paolino pursuant to R.I.G.L. §17-25-5(a), due to a large unreconciled variance between his campaign bank account balance and campaign finance report balance as of December 31, 2021.

In April 2022, the Board received via subpoena served upon the bank of Paolino's campaign account, campaign depository account bank statements for the period January 1, 2021 through March 31, 2022.

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

Contributions:

- \$401.05 in duplicate loan proceeds/contributions/interest were reported on campaign finance reports.

Thomas Paolino

- \$398.00 in loan proceeds from Paolino were reported on campaign finance reports, but the information was not supported by the campaign bank account statements.
- \$356.00 in loan proceeds/contributions/refunds were received and deposited but not reported on the campaign finance report.

Expenditures:

- \$521.86 campaign expenditure was reported on a campaign finance report, but the information was not supported by the campaign bank account statement.
- \$354.12 campaign expenditures were erroneously reported on campaign finance reports as paid to one (1) vendor, when the amount was paid out to five (5) vendors, none of which were the vendor reported on campaign finance reports.
- \$1,369.37 in campaign expenditures, representing ten (10) transactions, were not reported on campaign finance reports.
- \$10,000.00 loan repayment was not reported on a campaign finance report.

Other:

- Account certifications were not submitted for six (6) campaign finance reports filed in 2021.

Summary: The Audit Review of Paolino's campaign account and supporting documentation for the period January 1, 2021 through March 31, 2022 demonstrates:

- \$401.05 in duplicate loan proceeds/contributions/interest were reported on campaign finance reports, in violation of R.I.G.L. §17-25-7.
- \$398.00 in loan proceeds from Paolino were reported on campaign finance reports, but the information was not supported by the campaign bank account statements, in violation of R.I.G.L. §17-25-7.
- \$356.00 in loan proceeds/contributions/refunds were received and deposited but not reported on the campaign finance report, in violation of R.I.G.L. §17-25-7.
- \$521.86 campaign expenditure was reported on a campaign finance report, but the information was not supported by the campaign bank account statement, in violation of R.I.G.L. §17-25-7.
- \$354.12 campaign expenditures were erroneously reported on campaign finance reports as paid to one (1) vendor, when the amount was paid out to five (5) vendors, none of which were the

Thomas Paolino

vendor reported on campaign finance reports, in violation of R.I.G.L. §17-25-7.

- \$1,369.37 in campaign expenditures, representing ten (10) transactions, were not reported on campaign finance reports, in violation of R.I.G.L. §17-25-7.
- \$10,000.00 loan repayment was not reported on a campaign finance report in violation of R.I.G.L. §17-25-7.
- Account certifications were not submitted for six (6) campaign finance reports filed in 2021, in violation of R.I.G.L. §17-25-11.2.

Auditee Response: Paolino acknowledges the campaign finance violations. The campaign finance reports have been amended to properly report contributions and expenditures.

Action: Consent Order (to follow)

State of Rhode Island
Board of Elections

CONSENT ORDER

In Re: Thomas Paolino

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

1. At all times relevant hereto, Paolino 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 April 2022, the Board of Elections ("Board") initiated an audit of the campaign account of Paolino pursuant to R.I.G.L. §17-25-5(a), due to a large unreconciled variance between his campaign bank account balance and campaign finance report balance as of December 31, 2021.
3. The Board conducted a full review of campaign finance reports, supporting documentation and bank records obtained via subpoena to verify the accuracy and propriety of campaign receipts and expenditures for the period January 1, 2021 through March 31, 2022. The review determined the following:
 - \$401.05 in duplicate loan proceeds/contributions/interest were reported on campaign finance reports, in violation of R.I.G.L. §17-25-7.
 - \$398.00 in loan proceeds from Paolino were reported on campaign finance reports, but the information was not supported by the campaign bank account statements, in violation of R.I.G.L. §17-25-7.
 - \$356.00 in loan proceeds/contributions/refunds were received and deposited but not reported on the campaign finance report, in violation of R.I.G.L. §17-25-7.
 - \$521.86 campaign expenditure was reported on a campaign finance report, but the information was not supported by the campaign bank account statement, in violation of R.I.G.L. §17-25-7.
 - \$354.12 campaign expenditures were erroneously reported on campaign finance reports as paid to one (1) vendor, when the amount was paid out to

- five (5) vendors, none of which was the vendor reported on campaign finance reports, in violation of R.I.G.L. §17-25-7.
- \$1,369.37 in campaign expenditures, representing ten (10) transactions, were not reported on campaign finance reports, in violation of R.I.G.L. §17-25-7.
 - \$10,000.00 loan repayment was not reported on a campaign finance report in violation of R.I.G.L. §17-25-7.
 - Account certifications were not submitted for six (6) campaign finance reports filed in 2021, in violation of R.I.G.L. §17-25-11.2.
4. Paolino hereby acknowledges that he violated several provisions of Title 17, Chapter 25, and authorized the Board to amend the campaign finance reports on his behalf for complete and accurate reporting.
 5. Paolino 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 and compliance requirements of Title 17, Chapter 25.
 6. Paolino further 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 \$2,500.00 to be paid personally by him; and consents to submit documentation to the Board supporting his campaign finance reports from the second quarter of 2022 through the fourth quarter of 2022.
 7. Paolino hereby agrees to the following schedule for fine payment:
 - \$2,500.00 fine to be paid from the personal funds of Thomas Paolino by December 31, 2022.
 8. Paolino agrees to make the fine payment described above on or before the Due Date. In the event Paolino fails to make the payment by the corresponding Due Date, the Board shall notify Paolino both by U.S. Mail First Class and electronically at the residence and email address set forth in Paolino's Notice of Organization ("Delinquency Notice"). Paolino shall be afforded ten (10) calendar days from the date of the Delinquency Notice to make the overdue payment. In the event the aforesaid fine payment is not made within the ten (10) day notice period, Paolino agrees that the fine shall increase to \$5,000.00 which 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. Paolino 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, Thomas Paolino, agree to each and every term set forth above and further agree to the entry of this Order.

Thomas Paolino

7/18/2022
Date

So entered this

18th
25th
day of

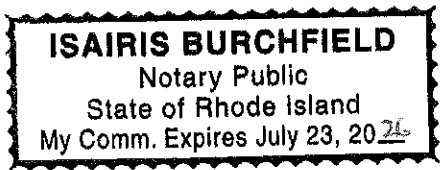
July

, 2022.

Diane Mederos
Diane Mederos, Chairwoman

Witness only of signature

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