



STATE OF CONNECTICUT

STATE ETHICS COMMISSION

DOCKET NUMBER 2000-16
DOCKET NUMBER 2000-17

STATE ETHICS COMMISSION

IN THE MATTER OF A

20 TRINITY STREET

COMPLAINT AGAINST

HARTFORD, CT 06106

PHILIP MORRIS MANAGEMENT COMPANY
AND SHARON T. PORTNOY

APRIL 7, 2000

STIPULATION AND ORDER

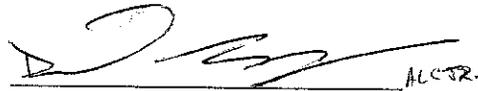
1. The Commission finds that Philip Morris Management Company and Sharon T. Portnoy (the "Respondents") violated the Code of Ethics for Lobbyists, Conn. Gen. Stat. §1-91 et seq., as alleged in the attached Complaint dated April 7, 2000. The Commission further finds that Sharon T. Portnoy intentionally violated the Code of Ethics for Lobbyists by signing reports which included intentionally falsified dollar amounts.
2. The Respondents deny that any of the violations alleged in the Complaint were intentional.
3. The Respondents waive any rights they may have under Conn. Gen. Stat. §§1-93, 1-93a, 1-98 and 1-80, including the right to a hearing or appeal in this case, and agree with the Commission to an informal disposition of this matter as authorized by Conn. Gen. Stat. §4-177(c).

NOW THEREFORE, pursuant to Conn. Gen. Stat. §4-177(c), the State Ethics Commission and the Respondents agree to settle this matter in the manner described below:

1. The Ethics Commission orders and the Respondent Philip Morris Management Company agrees to pay to the Commission, a civil penalty of \$20,000 within thirty days, and henceforth to commit no further violations of the Code of Ethics for Lobbyists.
2. The Ethics Commission orders and the Respondent Sharon Portnoy agrees to pay to the Commission, a civil penalty of \$4000, \$2000 of which to be paid within thirty days and the remaining \$2000 to be paid within sixty days, and henceforth to commit no further violations of the Code of Ethics for Lobbyists.

3. The Ethics Commission orders, and the Respondent Sharon Portnoy agrees, that Ms. Portnoy will not engage in the profession of lobbyist in the State of Connecticut for a period of one year from the date of this Stipulation and Order.

4. The Ethics Commission orders, and the Respondents agree to submit to the Commission within thirty days, registration, financial reports, and amended financial reports required by the Commission for the calendar years 1997, 1998 and 1999.

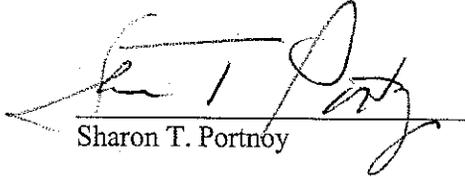

ALCSR

Philip Morris Management Company

By David Laufer

Its Vice President, State Government Affairs

4/5/2000
Date


Sharon T. Portnoy

4/5/2000
Date


State Ethics Commission

By Stanley Burdick

Its Chairperson

4/7/00
Date



STATE OF CONNECTICUT

STATE ETHICS COMMISSION

CONFIDENTIAL

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APRIL 7, 2000

COMPLAINT

COUNT ONE

1. At all times relevant to this Complaint, Philip Morris Management Company ("Philip Morris") was a client registrant as that term is defined in Conn. Gen. Stat. §1-91(q).
2. At all times relevant to this Complaint, Sharon T. Portnoy ("Portnoy") was employed by Philip Morris as a Regional Director of State Government Affairs, whose territory included the State of Connecticut and the State of New York.
3. Under Conn. Gen. Stat. §1-96, a client registrant is required to file periodic financial reports, signed under penalty of false statement.
4. Under Conn. Gen. Stat. §1-96(e), the financial reports must include an accurate itemized statement of each expenditure of ten dollars or more per person per occasion made by the reporting registrant for the benefit of a public official, a member of his or her staff and/or a member of his or her immediate family.
5. In connection with three meals in 1997 and 1998, Sharon Portnoy, on behalf of Philip Morris, reported the per person cost of a Connecticut public official's meal using numbers which Ms. Portnoy had intentionally falsified.
6. Each and every failure to provide an accurate itemization of an expenditure for the benefit of a public official is a violation of Conn. Gen. Stat. §1-96(e).

COUNT TWO

1-3. Paragraphs 1,2, and 5 of Count One are hereby incorporated as Paragraphs 1,2,and 3 of Count Two.

4. Under the version of Conn. Gen. Stat. §1-97 which was in effect in 1997, a client lobbyist registrant could give to any state employee, public official, or member of his or her staff or immediate family only a meal or meals that amounted to \$150 or less in the aggregate in the calendar year.

5. Although the numbers created by Sharon Portnoy and reported by Philip Morris in 1997 indicated that one Connecticut public official had received \$122 in meals that year, in fact the meals totaled over \$186.00, in violation of Conn. Gen. Stat. §1-97.

COUNT THREE

1-3. Paragraphs 1 through 3 of Count One are hereby incorporated as Paragraphs 1 through 3 of Count Three.

4. Under Conn. Gen. Stat. §1-96, and Regulations of Connecticut State Agencies §§1-92-48 and 1-92-49, the financial reports filed by a client lobbyist must contain a statement of all expenditures made for lobbying and in furtherance of lobbying during the time period covered by report.

5. In 1997, 1998 and 1999, Philip Morris failed to report all of its in furtherance of lobbying expenditures, including the pro-rated value of Sharon Portnoy's salary, in violation of Conn. Gen. Stat. §1-96 and the regulations thereunder.

COUNT FOUR

1-3. Paragraphs 1 through 3 of Count One are hereby incorporated as Paragraphs 1 through 3 of Count Four.

4. Under Conn. Gen. Stat. §§1-91(k), 1-96 and Regulations of Connecticut State Agencies §1-92-41, a client registrant which makes expenditures to lobby a state agency must report those expenditures as administrative lobbying.

5. For all the years relevant to this Complaint, Philip Morris performed administrative lobbying, but did not report it as such, in violation of Conn. Gen. Stat. §§1-91(k), 1-96, and the regulations thereunder.

COUNT FIVE

1-3. Paragraphs 1 through 3 of Count One are hereby incorporated as Paragraphs 1 through 3 of Count Five.

4. Philip Morris failed to file its financial reports for the second quarter and the third-fourth quarters of 1998, in violation of Conn. Gen. Stat. §1-96.

COUNT SIX

1-3. Paragraphs 1 through 3 of Count One are hereby incorporated as Paragraphs 1 through 3 of Count Six.

4. Under Conn. Gen. Stat. §1-96a and Regulations of Connecticut State Agencies §1-92-55, a registrant must maintain all documents necessary to substantiate the financial reports required by §1-96, including substantiation of each expenditure for the benefit of a public official of ten dollars or more. The registrant must preserve for three years from the date of the report all documents which will provide in sufficient detail the necessary information from which the financial reports may be verified, explained, clarified and checked for accuracy and completeness.

5. On various occasions during the years relevant to this Complaint, Philip Morris failed to keep a proper record of its expenditures, in violation of Conn. Gen. Stat. §1-96a, and the regulations thereunder.

COUNT SEVEN

1-3. Paragraphs 1 through 4 of Count One are hereby incorporated as Paragraphs 1 through 4 of Count Seven.

4. Effective January 1, 1998, under Conn. Gen. Stat. §1-97(d), a client registrant who gives, among others, a public official or a member of any such person's staff or immediate family, anything required to be itemized on the lobbyist's financial report, must provide the recipient with a written report, not later than 10 days after the event, stating the name of the donor, a description of the benefit bestowed and the cumulative annual value of all items given to that recipient.

5. In 1998, Philip Morris failed to provide the notification required by Conn. Gen. Stat. §1-97(d).

COUNT EIGHT

1-2. Paragraphs 1 and 2 of Count One are hereby incorporated as Paragraphs 1 and 2 of Count 8.

3. Conn. Gen. Stat. §§1-94(1) and 1-95 require any individual who receives or agrees to receive compensation or reimbursement for actual expenses or both in a combined amount of \$2000 or more in a calendar year for lobbying and activities in furtherance of lobbying, to register with the Ethics Commission.

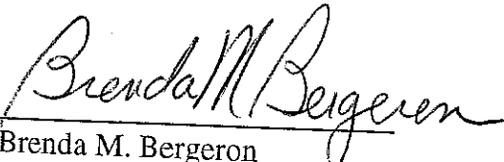
4. In each of the years relevant to this Complaint, Sharon Portnoy received over \$2000 in salary and reimbursement of expenses for lobbying and activities in furtherance of lobbying, but failed to register as a communicator lobbyist with the Commission, in violation of Conn. Gen. Stat. §§1-94(1) and 1-95.

COUNT NINE

1-2. Paragraphs 1 and 2 of Count One are hereby incorporated as Paragraphs 1 and 2 of Count Nine.

3. Under Conn. Gen. Stat. §1-96(b), a communicator lobbyist registrant is required to file an annual financial report, as well as any interim report required by the statute.

4. In each of the years relevant to this Complaint, Sharon Portnoy failed to file the reports required by Conn. Gen. Stat. §1-96(b).


Brenda M. Bergeron
Ethics Commission Attorney

4-7-00
Dated

pmspcmp