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OFFICE OF GENERAL  
COUNSEL

January 5, 2012

Anthony Herman  
General Counsel  
Federal Election Commission  
999 E. Street NW  
Washington, DC 20463

PRE-MUR # 530

OFFICE OF GENERAL  
COUNSEL

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RECEIVED  
FEDERAL ELECTION  
COMMISSION

Re: Rhode Island Republican State Central Committee

Dear Mr. Herman

On January 5, 2012, the Rhode Island Republican State Central Committee (RIGOP) filed an amendment to its report for the period January 1, 2011 through June 30, 2011. In this amendment we have reduced our starting cash balance from the \$44,954.64 to \$590.32. This amendment is a result of an internal review initiated by the RIGOP's then Acting Chairman, Steven Frias, and approved by the RIGOP's Executive Committee on December 7, 2011. Three bookkeeping errors account for this discrepancy in the cash balance of the RIGOP. As a result, the RIGOP is submitting this letter as a *sua sponte* submission to explain the circumstances surrounding these bookkeeping errors. The RIGOP requests that the Federal Elections Commission (FEC) take no action to penalize the RIGOP for these bookkeeping errors. In the event the FEC determines that these past bookkeeping errors violated federal campaign finance law, the RIGOP requests conciliation with the FEC so as to resolve this issue expeditiously. The RIGOP is ready and willing to provide any and all information to the FEC on this issue that it may so request.

#### BACKGROUND

On November 24, 2011, due the resignation of the Chairman of the RIGOP, Frias became Acting Chairman of the RIGOP. As part of his responsibilities, Frias began the process to hold a special election for Chairman on December 21, 2011. In addition, Frias assessed the financial situation of the RIGOP. On December 5, 2011, after a review of the current bank statements of the RIGOP and the RIGOP's campaign finance reports, Frias determined that there was a discrepancy between the amount reported as the RIGOP's cash balance in its campaign finance reports, and the amount listed in the RIGOP's bank statements. It was soon learned from Marc Tondreau, the RIGOP's Assistant Treasurer, that the discrepancy was the result of various

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bookkeeping problems, dating back to 2002, that he had never addressed. Mr. Tondreau had been filing the RIGOP's campaign finance reports over a number of years.<sup>1</sup>

On December 7, 2011, Frias explained the circumstances surrounding the discrepancy between the cash balances in the RIGOP's bank statements and its campaign finance reports to the RIGOP's Executive Committee. As a result, Frias, with the consent of the RIGOP's Executive Committee, appointed a small ad hoc committee to review the accuracy of the RIGOP's campaign finance reports. The Chairman of this Internal Review Committee was Scott Morrison, a new member of the RIGOP knowledgeable in financial matters and experienced in making FEC campaign finance reports. All the members of the Internal Review Committee had no prior involvement or oversight authority over the RIGOP's campaign finance reports. The Internal Review Committee was tasked with completing its review of the RIGOP's campaign finance reports in order to account for the discrepancy of \$44,364.32 by reconciling the RIGOP's campaign finance reports with its bank statements. The internal review required some time to complete because the RIGOP was not in possession of all its bank statements since 2001, and therefore had to obtain them. In addition, during this time period, a special election for Chairman occurred and the holiday season intervened. On December 21, 2011, Mark Zaccaria was elected Chairman of the RIGOP and Frias resumed his role as Vice Chairman of the RIGOP and was subsequently appointed Special Counsel for the RIGOP regarding these campaign finance issues. The RIGOP Executive Committee reconvened on two more occasions to obtain updates on the progress made by the Internal Review Committee. It was decided by the RIGOP's Executive Committee, at its meeting on December 29, 2011, that although it did not have in its possession all its bank statements, the RIGOP had sufficient information to explain the bookkeeping errors so as to notify the FEC and disclose these errors to the RIGOP's general membership at a meeting to be held on January 5, 2012.

### **BOOKKEEPING ERRORS**

Morrison, Chairman of the Internal Review Committee, determined that there were three bookkeeping errors. The first bookkeeping error involved a discrepancy of \$5,740.48. This amount relates to expenditures that were incurred by the RIGOP in 2002. During this time period, the RIGOP had failed to file campaign finance reports or keep proper records. It appears the RIGOP had difficulty obtaining documentation for the expenditure of \$5,740.48 in the past. Currently, the RIGOP does not have nor can obtain bank statements for 2002. The banks at which the RIGOP keep its accounts in 2002 no longer exist and their successors do not keep

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<sup>1</sup> On December 5, 2011, Mr. Tondreau, on his own initiative and without the authorization of the Acting Chairman, filed an amended report with the FEC, which reduced the cash balance by \$18,000. This amendment was due to the fact that Mr. Tondreau had in a prior report incorrectly listed an expenditure as being \$2,000 in amended filing when it was \$20,000 in the original filing. In other words, it was a simple human data entry error. He was subsequently instructed not to file any further reports without the authorization of the Chairman.

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documentation for its predecessors as far back as 2002. The RIGOP determined that the discrepancy of \$5,740.48 occurred in 2002 because the cash balances reported in 2001 in our campaign finance reports matched the bank statements for 2001, and the discrepancy of \$5,740.48 between the cash balance in campaign finance reports and in our bank statements existed by the beginning of 2003. The amount of \$5,740.48 constitutes a small amount of money in absolute dollars, and also in terms of percentage constitutes approximately two percent (2%) of funds the RIGOP received in 2002 in its federal account.

The second bookkeeping error involves a discrepancy of \$22,550. This was clearly a human data entry error. On October 26, 2004, RIGOP transferred \$22,550 from its federal account to its state account. Although the transfer of \$22,550 to the state operating account was disclosed in the RIGOP's Post General Report covering the period from October 1, 2004 through November 22, 2004, the actual amount of \$22,550 was inadvertently not deducted from the summary page. As a result, the RIGOP's cash balance on the summary page was \$22,550 larger than it should have been. However, the funds were transferred and the transfer was disclosed. It was only an inadvertent mistake on the summary page.

The third bookkeeping error involves a discrepancy of \$16,073.84. This amount relates to expenditures that were incurred by the RIGOP in 2006. The documentation for these expenditures in 2006 appears to have been misplaced. The RIGOP is in the process of obtaining bank statements for the account in which these expenses were incurred in 2006. The amount of \$16,073.84 constitutes a small amount of money in absolute dollars, and also in terms of percentage, since it constitutes approximately two percent (2%) of funds the RIGOP received in 2006 in its federal account.

### **CORRECTIVE ACTIONS**

In about one month from the discovery of the discrepancy, the RIGOP filed an amended report with the FEC providing a correct cash balance and made this *sua sponte* submission to the FEC. Further, an Internal Review Committee was appointed to conduct a review of the RIGOP's finances in order to ensure our reports are accurate. In other words, the RIGOP immediately adopted corrective action to review these errors.

Upon the filing of this amendment Mr. Tondreau will no longer be retained as Assistant Treasurer of the RIGOP, and the responsibility for filing campaign finance reports will be transferred to the Treasurer of the RIGOP, Barbara Holmes, CPA. The RIGOP will be sending her to Washington D.C. in order for Ms. Holmes to be trained and properly informed of all campaign finance requirements. For an interim period, she will have the assistance of Morrison, who is familiar with FEC procedures and has previously filed FEC reports.

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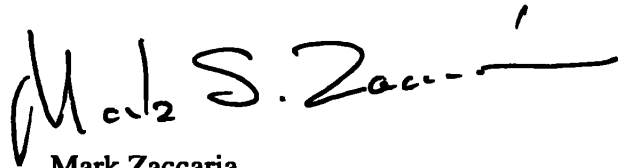
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Furthermore, to prevent these types of discrepancies from arising again, the RIGOP is currently implementing a best practices model to handle our filing procedures. Two initial controls that will be immediately implemented are as follows:

- The RIGOP will require that the Treasurer review and reconcile the RIGOP's bank statements prior to filing any campaign finance reports and,
- Within 180 days following the end of every fiscal year, the RIGOP will conduct an internal audit.

We apologize for these errors and have come forward of our own accord to correct them. We plan to fully cooperate with the FEC regarding any concerns or inquiries it may have. If you have any questions, please do not hesitate to contact us at your earliest convenience.

Sincerely,



Mark Zaccaria  
Chairman  
R.I. Republican State Central Committee

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