STATE OF CONNECTICUT

STATE ETHICS COMMISSION

May 3, 2005

PRESS RELEASE

On May 2, 2005, the State Ethics Commission and Konover Properties Corporation ("Konover Properties") entered into the attached Stipulation and Order. The Stipulation and Order fully resolves a complaint dated May 2, 2005 (Docket No. 2005-5) filed by Ethics Commission Principal Attorney Alice M. Sexton against Konover Properties alleging violations of the gift ban in the Code of Ethics for Public Officials for providing meals in excess of the $50 annual meal limit to state employees and public officials.

In particular, the Complaint alleges that in 2002 and 2004, Konover Properties and related business entities were doing business with one or more state agencies. The Complaint further alleges that Konover Properties hosted two parties at which the value of the food and beverage provided to persons in attendance at each party, including one or more public officials or state employees, exceeded the annual food and beverage limit of $50.00. In particular, in December, 2002, Konover Properties co-hosted a holiday party to which it, or one of its related business entities, invited state employees and/or public officials from agencies with which it was doing business. The value of the food and beverage provided to those in attendance at the 2002 event was approximately $115 per person. Additionally, in January, 2004, Konover Properties and its related business entities hosted a reception to which it invited state employees with whose agency it was doing business. The value of the food and beverage provided to guests at the 2004 reception was approximately $80 per person.

As a result of the Stipulation and Order, Konover Properties is required to pay a civil penalty of $7,700 to the State Ethics Commission.

FOR FURTHER INFORMATION, CALL:

Alice M. Sexton
Principal Attorney
(860) 566-4472 x 305
Or
Hugh Macgill
Chairman
State Ethics Commission
(860)570-5484

STATE OF CONNECTICUT

STATE ETHICS COMMISSION

DOCKET NUMBER 2005-5	:	STATE ETHICS COMMISSION
	:	
IN THE MATTER OF A	:	20 TRINITY STREET
	:	
COMPLAINT AGAINST	:	HARTFORD, CT 06106
	:	
KONOVER PROPERTIES CORP.	:	MAY 2, 2005

STIPULATION AND ORDER

Pursuant to Connecticut General Statutes §4-177(c), the State Ethics Commission ("Commission") and the Respondent, Konover Properties Corporation, (hereinafter "the Respondent") agree to settle this matter in the manner described below:

1. WHEREAS, on May 1, 2005, the Commission filed a Complaint against the Respondent alleging that it violated the Code of Ethics for Public Officials, Conn. Gen. Stat. §1-79 *et seq.*

2. WHEREAS, the Respondent has fully cooperated with the investigation by the State Ethics Commission.

3. WHEREAS, the Respondent submits that the violations were unintentional and the result of failing to fully understand its responsibilities as a state contractor under the Code of Ethics for Public Officials. The Respondent further states that with regard to the 2002 event alleged in the Complaint, it and its related business entities controlled only a portion of the guest list, and a number of the state employees and public officials who may have been in attendance were invited and paid for by another entity not controlled by the Respondent.

4. WHEREAS, the Commission finds that the Respondent violated the Code of Ethics for Public Officials, Conn. Gen. Stat. §1-79 et seq. as alleged in the Complaint.

5. WHEREAS, the Respondent waives any rights it may have under Conn. Gen Stat. §§1-93, 1-93a, 1-98 and 1-80, including the right to a hearing or any appeal in this case, and agrees with the Commission to an informal disposition of this matter.

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Website: http://www.ethics.state.ct.us
An Equal Opportunity Employer

6. WHEREAS, this Stipulation and Order concludes the Commission's investigation into the conduct of the Respondent.

NOW THEREFORE, and in consideration of the above, pursuant to Conn. Gen. Stat. §4-177(c), the State Ethics Commission enters, and the Respondent agrees to, the following orders in lieu of any other action regarding this matter:

1. The Respondent shall pay a civil penalty of $7,700.00 to the Ethics Commission within thirty (30) days of the signing of this Stipulation and Order by all parties; and

2. The Respondent shall henceforth comply with the Codes of Ethics for Public Officials.

Elizabeth G. Judd — 5-2-05

The Respondent, Konover Properties Corp. — Date
By: Elizabeth G. Judd
Its Vice President

2 May 05

State Ethics Commission — Date
By: Its Chairperson
Hugh Macgill

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CONFIDENTIAL

CONNECTICUT STATE ETHICS COMMISSION
20 TRINITY STREET
HARTFORD, CONNECTICUT 06106-1660

COMPLAINT

The State Ethics Commission issues a complaint alleging a violation of:

___X___The Code of Ethics For Public Officials and State Employees, Chapter 10, Part I, General Statutes

_____The Code of Ethics for Lobbyists, Chapter 10, Part II, General Statutes

Time and date matters complained of occurred: 12/10/02 and 1/22/04.

Place violation occurred: Connecticut

Persons involved: Konover Properties Corp. and related business entities and several state employees and public officials

Witnesses: To be identified 10 days prior to any hearing held in this matter, pursuant to Conn. Gen. Stat. § 1-82.

Circumstances which indicate that the Code of Ethics designated above was violated are as follows (a short, plain statement alleging a violation of Chapter 10, General Statutes):

See attached complaint.

Signature

5/2/05
Date

Complainant's Name and Address: State Ethics Commission
20 Trinity St., Suite 205
Hartford, CT 06106-1660

Complainant's Telephone Number: (860)566-4472

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STATE OF CONNECTICUT

STATE ETHICS COMMISSION

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DOCKET NUMBER 2005-5	:	STATE ETHICS COMMISSION
IN THE MATTER OF A	:	20 TRINITY STREET
COMPLAINT AGAINST	:	HARTFORD, CT 06106
KONOVER PROPERTIES CORP.	:	MAY 2, 2005

COMPLAINT

1. The Respondent, Konover Properties Corporation, formerly known before January 1, 2004 as Konover Investments Corporation (hereinafter referred to as "the Respondent") is a Connecticut corporation.

2. At all times relevant herein, the Respondent and one or more related business entities were doing business with the State of Connecticut, including but not limited to the State Department of Public Works, the Connecticut Housing Finance Authority, and the State Department of Economic and Community Development.

3. On two occasions in the past three years, the Respondent and one or more related business entities hosted a party at which state employees and/or public officials from the aforementioned and other agencies, were in attendance, and for which the state employees and/or public officials in attendance did not pay, nor reimburse the host within thirty days of the event, for the benefits received, *to wit:*

   a. On or about December 10, 2002, the Respondent and one or more related business entities hosted a party at which approximately forty-six (46) state employees and/or public officials were among the approximately 643 people in attendance. The value of the food and beverages that were directly and personally received by said attendees was approximately $115.00 per person. This party was paid for, in part, by the Respondent (then known as Konover Investments Corporation). Upon information and belief, none of said state employees and/or public officials in attendance paid for, nor reimbursed for, the cost of the food and beverages they received; and

   b. On or about January 22, 2004, the Respondent and one or more related business entities hosted a party at which approximately three state employees from the Department of Economic and Community Development and the Connnecticut Housing Finance Authority were in attendance. The value of the food and

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beverages that were directly and personally received by said attendees was approximately $80.00 per person. This reception was paid for by the Respondent. Upon information and belief, none of said state employees in attendance paid for, nor reimbursed for, the cost of the food and beverages they received.

4. Connecticut General Statutes §1-84(m) prohibits a public official or state employee from knowingly accepting, directly or indirectly, any gift, as defined in Conn. Gen. Stat. §1-79(e), from any person the official or employee knows or has reason to know is doing business, seeking to do business with, or regulated by, the employee's or public officials' department or agency. That same section prohibits any person from giving a gift or gifts, directly or indirectly, in violation of that provision.

5. Regulations of Connecticut State Agencies §1-92-54(c) requires that in order to avoid attribution of an item as directly and personally received, the recipient must either return the item or reimburse the donor within thirty days.

6. Connecticut Gen. Stat. §1-79(e)(9) exempts from the definition of gift, food and beverage or both, costing less than fifty dollars ($50) in the aggregate per recipient in a calendar year, and consumed on an occasion or occasions at which the person paying, directly or indirectly, for the food or beverage, or his representative, is in attendance.

7. Each donation by the Respondent of food and beverage to a public official and/or state employee in excess of fifty dollars per calendar year without timely reimbursement, as described in paragraph 3 above, constitutes a gift within the meaning of Conn. Gen. Stat. §1-79(e).

8. By virtue of the above, the Respondent violated Conn. Gen. Stat. §1-84(m).

Dated at Hartford, Connecticut this 2nd day of May, 2005.

Alice M. Sexton
Principal Attorney
State Ethics Commission
18-20 Trinity Street, Suite 205
Hartford, CT 06106
Tel.: (860) 566-4472 x 305
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