

March 13, 2011

On March 12, 2009, the Mid-Atlantic Rugby Football Union released a statement regarding what appeared to be serious misuse of the MARFU checking account by the past President and past Treasurer. The checking account records indicate that these past MARFU officers had regularly used the MARFU checking account and MARFU debit cards to pay for apparent personal expenses.

Due to the lengthy investigative process and legal hearings involved in this matter, MARFU is finally able to follow up on its original statement.

On March 27, 2009, our financial situation was reported to the Arlington County Police Department. The former MARFU officers named in the report were Elaine Recchiuti (past President) and Patrick Costello (past treasurer).

To aid the Arlington County police, it was necessary to go through our bank statements, indicating what MARFU considered to be "non-rugby" related charges. We checked records from when our current account was opened in January 2005 through the present. Suspecting misuse of the MARFU account prior to January 2005, bank records were obtained back to March 2002.

Going through the bank records, we discovered that Mr. Costello and Ms. Recchiuti each were in the possession of a credit or check card. We attributed over 250 non-rugby transactions to over 90 different customers to Mr. Costello's cards and 1675 non-rugby transactions to over 200 different customers to Ms. Recchiuti's cards. We were very careful and conservative in what we categorized as non-rugby related expenses. For example, a number of suspect flights and hotel rooms were not included in our report to the police.

Examples of non-rugby related expenses charged to Mr. Costello's card included Calphalon Kitchen Outlet, Chesapeake Outerwear, Dr. Tracy Durrett, Edinburgh Castle Tickets, Grooming Lounge, Guinness Storehouse Dublin, Jennifer Convertibles, Pottery Barn, Sports Club LA Washington, and Total Wine.

Examples of non-rugby related expenses charged to Ms. Recchiuti card included Astrology.com, Bed Bath & Beyond, Click-n-ship, Discover Card Bill Payment, beauty.com, Kohl's, onlineshoes.com, overstock.com, QVC, Sierra Trading Post, and Parking Tickets.

We believed approximately \$205,000 had been spent on non-rugby related expenses

While categorizing the thousands of transactions, it was discovered that a fair sum of money had been deposited back into the MARFU account. In total, it appears that approximately \$122,000 was deposited into the MARFU account. The deposits could not be attributed to any reimbursements from any rugby programs. The deposits appeared to be from personal checks or cash. Most, if not all, of the deposits were believed to be from Mr. Costello.

Taking the spending and deposits into account, it looked as if MARFU was approximately \$83,000 short.

The deposits were pointed out to the Arlington County Police. However, MARFU was told that what mattered was intent; that the crime was misuse of funds, regardless of any repayments.

On July 16, 2009 MARFU turned over the following to the Arlington County Police

- MARFU Bank Statements (with improper transactions indicated) - 2002 to December 2008
- MARFU Deposits - March 2003 to December 2008

- MARFU Checks - July 2003 to Jan 2008 (missing April 2005 to July 2005, Feb 2008 to December 2008)
- MARFU Budget Reports (as presented by Pat Costello, now believed to be falsified by him) - December 2002 to March 2008
- MARFU Receipts
- An extensive spreadsheet of the calculations as compiled by Eric Pittelkau.

Over the next several months, the Arlington County Police entered our information into their records, issued subpoenas, gathered statements from individual MARFU Board members, and individually met with Mr. Costello and Ms. Recchiuti.

On Feb 16, 2010, both Mr. Costello and Ms. Recchiuti were brought before the Grand Jury. Trial dates were set.

In the next several months, MARFU's contact with the Arlington County Police and the prosecuting attorney was minimal. It was during this time that the prosecuting attorney met often with the attorneys of Mr. Costello and Ms. Recchiuti.

Although trial dates were set for both Mr. Costello and Ms. Recchiuti, due to the overwhelming evidence, neither went to trial. Therefore, no Board member from MARFU was ever required to testify against either Mr. Costello or Ms. Recchiuti.

On May 5, 2010, Patrick Costello entered a plea of guilty on 11 felony counts of embezzlement. Each count represents a six month spending period from August 2002 through July 2008. On November 12, 2010, his sentencing was continued until November 9, 2012.

On June 29, 2010, Elaine Recchiuti entered a plea of guilty on 8 felony counts of embezzlement. Each count represents a six month spending period from January 2005 through December 2008. On September 9, 2010, she was sentenced to 6 years with 4 years 9 months suspended. In addition, 10 years of probation was given. Last, the judge ordered that some amount of restitution be paid by Ms. Recchiuti.

On December 5, 2010, the Arlington County detective and the prosecuting attorney attended MARFU's Annual General Meeting (AGM). During the meeting, the detective and the prosecuting attorney gave Board members several details regarding the case. We were told that there was a jurisdiction question raised by Ms. Recchiuti's attorney. Mr. Costello worked with the prosecuting attorney to prove Ms. Recchiuti's connection to Arlington and hence establish jurisdiction. They told us that overall Mr. Costello was very cooperative while Ms. Recchiuti was not.

It is worth noting that the sentences given to Mr. Costello and Ms. Recchiuti were handed out by the state of Virginia. Additionally, these sentences were never influenced by MARFU as there never was a trial for either Mr. Costello or Ms. Recchiuti. It was explained to the MARFU Board by the Commonwealth Attorney that the difference in sentencing can be based upon Mr. Costello's reimbursement of his spending, his cooperation with the attorneys, and any plea bargains that may have been made between the attorneys.

Since discovering the abuse, the Board continues to review the process to ensure a situation like this never occurs again.

Please feel free to direct any questions regarding this matter to MARFU.

On behalf of the MARFU Board,  
-Kris Kabza  
MARFU President