

**STATE OF RHODE ISLAND
BEFORE THE RHODE ISLAND ETHICS COMMISSION**

In re: Gayle Corrigan,
Respondent

Complaint No. 2018-5

INVESTIGATIVE REPORT

I. INTRODUCTION & TRAVEL OF THE CASE

On April 9, 2018, Renu Englehart filed the instant Complaint against Gayle Corrigan, the East Greenwich Town Manager (“Town Manager”), a municipal appointed position. The Complaint alleges that the Respondent did not timely file her 2016 Financial Statement (“2016 Statement”) with the Ethics Commission (“Commission”) in violation of R.I. Gen. Laws § 36-14-16. It is further alleged that the Respondent failed to disclose on her 2016 Statement that the Central Coventry Fire District (“CCFD” or “District”), a municipal fire district in the Town of Coventry, paid her company, Management Resource Partners, Inc. (“MRP”), in excess of \$79,000 during 2016 pursuant to a contract for District Manager services.

Pursuant to Commission Regulation 1003,¹ on April 24, 2018, the Commission made an initial determination that the Complaint states facts that, if true, are sufficient to constitute a knowing and willful violation of the Code of Ethics and authorized a full investigation. The investigation concluded on September 11, 2018.

This Investigative Report has been prepared in advance of a hearing on probable cause and details relevant evidence from the investigation for the purpose of the Commission’s

¹ In May 2018, the Ethics Commission codified the Code of Ethics into the Rhode Island Code of Regulations (“RICR”), a uniform state code containing the rules and regulations of the various Rhode Island agencies. In order to do so, the Ethics Commission reformatted and renumbered the Code of Ethics. As a result, Regulation 1003 now corresponds to Regulation 520-RICR-00-00-3.8 Initial Determination of Complaint (1003).

probable cause determination.

II. SUMMARY

The investigation revealed that the Respondent filed her 2016 Statement with the Commission on February 16, 2018, more than thirty (30) days after the Commission Staff forwarded the 2016 form to her. Accordingly, the Respondent failed to timely file a 2016 Statement as required by R.I. Gen. Laws § 36-14-16.

Further, in March 2016, the CCFD contracted with the Respondent's company, MRP, for the provision of District Manager services. MRP received in excess of \$200,000 in compensation from the CCFD during calendar year 2016. On her 2016 Statement, the Respondent failed to disclose that MRP did business in excess of \$250 with the CCFD, a municipal agency, as required by R.I. Gen. Laws § 36-14-17(b)(1) and Commission Regulation 36-14-17006 ("Regulation 17006").²

III. PROBABLE CAUSE STANDARD

At this stage of the Complaint process, the Commission determines whether probable cause exists to support the allegations of the Complaint. See R.I. Gen. Laws § 36-14-12(c). In making that determination, the Commission must objectively assess whether, under the totality of the circumstances, the facts supported by reasonably trustworthy information are sufficient to cause a reasonable person to believe that the Respondent has violated the Code of Ethics.

The test for probable cause involves an objective assessment in which the examining court determines, under the totality of the circumstances, whether "the facts and circumstances within . . . [their] knowledge and of which they had reasonably trustworthy information [are] sufficient in themselves to warrant a man of reasonable caution in the belief that' an offense has been or is being committed."

² Regulation 17006 now corresponds to Regulation 520-RICR-00-00-4.9 Doing Business with a State or Municipal Agency (36-14-17006).

State v. Flores, 996 A.2d 156, 161 (R.I. 2010) (quoting Maryland v. Pringle, 540 U.S. 366, 372 n.2 (2003) (quoting Brinegar v. United States, 338 U.S. 160, 175-76 (1949))).

“Probable cause ‘does not demand any showing that such a belief be correct or more likely true than false.’” Flores, 996 A.2d at 161 (quoting Texas v. Brown, 460 U.S. 730, 742 (1983)). However, probable cause lies somewhere beyond “bare suspicion.” Id. (citing United States v. Prandy-Binett, 995 F.2d 1069, 1070 (D.C. Cir. 1993)).

IV. RESULTS OF INVESTIGATION

A. Timeliness of 2016 Statement.

1. Facts.

On June 19, 2017, the East Greenwich Town Council appointed the Respondent as the Acting East Greenwich Town Manager.³ The East Greenwich Town Clerk notified the Commission of the Respondent’s appointment as Town Manager on January 2, 2018. On January 9, 2018, Commission Staff forwarded a 2016 form to the Respondent, along with the Instruction Sheet thereto. The Commission received the Respondent’s completed 2016 Statement on February 16, 2018, thirty-eight (38) days after its mailing.

2. Discussion.

Within thirty (30) days of appointment to office, state and municipal appointed officials are required to file a financial statement on a form prescribed by the Commission and including the account of financial activity of the official for the preceding calendar year. See §§ 36-14-16(a) & (b) and 36-14-17(a). The Commission shall mail the appointed official the required form within seven (7) days after the date of appointment. See § 36-14-16(d). Pursuant to

³ On July 24, 2017, the Council voted to remove the “Acting” designation from the Respondent’s title as Town Manager. As a result of litigation, on November 20, 2017, the Council voted 3-2 to approve the Respondent’s appointment as Town Manager, retroactive to June 19, 2017.

Regulation 36-14-16001⁴, in the event that the Commission has not received official written notice of the individual's appointment, the time period for the mailing of the form shall be extended.

Here, the Commission Staff mailed the Respondent the 2016 form within seven (7) days of receiving notification of her appointment from the Town Clerk. Although the 2016 form was forwarded to the Respondent on January 9, 2018, the Commission did not receive her completed 2016 Statement until February 16, 2018, thirty-eight (38) days after its mailing. Accordingly, the Respondent's 2016 Statement was not timely filed with the Commission.

B. Failure to Disclose Business with Public Body.

1. Facts.

At all times hereto relevant, the Respondent has been the sole owner and officer of MRP. MRP provides business consulting, management, and professional temporary staffing services to municipalities, fire districts, private businesses and nonprofits in Rhode Island and Massachusetts, including services as turn-around specialists.

On March 19, 2016, the CCFD, acting by and through its Board of Directors, entered into an agreement (the "Agreement") with MRP to assist the Board in reducing the costs and expenses of the District while improving the District's operations, management, and efficiency. Pursuant to the Agreement, MRP provides the CCFD with fiscal and management oversight services, surplus asset/equipment inventory and disposition, human resources management, and company-assigned personnel. The Agreement designates that District Manager services are to be provided by the Respondent. The CCFD subsequently extended its Agreement with MRP, which

⁴ Regulation 16001 now corresponds to Regulation 520-RICR-00-00-4.3 Commission Mailings (36-14-16001).

continues to provide services under same, including the Respondent's service as District Manager.

During the period from March 2016 through December 2016, MRP submitted thirty-seven (37) invoices to the CCFD for its services, in a total amount of \$200,873.39. Of that amount, \$99,000 was billed for the Respondent's services as District Manager.

The Chairperson of the CCFD Board of Directors, Fred Gralinski, advised Chief Investigator Steven T. Cross that the Agreement between MRP and the CCFD, which has been extended and amended by the Board, remains in effect to date. The Respondent has continuously served as District Manager since March 1, 2016. Chair Gralinski confirmed that the CCFD paid MRP for all services it provided during 2016 and no outstanding bills remain from 2016.

Question No. 6 of the 2016 Statement seeks information relative to income earned through employment and self-employment during calendar year 2016. Part I directs the filer to disclose the name and address of any employer from which \$1,000 or more in gross income was received during 2016, or from which \$1,000 or more gross income was received through self-employment, and the dates and nature of occupation or profession. In response thereto, the Respondent disclosed that she was self-employed by MRP during 2016 in its entirety.

Part II of Question No. 6 applies if the filer was self-employed during calendar year 2016 and received more than \$250 in gross income in return for services rendered to a state or municipal agency. It directs the filer to disclose the name and address of the agency receiving services, and the dates and nature of services rendered.⁵ In response thereto, the Respondent listed "N/A."

⁵ As to Part II, the Instruction Sheet specifies that services rendered to a state or municipal agency includes services to regional authorities such as fire districts or water authorities.

Question No. 11 seeks disclosure of ownership and investment interests in businesses. In response thereto, the Respondent listed that she is the 100% owner of MRP. If a business listed in Question No. 11 had one or more business transactions with a state or municipal agency that, collectively, exceed \$250, it must be further disclosed in Question No. 12.⁶ In response to Question No. 12, the Respondent also listed “N/A.”

Subsequent to the filing of the instant Complaint, on May 18, 2018, the Respondent filed an Amended 2016 Statement with the Commission. In response to Question No. 6, she disclosed that she received income from MRP, of which she is the owner, but did not identify it as self-employment, as she previously had done. In response to Question No. 11, she again disclosed that she is the 100% owner of MRP. However, with respect to Question No. 12, she disclosed that MRP provided “contractual managerial and administrative functions/services” to the CCFD from March 2016 through December 31, 2016.

The investigation yielded evidence that Respondent was cognizant that the CCFD, a fire district in the Town of Coventry, is a municipal agency. The Agreement, executed by Respondent on behalf of MRP, specifies that the District acts by and through its Board of Directors “who have been duly elected pursuant to R.I. Public Law, 2006, Chapter 492 (the ‘District Charter’).”⁷ Insurance requirements set forth therein provide that MRP and MRP-assigned personnel will be listed as additional insured “on all District municipal and executive protection insurance policies.”

⁶ As to Question No. 12, the Instruction Sheet specifies a state or municipal agency includes any branch, division or entity of state or local government, and includes quasi-public agencies and regional authorities.

⁷ Pursuant to Section 6 (c) of the District Charter, the members of the Board of Directors and any official appointed by the Board shall be subject to the Rhode Island Code of Ethics in Government, Chapter 14 of Title 36 of the Rhode Island General Laws.

Further, pursuant to Exhibit A of the Addendum to Agreement, the contract position of Administrative Clerk, which reports to the Respondent as District Manager, must obtain and maintain certification in the Rhode Island Access to Public Records Act (APRA). Said position is also responsible for compliance with the Rhode Island Open Meetings Act, in conjunction with the District Manager and legal counsel. At all times during the Respondent's tenure as District Manager, the CCFD has filed notices of open meetings and meeting minutes with the Office of the Secretary of State.

2. Discussion.

The account of financial activity on the financial statement shall list all sources of occupational income identified by employer, or if self-employed, by the nature of occupation or profession, and if income was received from a state or municipal agency, the name and address of such agency and the nature of the services rendered. Section 36-14-17(b)(2). Pursuant to Commission Regulation 36-14-17001⁸, if self-employed and services in excess of two hundred and fifty dollars (\$250) were rendered to a state or municipal agency, the period of employment or dates services were rendered and the specific nature of the services must be listed.

Further, the account of financial activity shall include the name and address of any business entity in which the official held a ten percent (10%) or greater equity interest or five thousand dollars (\$5,000) or greater cash value interest at any time during the calendar year. Section 36-14-17(b)(7). It shall also state the date and nature of any business that the official or a business entity in which she held a ten percent (10%) or greater equity interest or five thousand dollars (\$5,000) or greater cash value interest at any time during the calendar year has done with a state or municipal agency that collectively exceeds two hundred fifty dollars (\$250) during the

⁸ Regulation 17001 now corresponds to Regulation 520-RICR-00-00-4.4 Occupational Income (36-14-17001).

calendar year. See § 36-14-17(b)(1); Commission Regulation 17006. Fire districts are expressly included within the definition of “municipal agency.” Section 36-14-2(8)(ii); Commission Regulation 36-14-2002(4)(b).⁹

Despite that fact that the Respondent’s company engaged in business transactions with the CCFD that exceeded \$200,000 in calendar year 2016, the Respondent failed to disclose MRP’s business with the CCFD, a municipal agency, on her 2016 Statement. In her Amended 2016 Statement, filed subsequent to the instant Complaint, the Respondent disclosed that her company did business with the CCFD in excess of \$250. As such, the Respondent failed to make timely disclosure of her company’s business with a public body, as required by § 36-14-17(b)(1) and Regulation 17006.

V. CONCLUSION

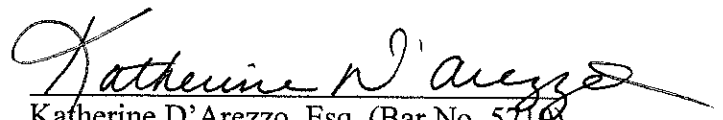
Based upon the above cited facts and discussion, the Prosecution submits that:

- 1) There exists probable cause to believe that the Respondent failed to timely file a 2016 Financial Statement, in violation of R.I. Gen. Laws § 36-14-16.
- 2) There exists probable cause to believe that the Respondent failed to timely disclose on her 2016 Financial Statement that her company, Management Resource Partners, Inc., did business with the Central Coventry Fire District, in violation of R.I. Gen. Laws § 36-14-16.

Dated:

9/11/18

Respectfully Submitted,


Katherine D'Arezzo, Esq. (Bar No. 5716)
Commission Prosecutor

⁹ Regulation 2002 now corresponds to Regulation 520-RICR-00-00-1.1.3 Additional Definitions (36-14-2002).