

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

**In re: Maria Vallee
Respondent**

Complaint No. 2010-9

INFORMAL RESOLUTION AND SETTLEMENT

The Respondent, Maria Vallee, and the Ethics Commission Prosecutor, representing the People of the State of Rhode Island, hereby agree to a resolution of the above-referenced matter as follows, subject to the approval of the Rhode Island Ethics Commission:

A. Findings of Fact and Admissions

The parties agree to and admit the following:

1. Respondent is currently an employee of the Town of North Providence. In May of 2007, she was appointed to the position of Acting Finance Director for the Town, where she served until her resignation in May of 2011. The Respondent was aware that, as Acting Finance Director, she was subject to the provisions of the Rhode Island Code of Ethics.
2. The CDBG (Community Development Block Grant) loan program is a U.S. Department of Housing and Urban Development (HUD) program administered by various cities and towns, then including North Providence, to enable the offering of various programs, including the Home Repair Loan Program (HRLP) to provide low-interest loans to low and moderate-income families based on criteria established by federal regulations.
3. Respondent, as Acting Finance Director, participated in the administration of North Providence's HRLP along with the North Providence Director of Administration, Rocco Gesualdi, and a Town employee, Sherry Arlia.
4. The applicable federal regulations utilized by the Town for evaluation of HRLP loans, which were adopted by the Town, defined eligibility for assistance under this program based upon the applicant's total household income, and prohibited certain individuals, including elected or appointed officials of the Town such as the Respondent, from obtaining a home repair loan through the HRLP.
5. In 2008, the maximum aggregate family income for a family applying for a home repair loan was \$58,550. Based upon the Respondent's salary when first appointed to the position of Finance Director and her spouse's income, the Vallees did not qualify under the program rules because their combined household income was \$125,000.

6. Respondent was advised by the Town's Director of Administration, Rocco Gesualdi, that she could apply for a home repair loan through the HRLP. Notwithstanding Gesualdi's advice and opinion, Respondent was aware that the HRLP rules and regulations included income eligibility requirements and limitations on participation by Town officials. Because Respondent was aware of the applicable requirements and prohibitions, any reliance she placed upon statements or advice of others in applying for the loan or in submitting requests for payment was unwarranted and, therefore, in reckless disregard of the likelihood, known to her, that such statements or advice were unreliable.

7. On May 5, 2008, the Respondent's spouse submitted to the Town a Home Repair Loan Application ("application") for property that was co-owned by the Respondent and her spouse and located at 42 Esther Drive, North Providence, Rhode Island.

8. Although the administrators of the HRLP, including Respondent, were aware that the program contained income eligibility limits and other eligibility requirements, they acted in deliberate ignorance of these requirements in the case of the Vallee loan.

9. Although the Respondent did not directly participate in the approval of her own loan application, in that the written loan approval was signed only by Gesualdi and Arlia, the Respondent did not prepare or deliver to the Commission the statement of conflict of interest required by section 36-14-6 of the Code of Ethics.

10. The Town approved a \$43,595 loan for Michael Vallee on May 8, 2008. Respondent and her spouse entered into the loan transaction and accepted the loan proceeds.

11. Respondent, in her capacity as Acting Finance Director, caused the Town of North Providence to issue checks from the loan proceeds to her contractor.

12. In 2010, after problems relative to North Providence's management of the CDBG program came to light, North Providence's participation in the program was suspended and any funds committed to ineligible households were required to be paid back. In September 2010, the Vallees paid off their HRLP loan based on a payoff amount provided by the Town.

B. Conclusions of Law

1. The Respondent was at all relevant times the Acting Finance Director of the Town of North Providence, a position that was subject to the Rhode Island Code of Ethics.

2. Section 36-14-5(a) of the Code of Ethics provides that no person subject to the Code shall engage in any transaction, or incur any obligation of any nature, which is in substantial conflict with the proper discharge of her duties or employment in the public interest and of her responsibilities.

3. Section 36-14-6 of the Code of Ethics provides that any person subject to the Code who, in the discharge of her official duties, is or may be required to take an action, make a decision or refrain therefrom that will or can reasonably be expected to directly result in an economic benefit to herself shall, before taking such action or refraining therefrom, prepare and deliver to the Commission a written statement, sworn to under the penalties of perjury, describing the matter requiring action and the nature of the potential conflict.

4. The Respondent had access to and was presumed to be familiar with the Rhode Island Code of Ethics and the rules and regulations governing the HRLP and the CDBG program. By failing to apply the applicable HRLP and CDBG regulations to her spouse's ineligible loan application, and by causing Town checks to be issued from the loan proceeds to her contractor, the Respondent showed reckless disregard and deliberate ignorance of the requirements of the CDBG program and of the conflict of interest provisions of the Code of Ethics, resulting in a violation of section 36-14-5(a).

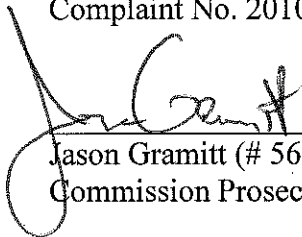
5. By failing to prepare and file a written statement of conflict of interest relative to the loan committee's approval of the loan for her residence, the Respondent violated section 36-14-6.

C. Penalties and Terms of Settlement


Pursuant to the above Findings of Fact and Admissions, and Conclusions of Law, the Respondent and the Commission Prosecutor agree, subject to the approval of the Rhode Island Ethics Commission, to the following pursuant to R.I. Gen. Laws § 36-14-13(d):

1. The Prosecution will recommend, and the Respondent agrees to pay, a civil penalty of no more than Eight Thousand Dollars (\$8,000). Notwithstanding such agreement, the Respondent reserves the right to request, at the hearing on this agreement, the imposition of a lesser civil penalty or the imposition of no penalty.

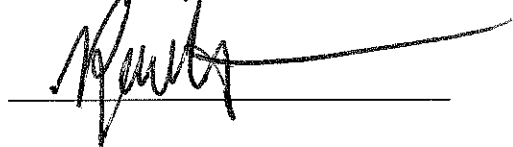
The above terms represent the full and complete Informal Resolution and Settlement for Complaint No. 2010-9.


Jason Gramitt (# 5636) 7-8-13
Commission Prosecutor Date


Maria Vallee 7/3/13
Respondent Date


Anthony M. Traini (# 4793) 7/8/13
Counsel for Respondent Date

APPROVED by vote of the
Rhode Island Ethics Commission
On 7/23/13, 2013:



STATE OF RHODE ISLAND
BEFORE THE RHODE ISLAND ETHICS COMMISSION

In re: Maria Vallee
Respondent

Complaint No. 2010-9

ORDER

This matter was heard before the Rhode Island Ethics Commission on July 23, 2013, pursuant to Commission Regulation 1011. Having considered the Complaint herein, the arguments of counsel and the proposed Informal Resolution and Settlement, it is hereby

ORDERED, ADJUDGED AND DECREED

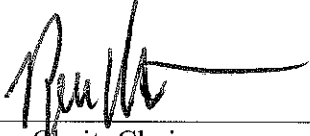
THAT, the Commission approves the Informal Resolution and Settlement as submitted; and

THAT, the Commission adopts and incorporates by reference herein the Findings of Fact and Admissions, and the Conclusions of Law, set forth in the Informal Resolution and Settlement; and

THAT, the Respondent violated R.I. Gen. Laws § 36-14-5(a) and § 36-14-6; and

THAT, the Respondent is ordered to pay a civil penalty in the amount of
Eight Thousand Dollars (\$8,000).

Entered as an Order of this Commission,



Ross Cheit, Chair

7/23/13
Date