

STATE OF RHODE ISLAND
BEFORE THE RHODE ISLAND ETHICS COMMISSION

IN RE: FRANK HYDE

COMPLAINT NO. 2008-5

ORDER

This matter came before the Rhode Island Ethics Commission on February 24, 2009, pursuant to Commission Regulation 1011, for review of a proposed Informal Resolution and Settlement between the Respondent and the Ethics Commission. After consideration the complaint, answer, Informal Resolution and Settlement and the representations of counsel, it is hereby

ORDERED ADJUDGED AND DECREED

1. That the Ethics Commission approves the Informal Resolution and Settlement, and incorporates herein by reference its Findings of Facts and Conclusions of Law; and
2. That due to mitigating factors considered by the Ethics Commission, the civil penalty imposed under the Informal Resolution and Settlement is reduced to Two Hundred Dollars (\$200).

Entered as an Order of the Ethics Commission,



Barbara Binder, Chairperson

Dated: 2/27/2009

STATE OF RHODE ISLAND
BEFORE THE RHODE ISLAND ETHICS COMMISSION

IN RE: **FRANK HYDE**

COMPLAINT NO. 2008-5

INFORMAL RESOLUTION AND SETTLEMENT

The Respondent, Frank Hyde, and the Rhode Island Ethics Commission hereby agree to a resolution of the above-referenced matter as follows:

A. Findings of Fact and Admissions

1. The Respondent was at all relevant times a member of the Coventry Town Council, a municipal elected position.
2. In his private capacity, the Respondent is the owner of Hyde Music, Inc., a Rhode Island corporation engaged in the retail sale and rental of musical instruments and equipment, located at 760 Tiogue Avenue, Coventry, RI.
3. By virtue of his status as a municipal elected official during calendar year 2007, the Respondent was required to file, on or before April 25, 2008, a financial disclosure statement for calendar year 2007 with the Rhode Island Ethics Commission.
4. On his 2007 financial disclosure statement filed with the Ethics Commission, the Respondent listed his home address as 401 Fairview Avenue, Coventry, RI.
5. Question 7 of the 2007 financial disclosure statement required the listing of any real estate, other than the filer's primary residence, in which the filer held a financial interest. This disclosure is required pursuant to R.I. Gen. Laws § 36-14-17(b)(3).
6. In reply to Question 7 of the 2007 financial disclosure statement, the Respondent listed a single piece of real estate, "10 A+B Albro Ln., Coventry, RI."

7. During the 2007 calendar year, in addition to the Respondent's property at Albro Lane, the Respondent and his spouse were joint owners in real estate with an address of 37 Morin Avenue, Coventry, RI. The Respondent failed to disclose his financial interest in 37 Morin Lane, as was required.
8. Question 16 of the 2007 financial disclosure statement required the listing of "any person, business entity or other organization," to whom the filer was "indebted in an amount in excess of one thousand dollars (\$1,000)," other than (1) indebtedness to certain relatives, (2) indebtedness to a financial institution that is secured solely by a mortgage of record on real property used exclusively as the filer's principal residence, or (3) indebtedness arising from credit card transactions. This disclosure is required pursuant to R.I. Gen. Laws § 36-14-17(b)(8).
9. In reply to Question 16 of the 2007 financial disclosure statement, the Respondent wrote, "NA."
10. During the 2007 calendar year, Frank Hyde became personally indebted to four different business entities, all in amounts over \$1,000. This indebtedness originated as business debt carried by the Respondent's business, Hyde Music, Inc., but, given the Respondent's personal guarantee of repayment, became the Respondent's personal debt upon Hyde Music, Inc.'s default and/or nonpayment. This indebtedness is as follows:
 - A. Bank of America. During 2007, the Respondent was indebted to Bank of America in the amount of \$110,752.09, based on Hyde Music, Inc.'s nonpayment and/or default of its loan obligations to Bank of America, given the Respondent's personal guarantee of such obligations;
 - B. Citizens Bank. In 2007, the Respondent was indebted to Citizens Bank of Rhode Island in the amount of \$69,303.18, based Hyde Music, Inc.'s

nonpayment and/or default of its loan obligations to Citizens Bank, given the Respondent's personal guarantee of such obligations.;

C. D'Angelo, Inc. In 2007, the Respondent was indebted to D'Angelo, Inc. in the amount of \$37,232.09, based on Hyde Music, Inc.'s nonpayment and/or default of its lease obligations to D'Angelo, Inc., given the Respondent's personal guarantee of such obligations;

D. JR Music Supply. In 2007, the Respondent was indebted to JR Music Supply, LLC in the amount of \$2,535.03, based on Hyde Music, Inc.'s and the Respondent's nonpayment on a book account for musical instruments and equipment, given the Respondent's joint obligation to repay said book account.

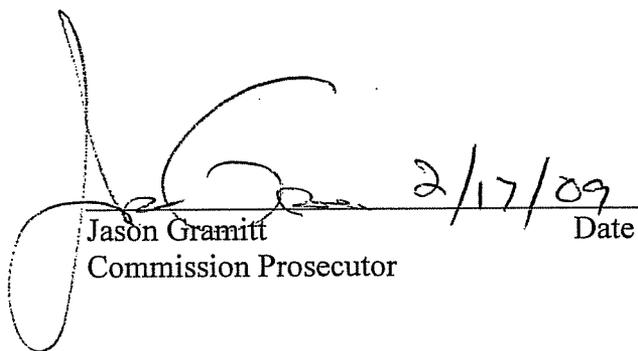
11. In his 2007 financial disclosure statement, the Respondent was required to disclose the above indebtedness, but failed to do so.
12. On August 25, 2008, the instant complaint was filed against the Respondent. The Respondent has cooperated with the Ethics Commission's investigation, and has indicated that he had incorrectly assumed that the above-listed debt was not subject to disclosure because it had originated as the business debt of Hyde Music, Inc. Furthermore, the Respondent attributes his failure to list the real estate at 37 Morin Ave., Coventry, to oversight, correctly noting that he had previously disclosed this interest in his prior years' statements.
13. After consultation with Ethics Commission staff, and prior to entering into the instant informal resolution and settlement, the Respondent voluntarily filed amendments to his 2007 financial disclosure statement, disclosing the above indebtedness as well as his financial interest in the real estate at 37 Morin Ave., Coventry.

B. Conclusions of Law

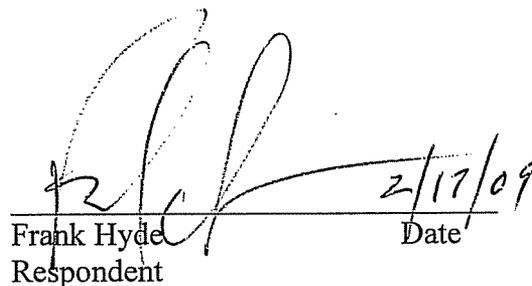
1. The Respondent, a member of the Coventry Town Council, a municipal elected position, was at all relevant times subject to the Code of Ethics and its financial disclosure requirements.
2. The Respondent, by failing to disclose his financial interest in the real estate at 37 Morin Ave., Coventry on his 2007 financial disclosure statement, violated R.I. Gen. Laws § 36-14-16.
3. The Respondent, by failing to disclose his indebtedness in an amount over \$1,000 to Bank of America, Citizens Bank of Rhode Island, D'Angelo, Inc., and JR Music Supply, LLC on his 2007 financial disclosure statement, violated R.I. Gen. Laws § 36-14-16.

C. Settlement

1. The Respondent agrees that, pursuant to the above Findings of Fact and Conclusions of Law, the Prosecution will recommend, pursuant to R.I. Gen. Laws § 36-14-13(d), the imposition of a civil penalty of Five Hundred Dollars (\$ 500). The Respondent agrees to the payment of said civil penalty.
2. The above terms represent the full and complete Informal Resolution and Settlement for Complaint No. 2008-5.



Jason Gramitt
Commission Prosecutor
2/17/09
Date



Frank Hyde
Respondent
2/17/09
Date