RAYMOND GALLISON – JANUARY 23, 2017

This morning, having concluded an extensive grand jury investigation, we filed in federal court here in Providence a nine-count Information charging former Rhode Island state representative and House Finance Committee Chair Raymond Gallison with nine felonies: four counts of mail fraud, one count of wire fraud, one count of aggravated identity theft, and three tax related charges. Also filed in federal court today is a Plea Agreement, pursuant to which, if accepted by the District Court, former Representative Gallison will spend a mandatory minimum of two years in federal prison, and the government’s sentencing recommendation will be in excess of that. Mr. Gallison will also be ordered to make full restitution, much of which has already been or soon will be recovered.

The charges in the Information allege a wide-range of fraudulent and deceptive conduct by former Representative Gallison, with one principal objective: to steal private money, hide his misuse of public money, and cover his tracks while doing so. He stole money from the estate of an individual with few friends or family, who entrusted that estate to him before his death. He diverted money from a special needs trust established to protect the long-term welfare of a disabled person. He represented to the IRS that in a given year, an entity he controlled, Adult Educational Programming, or AEP, had used public money, provided through a series of state legislative grants, to assist a large number of college students, when in fact he assisted less than a handful and diverted the money to himself and another person. At bottom, he lied and he stole, in a variety of ways and from a variety of people. That conduct has led to his removal from public office, and from a position of legislative leadership, and deservedly so.

As alleged in the Information, former Representative Gallison’s schemes to defraud, and his violations of federal tax law, were multifaceted, and in some instances intertwined.

The first four counts of the Information, as well as count six, arise from former Representative Gallison’s alleged criminal conduct regarding the estate of a person who described him as a “good friend” in his will. Under the terms of the will, executed in 2009, Mr. Gallison was named as Executor. After the person died in February of 2012, Mr. Gallison, rather than directing the estate’s substantial assets to the designated beneficiaries - several charitable organizations - diverted those assets to his own, personal, use. As alleged in the Information, he used the decedent’s credit card to purchase personal items at a variety of retail outlets. He sold the decedent’s property at a pawn shop in Fall River. He sold the decedent’s car to a family member for less than its true value and pocketed the cash. He stole the decedent’s health insurance premium refund. He stole the decedent’s home and car insurance dividend checks. He stole thousands of dollars in cash by transferring it from the estate’s bank account to his personal checking account. He stole dividends on stocks that had belonged to the decedent, totaling over $116,000, and used those amounts to pay personal expenses, such as amounts he owed on a home equity loan, and to purchase stocks in his own name. And he went further, in some instances scheming, successfully, to steal the estate’s stocks outright, by having the stock certificates transferred to him in his own name. The value of the stolen stocks at the time of the theft exceeded $515,000. In another instance, he used the decedent’s name and social security number to access the decedent’s online brokerage account and liquidate the stocks, pocketing the funds. To cover his tracks, he filed false documents with the Barrington Probate Court vastly understating the value of the decedent’s estate.

Count Five of the Information arises from former Representative Gallison’s theft of money from a special needs trust established for the benefit and protection of a disabled person. Mr. Gallison was the sole Trustee of the trust, and obligated to use its assets solely for the benefit of the disabled person. As already noted, Mr. Gallison, during the time relevant to this case, was also a principal of AEP, Alternative Educational Programming, an organization with tax exempt status under section 501(c)(3) of the internal revenue code. AEP received state legislative grants, and its stated purpose was to provide educational programs to students who needed assistance with course work, and disadvantaged students. As alleged in the Information, in 2013, AEP owed nearly $9000 to CCRI in unpaid tuition fees. Casting aside his responsibilities as trustee, Mr. Gallison paid AEP’s debt to CCRI by stealing money from the special needs trust. Former Representative Gallison did not return the stolen money until April of 2016, approximately two weeks after being interviewed by investigators.

Count Seven of the Information charges former Representative Gallison with filing a false federal tax document. This charge also arises from Mr. Gallison’s involvement in AEP. In 2014, Mr. Gallison caused to be filed with the IRS a document that contained a number of falsehoods. Those falsehoods are set forth in the Information, but among them was a declaration that between July 2012 through June 2013, AEP had paid over $77,000 in tuition and related fees and expenses on behalf of 47 students. In truth, over that time period, he paid, on behalf of AEP, only a little over $3000 to assist two students, while paying over $64,000 to himself and another person involved with AEP in wages and consulting fees, for no work undertaken on AEP’s behalf.

Finally, Counts Eight and Nine of the Information charge former Representative Gallison with under-reporting his income for federal income tax purposes for tax years 2012 and 2013. Not surprisingly, Mr. Gallison did not report on his tax returns for those years the amounts he stole from the estate, nor the full amounts earned those years from his law practice and AEP.

There are those who have said, and likely will say again, that criminal conduct like that alleged against former Representative Gallison should cause Rhode Islanders less concern, because such criminal conduct occurred in connection with his private life, and not in connection with his work as a state representative. As I have said before, in the context of other cases, I completely reject that way of thinking. It is at best ironic that Mr. Gallison engaged in wide-ranging financial fraud while serving as House Finance Chair. It is naïve, and perhaps even foolish, to believe that anyone so willing to engage in repeated criminal conduct could also uphold their oath and serve the people of Rhode Island well.

During my tenure as United States Attorney, I have stood often in this very place, with many of these same law enforcement partners, talking about these very issues. Councilman Burchfield. Councilman Douglas. Councilman Zambarano. Mayor Moreau. Senator Masselli. Deputy Speaker McCauley. Speaker Fox. And now, former House Finance Chair Gallison. All walked into federal court, and later into federal prison. I wish that I could say, with confidence, that we are at the end of the line, and that no other trains will pass this way. I suspect, however, that there will be more work to do. I am heartened, though, by the ability of the people standing with me today, and that of many others, to counter this threat to the well-being of the people of Rhode Island.