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2015
Annual Report to the Governor

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](#);
- **Part III** Miscellaneous Provisions
General Statutes [§§ 1-101aa](#) and [1-101bb](#); and
- **Part IV** Ethical Considerations Concerning Bidding
and State Contracts
General Statutes [§§ 1-101mm](#) to [1-101rr](#).

Staff and Budget

The OSE consists of 15 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 \$0.38 per citizen of Connecticut.

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

The OSE had a Fiscal Year 2014 appropriation of \$1,410, 110. Actual expenditures for Fiscal Year 2014 were \$1,363,792. This expenditure amount translates to a cost of approximately \$0.38 for each citizen of Connecticut¹.

Strategic Plan

In order to best serve Connecticut, the OSE follows an ongoing strategic plan which focuses on four key initiatives to improve operations: efficiency, technology, communication and board operations. The strategic plan is the effort of 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 2013 to 2015, when OSE will celebrate its 10 year anniversary. Our values include:

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

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

¹ 2014 population estimate of 3,596,7000 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.

Board Members:

- Attend monthly Citizen's Ethics Advisory Board meetings
- Appoint and evaluate the Executive Director of the Office of State Ethics
- Serve as 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. The CEAB members who served during calendar year 2014 are:

- ❖ **Charles F. Chiusano, Chairperson**, of Fairfield, appointed by Senate Minority Leader John McKinney, for a four-year term expiring on September 30, 2017.
- ❖ **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, for a four-year term expiring on September 30, 2017.
- ❖ **David Gay** of Windsor, appointed by Governor Jodi M. Rell for a four-year term expiring on September 30, 2014.
- ❖ **Susan Gruen** of Hamden, appointed by Majority Leader Brendan Sharkey for a four-year term expiring on September 30, 2015.
- ❖ **Tommie Lee Jackson** of Stamford, appointed by Governor Dannel P. Malloy for a four-year term expiring on September 30, 2016.
- ❖ **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, 2014.
- ❖ **Daniel Young** of Stamford, appointed by Governor Dannel P. Malloy for a four-year term expiring on September 30, 2016.
- ❖ **Kevin P. Johnston** of Pomfret Center, appointed by Senate President Pro Tempore Donald E. Williams for a four-year term expiring on September 30, 2018.

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 2014, the OSE received 1,056 requests for advice about the application of the Codes of Ethics. The CEAB issued 7 Advisory Opinions and one Declaratory Ruling. The Legal Division staff issued 379 written staff opinions in 2014, in addition to handling 669 other requests for advice over the telephone or in face-to-face meetings. Just two request(s) for advice remained open as of December 31, 2014.

FREEDOM OF INFORMATION (FOI) LAW

In 2014, the OSE responded to 75 FOI Law requests.

BACKGROUND CHECKS

In 2014, the OSE conducted 42 background checks, typically relating to individuals being considered for appointive office.

LEGISLATION

During the 2014 Legislative Session, the OSE proposed the following:

1. Municipal ethics;
2. Amendment to expand conflict of interest provisions to include non-state outside employers of public officials and/or state employees;
3. Revisions concerning the filing of Statements of Financial Interests;
4. Amendment to define grass roots lobbying and increase the lobbyist registration threshold from \$2000 to \$3000; and
5. Substantive amendments to the Code of Ethics for Public Officials and the Code of Ethics for Lobbyists with the purpose of providing greater clarity, consistency and transparency.

In addition, the OSE engaged the lobbying community in response to proposed amendments seeking revision to the Code of Ethics for Lobbyists and expressed support for legislative initiatives reforming ethics laws for municipalities. Unfortunately, the Government Administration and Elections Committee did not raise any of the agency proposals during the 2014 legislative session.

FINANCIAL DISCLOSURE FILING

The OSE continued in 2014 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, sources of income over \$1,000 and a list of all real property, as well as any creditors.

HIGHLIGHTS

**93% percent filed
their SFI electronically**

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 2014, the OSE received 2,715 SFIs from public officials and state employees. The OSE saw 98% compliance from the 2,715 required filers. 93% of 2014 SFIs were filed electronically. The OSE also handled a total of 212 annual income reports filed by State Marshals. All State Marshal filings and ten percent of the SFIs were audited, as described in the Enforcement section of this report.

LOBBYIST FILINGS AND DISCLOSURE

During the 2014 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 2014 generated \$56,625 in fees, collected by the OSE and deposited into the state's General Fund. The total collected for 3,700 registrations for the 2013-14 biennium was \$895,125.

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 Specialist.

ENFORCEMENT STATISTICS

The Enforcement Division conducted a total of 132 reviews of potential violations of the Codes of Ethics during 2014.

The Division resolved 83 matters in 2014 by consent order or other resolution, resulting in the collection of a total of \$48,991.25 in penalties. The penalties include monies paid in 66 cases by lobbyists who failed to register in a timely manner or who were delinquent in filing required financial reports. Also included are 11 settlements of alleged Ethics Code violations such as conflicts of interest and impermissible use of office for financial gain, and six matters against public officials and/or state marshals for failure to timely file their SFI's as required by law. Summaries of enforcement actions, as well as the accompanying settlement documents are available on the [OSE web site](#).

HIGHLIGHTS

The Enforcement Division collected \$48,991 in penalties, just over 3.5 times more than the previous year.

In 2014, the Division opened and closed 81 matters under the Uniform Administrative Procedure Act (UAPA) regarding failure to timely file financial reports or other required filings. Of these, all 71 were resolved informally prior to hearing. The Division conducted one UAPA hearing which resulted in the imposition of a penalty by the Citizen's Ethics Advisory Board in the amount of \$1,035. The total amount received from the informal settlements was \$11,826.50.

In 2014, the Division opened 32 confidential evaluations and filed or received 27 complaints regarding alleged violations of the Ethics Codes committed by public officials, state employees, lobbyists or contractors. Of the complaints, 18 came from external sources, and the Division filed the remaining nine on its own initiative, following investigation. The Division conducted one confidential probable cause hearing before a Judge Trial Referee that took place over the course of several months. At the conclusion of the hearing, the matter was resolved by Stipulation and Consent Order. The Division resolved eleven previously filed cases by Consent Order, imposing \$36,130 in penalties.

In addition to the above, the Enforcement Division received approximately 50 "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 14 audits of registered client and communicator lobbyists in 2014. Six or 42%, of the approved audits contained adverse findings, comparing to 40% in 2013. No corrective action was imposed in any of the audits.

SFI AUDIT AND ENFORCEMENT

In 2014, the OSE audited 10% of SFIs. The audit process is designed with education in mind and is not punitive. Of the 265 disclosure reports examined by the OSE, 92% were timely and correctly filed, up from 88% of those audited in the previous year.

HIGHLIGHTS

Over 99% of required filers filed the form on or before May 1, 2014.

The 2014 audit showed that common errors, particularly those of major concern, such as failure to properly disclose income or securities, decreased across all audit areas. Significantly, over 99% of required filers filed the form on or before May 1, 2014 – a greater percentage than in any previous year. This suggests that filers have an increased understanding of the SFI process and form (most likely due to more clarity on the form and increased education and outreach efforts) and are taking their mandate seriously. Since the OSE began auditing SFI forms in 2009, the percentage of mistakes has declined over 21%.

In addition, the OSE audited all 220 State Marshal annual statements of income. Forty nine percent of the required forms were submitted on time and without errors, compared with 68% in the previous year. Other than enforcing the annual filing of the statement of interest, the OSE has no jurisdiction over state marshals. The Enforcement Division initiated enforcement actions following the failure to timely file the reports in which multiple marshals received notices of hearings and incurred penalties.

EDUCATION AND OUTREACH

Education and outreach activities are performed by the Director of Education, who oversees an Office Assistant.

TRAINING

The OSE conducts in-person trainings and typically reaches over one thousand people annually. Many of the trainings are tailored to address agency-specific needs. In-person trainings include sessions for legislators, agency commissioners and the staff of the offices of the Governor and Lt. Governor as well as state agency personnel. Training is also available for the lobbyist community and contractors.

HIGHLIGHTS

The 2014 training partnership increased in-person trainings to 120 in 2014, significantly greater than the 35 sessions conducted in 2013.

The Office of State Ethics has continued to increase the number of in-person trainings. Most significantly, in 2014 the OSE launched a training partnership with the Department of Transportation. In-person training increased from 35 in-person trainings in 2013 to 120 in 2014. The initiative included the development of a training modules that are agency specific coupled with educational materials that were not only developed for DOT, but because of their success, developed for all state employees and public officials.

The OSE fosters strong relationships with ethics liaisons. Our monthly electronic newsletter, was distributed to a list of 135 individuals in 2014, including all of the agency ethics liaisons and compliance officers. The OSE initiated a systematic outreach program to offer in-person training to each state agency. Previously, training was provided at the request of the agency, which has resulted in some agencies having regularly scheduled training while others have not had training for a decade or more. This allows the OSE to more effectively meet its mandate to provide yearly training to all state employees. Since training drives compliance through requests for advice and filing of complaints, more training sessions are expected to result in greater compliance.

MEDIA

The OSE continued its proactive media approach in 2014 with the goal of providing Connecticut citizens with information to enhance their confidence in state government. Specifically, the agency:

- Maintained its media list of 150 contacts;
- Disseminated 7 press releases.

PARTNERSHIPS

The OSE regularly collaborates with outside partners to further the confidence of Connecticut citizens in state government. In 2014, the OSE broadened its reach through no-cost activities, creating an increased awareness of agency services through its activities with the School for Ethical Education, Laws of Life Essay Program, where the Director of Education served as a competition judge.

CONTACT US



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