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2012  
Annual Report to the Governor

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**VISION**

*The Office of State Ethics will work to enable Connecticut state government to embrace an ethical culture.*

**MISSION**

*The Connecticut Office of State Ethics practices and promotes the highest ethical standards and accountability in state government by providing education and legal advice, ensuring disclosure, and impartially enforcing the Codes of Ethics.*

**OFFICE OF STATE ETHICS**

**Introduction**

The Connecticut Office of State Ethics was created on July 1, 2005, pursuant to Public Act [05-183](#), and is an independent regulatory division of the Office of Governmental Accountability, charged with administering and enforcing the Connecticut Codes of Ethics, located in Chapter 10 of the Connecticut General Statutes.

The Connecticut Office of State Ethics accomplishes its mission to ensure honesty, integrity and accountability in state government through education of all those covered by the Ethics Codes; providing information to the public; interpretation and application of the Connecticut Codes of Ethics; and investigation of violations and enforcement of the Ethics Codes.

The statutory responsibilities of the Office State Ethics are divided into four main areas: education, legal interpretation, enforcement and records administration.

The Office of State Ethics consists of the:

- Citizen's Ethics Advisory Board
- Executive Director
- Legal Division
- Enforcement Division

The Office of State Ethics has the following jurisdiction:

- **Part I**            The Code of Ethics for Public Officials  
General Statutes [§§ 1-79](#) to [1-90a](#);
- **Part II**            The Code of Ethics for Lobbyists  
General Statutes [§§ 1-91](#) to [1-101a](#); and
- **Part IV**            Ethical Considerations Concerning Bidding  
and State Contracts  
General Statutes [§§ 1-101mm](#) to [1-101rr](#).

**Staff and Budget**

The OSE consists of 14 employees. These employees work in three separate divisions, under the leadership of the Executive Director, Carol Carson, who is appointed by the Citizen's Ethics Advisory Board.

**HIGHLIGHTS**

**The OSE operates at a cost of approximately \$0.35 per citizen of Connecticut.**

The agency's managerial staff includes General Counsel Barbara Housen; Ethics Enforcement Officer TJ Jones; and Director of Education Nancy Nicolescu.

The OSE had an original Fiscal Year 2012 appropriation of \$1,293, 638, a reduction of 28% from the previous year.

The OSE's actual expenditures for Fiscal Year 2012 were \$1,264,792. This expenditure amount translates to a cost of approximately \$0.35 for each citizen<sup>1</sup> of Connecticut.

**Strategic Plan**

In order to best serve Connecticut, the OSE created a strategic plan in 2012 which focuses on four key initiatives to improve operations: efficiency, technology, communication and board operations. The strategic plan is the effort of the OSE leaders, staff and members of the Citizen's Ethics Advisory Board. It highlights our key initiatives and goals to be achieved. A more detailed action plan adds objectives, timelines and working groups responsible for meeting the objectives.

This strategic plan incorporates our mission, vision and values in determining our priorities for 2012 to 2015, when OSE will celebrate its 10 year anniversary. Our values include:

- ❖ Integrity
- ❖ Accountability
- ❖ Independence
- ❖ Public service
- ❖ Fairness
- ❖ Values
- ❖ Non-partisan

The OSE is committed to providing the best possible customer service to all of our stakeholders.

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<sup>1</sup> 2011 population estimate of 3,590,347 from the United States Census Bureau.

## CITIZEN'S ETHICS ADVISORY BOARD

The governing body of the OSE is the Citizen's Ethics Advisory Board (CEAB), comprised of nine members appointed by the Governor and legislative leadership. The CEAB holds monthly meetings that are open to the public. A schedule of CEAB meeting dates, times and locations is available at [www.ct.gov/ethics](http://www.ct.gov/ethics).

### Board Members:

- Attend monthly Citizen's Ethics Advisory Board meetings
- Appoint and evaluate the Executive Director of the Office of State Ethics
- Serve as a Hearing Officer for non-confidential UAPA hearings
- Attend hearings to determine whether violations occurred and assess penalties
- Attend special meetings if necessary
- Oversee legislative agenda

## CITIZEN'S ETHICS ADVISORY BOARD MEMBERS

The members are appointed by the Governor and legislative leadership for staggered four-year terms. With one vacancy as of December 31, 2012, the current CEAB members are:

- ❖ **Charles F. Chiusano, Chairperson**, of Fairfield, appointed by Senate Minority Leader John McKinney, to fill a vacancy expiring on September 30, 2013.
- ❖ **Herbert A. Grant, Vice-Chairperson**, of Norwalk, appointed by House Republican Leader Lawrence Cafero, for a four-year term expiring on September 30, 2015.
- ❖ **Mary Bigelow** of Northford, appointed by Senate Majority Leader Martin Looney, to fill a vacancy expiring on September 30, 2013.
- ❖ **David Gay** of Windsor, appointed by Governor Jodi M. Rell for a four-year term expiring on September 30, 2013.
- ❖ **Susan Gruen** of Hamden, appointed by Majority Leader Brendan Sharkey for a four-year term expiring on September 30, 2015.
- ❖ **Roger Kemp** of Meriden, appointed by Speaker of the House Christopher Donovan, for a four-year term expiring on September 30, 2015.
- ❖ **Dennis Riley** of Norwich, appointed by Senate President Pro Tempore Donald E. Williams for a four-year term expiring on September 30, 2013.
- ❖ **Daniel Young** of Stamford, appointed by Governor Dannel P. Malloy for a four-year term expiring on September 30, 2016.

Board members who served in 2012 include:

- ❖ **Thomas H. Dooley** of Vernon, appointed by Governor Jodi M. Rell for a four-year term that expired on September 30, 2012.

**LEGAL ADVICE, LEGISLATION AND REGULATIONS**

The Legal Division provides advice and opinions regarding the Codes of Ethics to the regulated community, which includes approximately 50,000 public officials and state employees, nearly 2,000 lobbyists, and all state contractors. The Division consists of a General Counsel, who also serves as counsel to the CEAB, three Staff Attorneys and a Paralegal.

**OPINIONS**

In 2012, the OSE received 1,126 requests for advice about the application of the Codes of Ethics, a 14% increase over the previous year. The CEAB issued 10 Advisory Opinions, twice as many as in 2011. The Legal Division staff issued 371 written staff opinions in 2012, in addition to handling 755 other requests for advice over the telephone or in face-to-face meetings, greater than 10% more than last year. Just two requests for advice remained open as of December 31, 2012.

**LITIGATION**

The Supreme Court (in *AFSCME v. OSE*, 304 Conn. 672, (2012)) upheld the CEAB's decision in Advisory Opinion 2009-3 concluding that Workers' Compensation Commission hearing reporters are not permitted under the ethics code to use five hours of state-compensated time every week to prepare transcripts, privately sold by the hearing reporters. The CEAB's decision was appealed by Council 4, American Federation of State, County and Municipal Employees on behalf of the reporters.

**HIGHLIGHTS**

**The Connecticut Supreme Court upheld Advisory Opinion 2009-3 concluding that the use of five hours a week of state compensated time by hearing reporters to prepare transcripts sold to private individuals was not permitted.**

**LEGISLATION**

During the 2012 legislative session, the OSE once again introduced a number of legislative initiatives and proposals that pertained to the following matters:

1. The governance of the Citizen's Ethics Advisory Board;
2. Ethics enforcement standards applied to contractors and bidders who execute and/or pursue state contracts; and
3. Amendments concerning lobbyist registration and reporting requirements.

The OSE engaged various stakeholders and sought input from the lobbying community, in particular, regarding the proposed amendments to the Code of Ethics. Although the legislative proposals were raised in two separate bills (Senate Bill No. 35 and Senate Bill No. 36), most proposals were subsequently consolidated into Senate Bill No. 36, which was voted out of the Government Administration and Elections Committee and overwhelmingly passed by the Senate. Unfortunately, Senate Bill No. 36 was not taken up by the House.

**REGULATIONS**

On September 5, 2012, amendments to the agency's regulations went into effect.

In particular, the revisions:

1. for purposes of certain revolving door provisions, provide an update of the positions that have significant decision-making or supervisory authority within the identified agencies;
2. clarify, for purposes of compliance with the Freedom of Information Act, that a CEAB hearing concludes prior to deliberations by the CEAB and that deliberations are not a part of the CEAB hearing.

## FINANCIAL DISCLOSURE FILING

The OSE continued in 2012 to make improvements to the public official and lobbyist online filing systems. These improvements brought the filing systems up to current technological standards and provided users with simple, intuitive processes. The enhancements to the systems also improved the quantity and variety of information accessible to the public in real time from the filed data.

## STATEMENTS OF FINANCIAL INTERESTS

The Code of Ethics for Public Officials (§ 1-83 (a) (1)), provides that elected officers, members of the General Assembly and certain other state officials and employees file yearly Statements of Financial Interests (SFIs) with the OSE. The Governor's Office also issues an annual standard that designates appointed officials and additional state employees in the Executive Branch who must file these financial disclosure statements. The SFIs include information such as names of all associated businesses, income over \$1,000 and a list of all real property, as well as any creditors. (These examples are not exhaustive; refer to Conn. Gen. Stat. § 1-83 (b) for a complete list.)

### HIGHLIGHTS

**In 2012, the OSE received 2,539 financial disclosure statements, 89% of which were filed online.**

The SFIs serve two purposes. First, they provide a checklist or reminder to state officials and employees to be mindful of potential conflicts of interest. Second, the SFIs, which are available to the public, serve as a tool to maximize public confidence in governmental decision making. Additionally, State Marshals must file annual statements of income with the OSE.

In 2012, the OSE received 2,539 public official SFIs. The OSE saw 98% compliance from the 2,508 required filers, 89% of whom filed electronically. The OSE also handled a total of 243 annual income reports filed by State Marshals. All State Marshal filings and a percentage of the SFIs were audited, as described in the Enforcement section of this report.

## LOBBYIST FILINGS AND DISCLOSURE

During the 2012 lobbyist registration period, the OSE processed, via its electronic filing system, thousands of financial reports filed by business organizations (firms that employ communicator lobbyists), client lobbyists, and in-house communicator lobbyists. Over 400 lobbyist registrations in Calendar Year 2012 generated \$78,250 in fees, collected by the OSE and deposited into the state's General Fund. The total collected for the 2011-12 biennium was \$885,925.

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**ENFORCEMENT AND AUDITS**

The Enforcement Division investigates and prosecutes violations of the Codes of Ethics. The Division consists of the Ethics Enforcement Officer, a Deputy Ethics Enforcement Officer, one Assistant Ethics Enforcement Officer, one Legal Investigator, and a Paralegal II.

**ENFORCEMENT STATISTICS**

The Enforcement Division conducted a total of 162 reviews of potential violations of the Codes of Ethics during 2012, 33% more than the previous year.

The Division resolved 55 matters in 2012 by consent order or other informal resolution, resulting in the collection of a total of \$16,630 in penalties. The penalties include monies paid in 47 cases, nearly twice as many as the previous year, by lobbyists who failed to register in a timely manner or who were delinquent in filing required financial reports. Also included are five settlements of alleged Ethics Code violations such as conflicts of interest and impermissible use of office for financial gain, and three settlements with public officials for failure to timely file SFIs. Summaries of enforcement actions, as well as the accompanying settlement documents are available on the [OSE web site](#).

HIGHLIGHTS

The Enforcement Division  
conducted 33% more reviews of  
potential violations in 2012 than in  
the previous year.

In 2012, the Division opened and closed 107 matters under the Uniform Administrative Procedure Act (UAPA) regarding failure to timely file financial reports or other required filings. Of these, all 107 were resolved informally prior to hearing. The total amount received from these informal settlements was \$9,375.

In 2012, the Division opened 29 confidential evaluations and filed or received 33 complaints regarding alleged violations of the Ethics Codes committed by public officials, state employees, lobbyists or contractors. Of the complaints, 31 came from external sources, and the Division filed the remaining two on its own initiative, following investigation. The Division resolved five previously filed cases by Consent Order, imposing \$7,610 in penalties. One confidential matter was presented to a Judge Trial Referee, who found probable cause to believe that a violation had occurred. The Citizens Ethics Advisory Board subsequently convened a public hearing, after which it found the Respondent had violated the Code of Ethics, and imposed a \$10,000 penalty.

In addition to the above, the Enforcement Division received approximately 44 “tips” regarding alleged violations of the Codes that, after review, proved to be outside of the jurisdiction of the OSE.

**LOBBYIST AUDIT PROGRAM**

The CEAB approved 10 audits of registered client and communicator lobbyists in 2012. Three, or 30%, of the approved audits contained adverse findings, down from 60% in 2011. No corrective action was imposed in any of the audits, down from two in 2011.

**SFI AUDIT AND ENFORCEMENT**

In 2012, the OSE audited 10% of public official SFIs. The audit process is designed with education in mind and is not punitive. Of the 235 disclosure reports examined by the OSE, 88% were timely and correctly filed, up from 74% of those audited in 2011. The 2012 audit showed that common errors, particularly those of major concern, such as failure to properly disclose income or securities, decreased across all audit areas. Several errors of lesser concern found in the previous year were all but eradicated. This suggests that filers have an increased understanding of the SFI process and form

**HIGHLIGHTS**

**The 2012 audit of SFIs showed that common errors, particularly those of major concern, decreased across all audit areas, and errors of lesser concern were all but eradicated.**

(most likely due to more clarity on the form and increased education and outreach efforts) and are taking their mandate seriously.

In addition, the OSE audited all 217 State Marshal annual statements of income. Seventy six percent of the required forms were submitted on time and without errors, compared with seventy percent in the previous year. The Enforcement Division sent letters to those whose forms required correction. All of those Marshals filed the necessary amendments, and the OSE assessed no civil penalties.

## EDUCATION AND OUTREACH

Education and Outreach activities are performed by the Director of Education, who oversees an Information Technology Analyst II and, is supported part time by an Office Assistant.

### TRAINING

#### HIGHLIGHTS

**In 2012, the OSE provided a monthly e-newsletter to 90 state agency ethics liaisons and ethics compliance officers.**

work to public officials, state employees and the public. The OSE conducts in-person trainings and typically reaches 1,000 – 2,000 people annually in this way. In-person trainings include sessions for new legislators, agency commissioners and the staffs of the offices of the Governor and Lt. Governor as well as state agency personnel. We also conduct in-person training for the lobbyist community and state

contractors upon request. The OSE held 38 education sessions in 2012, including several roundtables to highlight specific areas of the law.

The OSE continued to offer a variety of supplemental training tools. These materials included redesigning the website and making critical information and materials available within “2-clicks.” Six plain language guides and one new guide were redesigned and branded, and have been made fully interactive with our website and applicable statutes, regulations and the filing disclosure systems.

This year the OSE worked closely with Governor Malloy’s office to publish Statement of Financial Interests Standard and Guidelines for agency heads, which has been highly regarded and praised by ethics liaisons.

The OSE updated and reinvigorated our PowerPoint presentations for public officials and lobbyists and held our annual conference for public officials in December. The OSE also held a conference for business organization and client lobbyists in December where they were provided, for the first time, lobbyist system training which included a complete interface between our disclosure system and applicable provisions from the Codes of Ethics.

The OSE continues to provide a training DVD, which is available via web-streaming video and an interactive, online training program, which received over 5,000 web visits and resulted in over 1,600 completed trainings.

The OSE continued to enhance its relationship with agency liaisons through our distribution of our monthly electronic newsletter that, in 2012, was distributed to a list of 165 individuals, including the 90 named agency liaisons.

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**MEDIA**

The OSE continued its proactive media approach in 2012 with the goal of providing Connecticut citizens with information to enhance their confidence in state government. Specifically, the agency:

- Maintained its media list of nearly 150 contacts;
- Disseminated 8 press releases.

**PARTNERSHIPS**

The OSE collaborated in 2012 with outside partners to further the confidence of Connecticut citizens in state government. The OSE broadened its reach through no-cost activities, creating an increased awareness of agency services through the following partners and activities:

- The School for Ethical Education, *Laws of Life* Essay Program. Competition judge.
- CT Better Business Bureau, Torch Awards for Marketplace Ethics. Competition judge.