

ETHICS MATTERS...HONESTY, INTEGRITY, ACCOUNTABILITY

CONNECTICUT OFFICE OF STATE ETHICS



**ANNUAL REPORT TO THE
GOVERNOR
CALENDAR YEAR 2009**

ETHICS COMPLIANCE, LOBBYIST FILING,
FINANCIAL INTERESTS FILING

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Mission

The Office of State Ethics (OSE) is an independent watchdog agency for the State of Connecticut. The OSE administers Connecticut General Statutes, Chapter 10, Part I for Public Officials and Part II for Lobbyists, with limited jurisdiction over Part IV, Ethical Considerations Concerning Bidding and State Contracts. The mission of the OSE is to ensure honesty, integrity and accountability in state government through education, interpretation and enforcement of the State of Connecticut Codes of Ethics.

HIGHLIGHTS

The mission of the OSE is to ensure honesty, integrity and accountability in state government through education, interpretation and enforcement of the Codes of Ethics.

Most public officials, lobbyists and other individuals who fall under the OSE's jurisdiction get up every day, go to work, and try to do the best job they can. For those individuals, the OSE is available to help by providing guidance, advice and education. For those who do not comply with the law, the role of the agency is to fairly and vigorously enforce the law.

Functions and Authority

The statutory authority for the OSE comes from Public Act 05-183, which established the agency as a successor to the former State Ethics Commission. The statutory responsibilities of the OSE are broken down into four main categories: education, interpretation, enforcement and records administration.

The OSE promotes integrity in government by providing advice, guidance and education to public officials, state employees and lobbyists; by sensibly interpreting and, when necessary, fairly and impartially enforcing applicable laws; by administering the lobbyist and financial disclosure filing systems; and by providing the public with access to non-exempt information.

Citizen's Ethics Advisory Board Members

The Citizen's Ethics Advisory Board (CEAB) is a nine-member board. The members are appointed by the Governor and the Legislative leaders for staggered four-year terms. The current CEAB members are:

- **G. Kenneth Bernhard, Chairperson**, of Westport, appointed by House Minority Leader Lawrence Cafero for a four-year term expiring on September 30, 2011.
- **Thomas H. Dooley, Vice Chairman** of Vernon, appointed by Governor M. Jodi Rell for a four-year term expiring on September 30, 2012.
- **Ernest N. Abate** of Stamford, appointed by former Speaker of the House of Representatives James A. Amann for a four-year term expiring on September 30, 2011.
- **Kathleen F. Bornhorst** of Hartford, appointed by Governor M. Jodi Rell for a four-year term expiring on September 30, 2012.
- **Rebecca M. Doty** of Rockfall, appointed by Speaker of the House Christopher G. Donovan for a four-year term expiring on September 30, 2011.
- **Dennis Riley** of Norwich, appointed by Senate President Pro Tempore Donald E. Williams for a four-year term expiring on September 30, 2013.
- **Shawn T. Wooden**, of Hartford, appointed by Senate Majority Leader Martin Looney for a four-year term expiring on September 30, 2013.
- **General David Gay (Ret.)**, of Windsor, appointed by Governor Jodi M. Rell for a four-year term expiring on September 30, 2013.
- **Winthrop S. Smith, Jr.**, of Milford, appointed by Senate Minority Leader John McKinney for a four-year term expiring on September 30, 2013.

Board members who served in 2009 include:

- **Robert Worgaftik** of Avon, appointed by Governor M. Jodi Rell, for a four-year term that expired on September 30, 2009.
- **Sister Sally J. Tolles** of Windham, appointed by Form Senate Minority Leader Louis DeLuca a four-year term that expired on September 30, 2009.

HIGHLIGHTS

Board members serve staggered four-year terms. Three are appointed by the Governor, three by the House leaders, and three by the Senate Leaders.

Staff and Budget

The OSE staff is comprised of 18 employees in three separate divisions, under the leadership of the Executive Director, Carol Carson, who is appointed by the Citizen's Ethics Advisory Board. Since Spring 2008, the OSE has operated with 86 percent of its staff as a result of the budget crisis and hiring freeze in the state.

The agency's managerial staff includes General Counsel Barbara Housen; Ethics Enforcement Officer TJ Jones; Director of Education Meredith Trimble; and Fiscal Administrative Officer Kathleen Howe.

HIGHLIGHTS

The OSE operates at a cost of approximately \$0.58 per citizen of Connecticut.

The OSE had an original Fiscal Year 2009 appropriation of \$2,607,034.97. Of that amount, \$383,879.97 was carried forward for completion of the agency's Information Technology Initiative project.

Throughout the Fiscal Year, the OSE experienced several rounds of holdbacks or adjustments that totaled \$430,201.00. This brought the agency's General Fund budget down to \$2,176,833.97.

The OSE's actual expenditures for Fiscal Year 2009 were \$2,024,716.55. \$152,117.42 was lapsed back into the state's General Fund. This expenditure amount translates to a cost of approximately \$0.58 for each citizen¹ of Connecticut.

¹ 2006 population of 3,504,809 from the United States Census Bureau.

Legal Advice, Legislation and Regulations

Opinions

The Legal Division provides advice and opinions regarding the Codes of Ethics. The Division consists of a General Counsel, who also serves as counsel to the Citizen's Ethics Advisory Board (CEAB), three Staff Attorneys and a Paralegal I.

In 2009, the OSE received 1,097 requests for advice about the application of the Codes of Ethics. The CEAB issued 12 Advisory Opinions, one of which is being appealed in Superior Court. The Legal Division staff issued 463 written staff opinions in 2009, in addition to handling 622 other requests for advice over the telephone or in face-to-face meetings. Just 12 requests for advice remained open as of December 31, 2009.

HIGHLIGHTS

The Legal Division received 1,097 requests for advice about the application of the Codes of Ethics in 2009, a 2.2% increase from 2008.

Legislation

During the 2009 legislative session, the OSE introduced a number of legislative initiatives and proposals, which were advanced through two Senate and four House bills. The bills received joint favorable reports from the legislative committees with cognizance of the subject matter, and progressed to legislative calendars but did not become law. The bills focused on the following matters:

1. The Governance of the Citizen's Ethics Advisory Board;
2. Technical revisions to the existing Codes of Ethics;
3. Expansion of financial disclosure filings to include individuals who award state contracts or evaluate contractor performance;
4. Expansion of conflict of interest provisions to include non-state employers of public officials;
5. Clarification of ethics enforcement standards regarding state contractors; and
6. Substantive amendments to provide clarity in the lobbyist code.

In addition, the OSE closely followed legislative initiatives reforming municipal ethics laws.

Regulations

On June 24, 2009, the second round of amendments to the agency's regulations went into effect. The amendments revise, update and conform agency regulations to the statutory changes made by the Legislature in Public Act 08-3, and clarify existing provisions in response to comments made by the regulated community.

In particular, the revisions:

1. Detail the new statutory procedures relative to the investigation and prosecution of complaints;
2. Clarify and modify lobbyist reporting requirements;
3. Enhance disclosure requirements for Statements of Financial Interests;
4. Make minor technical corrections;
5. Update and expand terminology; and
6. Conform and update language in accordance with legislative language and intent.

HIGHLIGHTS

In June 2009, the agency's second set of comprehensive regulations went into effect. Later in 2009, the OSE proposed additional amendments that would increase lobbyist registration fees to more closely correspond with the administrative costs of the system.

In November 2009, the OSE proposed to amend current lobbyist registration fees as set in agency regulations. The fee has not been increased since 1996, and the proposal reflects the cost of administering the lobbyist filing system as well as the costs of collecting, filing, and distributing the information submitted by registered lobbyists. Two public hearings were held on the matter. Following the public comment period and the two public hearings, the Citizen's Ethics Advisory Board voted to pursue an increase from \$150 to \$250 for biennial (two-year) registrations and an increase from \$75 to \$125 for a registration in the second year of a biennium (one-year registration).

Financial Disclosure Filing

In an effort to bring the agency up to current technological standards and provide simple, intuitive systems for filers while also improving the ease of public access to data collected, the OSE worked with IT consultants to improve the lobbyist and public official online filing systems. Testing and implementation of the revisions and enhancements – made first to the lobbyist system – began in December 2008, and both systems were completed in the spring of 2009.

Statements of Financial Interests Filing

The Code of Ethics for Public Officials at § 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.)

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.

HIGHLIGHTS

In 2009, the OSE received 2,765 public official Statements of Financial Interests, and achieved 100% filing compliance.

In 2009, the OSE received 2,765 public official SFIs, (a total of 214 annual income reports by State Marshals were also received) and saw 100% compliance with this mandated filing. Seventy-seven percent of SFI filers did so electronically, and twenty-three percent filed on paper.

Lobbyist Filing

During the first year of the 2009-2010 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. Lobbyist registrations in the same period generated \$467,500 in fees, collected by the OSE and deposited into the state's General Fund.

Enforcement Summary

The Enforcement Division investigates and prosecutes violations of the Codes of Ethics. The Division is comprised of the Ethics Enforcement Officer, two Assistant Ethics Enforcement Officers, two Legal Investigators, an Associate Accounts Examiner and a Paralegal II.

The Enforcement Division conducted a total of 158 reviews of potential violations of the Codes of Ethics during 2009.

Of those, the Division resolved 50 matters in 2009 that resulted in the collection of a total of \$31,239.10—\$29,607.85 in penalties and \$1,631.25 in disgorgements of financial gain. The penalties include monies paid in 27 cases by lobbyists who failed to register in a timely manner or who were delinquent in filing required financial reports. Also included are 14 settlements of alleged Ethics Code violations such as conflicts of interest and impermissible use of office for financial gain, and nine 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's Web site: www.ct.gov/ethics.

In 2009, 80 Uniform Administrative Procedure Act (UAPA) matters related to lobbyist and SFI filings were opened, with four proceeding to a hearing. Of the 80, 79 were resolved or adjudicated in 2009. (The final one remains open as of January 2010.)

HIGHLIGHTS

The Enforcement Division resolved 50 matters in 2009 that resulted in \$31,239.10 received in penalties and disgorgements of financial gain.

In 2009, the Division handled 70 confidential complaints regarding alleged violations of the Ethics Code committed by public officials, state employees, lobbyists or contractors. Twenty-nine of these complaints were pending at the start of the year, and one internal evaluation became a complaint. The Division received thirty-five complaints from external sources and filed six complaints on its own. Of these 70 complaints, 24 were dismissed and 13 were settled by consent order. One complaint proceeded to a probable cause hearing, at which probable cause was found. The remainder, 32, were pending at the start of 2010.

Additionally, the Enforcement Division received approximately 88 tips regarding alleged violations of the Codes. Of these 47 proved to be outside the jurisdiction of the agency. Investigative "evaluations" were pursued for the remaining tips. Out of these evaluations, one complaint was filed. Thirty-one were closed confidentially. Nine evaluations remained open at the end of the year.

The OSE completed, and the CEAB approved, 60 audits of registered client and communicator lobbyists in 2009, a 46% increase over 2008. Thirty-two of those audits contained findings which were corrected, and corrective action was imposed in two.

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.

The education component of the OSE is often the most visible aspect of the agency's work to state employees and the public. The crux of the education program, in-person training, continues to be widely requested by those who are regulated (state agency personnel, state boards and commissions, lobbyists) as well as those who are not (towns and municipalities). In 2009, the OSE's in-person training numbers saw a decline, due in most part to the state budget crisis.

HIGHLIGHTS

In 2009, the OSE's interactive, online training program received 2,727 Web visits, and the Web-streaming video was viewed over 1,000 times.

Specifically, the OSE held 32 sessions and reached 904 individuals in person. The OSE also debuted a new online training request form to streamline the process and ensure that each training was tailored specifically to the needs and interests of the audience.

While in-person training numbers declined in 2009, the use of supplemental training tools increased. These materials are offered by the OSE free of charge, and include six plain-language guides to the ethics codes, five handouts on specific areas of the law, two PowerPoint presentations for public officials and lobbyists, and an interactive, online training program, which received 2,727 Web visits. In 2009, the OSE distributed its free DVD to approximately 30 state agencies. The DVD content was also made available via a Web-streaming video, accessed approximately 1,020 times in 2009. These materials were used by agency ethics liaisons and compliance officers in providing training for their agency personnel according to their statutory responsibilities.

The OSE continued to enhance its relationship with state agency Ethics Liaisons and Ethics Compliance Officers. The most visible component of this outreach is the monthly electronic newsletter that, in 2009, was distributed 12 times to a list of 137 individuals, including the 86 named agency liaisons. Responses to an informal survey of ethics liaisons showed that of those who used OSE's tools in the first quarter 2009, 71% of them made use of the electronic newsletter by disseminating the information to agency personnel.

The OSE also partnered with the Office of Legislative Management for the 2009 Conference for Legislators and Lobbyists, held on November 19, 2009.

Education and Outreach

The Web site, www.ct.gov/ethics, continues to serve as an effective outreach tool, with 148,001 visits in 2009 (an average of 413 visits per day, with an average visit duration of over 18 minutes). OSE staff made a number of enhancements to the site in 2009, including: adding Declaratory Rulings; adding Advisory Opinions from 1978-1992; posting enforcement action summaries along with the settlement documents from the former Ethics Commission as well as the OSE; and enhancing the E-alerts program, which now notifies 110 individuals whenever a particular area of the site has been updated.

HIGHLIGHTS

The OSE Web site had 148,001 visits in 2009, an average of 413 visitors per day.
www.ct.gov/ethics

The OSE made a conscious effort in 2009 to become the trusted resource for members of the media, and thus to provide Connecticut citizens, through the media, information that will promote confidence in state government. Specifically, the agency:

- Expanded its media list to include 150 contacts;
- Disseminated 19 press releases;
- Saw approximately 38 news stories as a direct result of press releases;
- Received press coverage in approximately 104 additional stories that resulted from OSE actions or were generated by reporter research of OSE data;
- Participated in 11 radio interviews; and
- Released a first-time report to the media about SFI statistics.

New to the OSE's outreach scheme in 2009 was improved contact 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:

- Connecticut Better Business Bureau (judging state and business ethics competitions);
- Connecticut Council on the Social Studies (distribution of the OSE's "Ethics Matters" curriculum throughout the state school system);
- Connecticut Consortium for Law and Citizenship Education (judging high school "We the People" competition); and
- Northeast Utilities Ethics Compliance Unit (potential partner for 2010 Ethics Day).

HIGHLIGHTS

In 2009, the OSE created partnerships with four new organizations at no cost to the state.