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STATE OF CONNECTICUT  
STATE ELECTIONS ENFORCEMENT COMMISSIONIn the Matter of a Complaint by Carla Squatrito, *et al.*,  
Manchester

File No. 2010-112

AGREEMENT CONTAINING CONSENT ORDERS AND  
PAYMENT OF CIVIL PENALTIES FOR VIOLATIONS  
OF CONNECTICUT GENERAL STATUTES § 9-612(g).

This agreement by and between Carla Squatrito, Sergio Squatrito and Tracy Squatrito of the Town of Manchester, County of Hartford, hereinafter referred to as Respondents, and the authorized representative of the State Elections Enforcement Commission is entered into in accordance with Section 9-7b-54 of the Regulations of Connecticut State Agencies and Section 4-177(c) of the General Statutes of Connecticut. In accordance herewith, the parties agree that:

1. Complaint was self reported by Respondents, by affidavits prepared by their attorney. Complainants sought rulings on alleged prohibited state contractor contributions by Respondents so that Carla's Pasta, Inc. (hereinafter "Carla's") could enter into the loan and grant agreements with the Connecticut Development Authority (hereinafter CDA) and the Connecticut Clean Energy Fund (hereinafter CCEF) as part of a fuel cell power plant purchase and financing by Carla's.
2. By way of background, the CDA is a quasi-public agency that provides debt financing and new investment capital to new businesses in Connecticut. Further, CCEF is a quasi-public agency that promotes, develops, and invests in clean energy sources in Connecticut.
3. In September 2001, Carla's and Suri Realty, LLC (hereinafter "Suri") entered into a borrowing relationship with the CDA. The purposes of the borrowing included to finance the construction of a manufacturing and office facility in South Windsor, which was and remains owned by Suri and leased to Carla's.
4. During the period beginning December 31, 2006 (effective date of P. A. 05-5) and continuing until the present time, the outstanding principal balance of the CDA borrowings has exceeded \$50,000 at all times.
5. At the times at which the contributions referred to in this complaint were made:
  - a. Carla Squatrito was a member of the board of directors and has an ownership interest of five percent or more of Carla's. Carla Squatrito also had an ownership interest of five percent or more of Suri.
  - b. Sergio Squatrito was a member of the board of directors of Carla's.

c. Tracy Squatrito was the spouse of Sergio Squatrito.

6. On or about July 2010, Respondents received a written notification from CDA with respect to Carla's and Suri's status as state contractors as described in General Statutes § 9-612 (g) (2) (E). Consequently, Respondents self-reported the instant complaint.

7. Respondents admitted and detailed the following contributions:

<u>Respondent</u>	<u>Committee</u>	<u>Amount/Date</u>
Carla Squatrito	Manchester Democratic	\$40/ 06/11/08
	Town Committee (MDTC)	
	South Windsor Democratic	\$250/ 10/19/08
	Town Committee (SWDTC)	
	Wyman 2010	\$100/ 03/03/10
	Merrill for Secretary of the State	\$100/ 05/21/10
	Wyman 2010	\$100/ 05/28/10
Sergio Squatrito	MDTC	\$40/ 06/19/08
Tracy Squatrito	Merrill for Secretary of the State	\$100/ 06/04/10

8. The Commission discovered upon investigation an additional contribution in the amount of \$60 made by Respondent Carla Squatrito to the MDTC on 06/12/10. Furthermore, in the course of the investigation, Respondents' attorney disclosed the following additional contributions made by Carla Squatrito: MDTC, \$40, 06/10/07, MDTC, \$40, 05/28/09 and MDTC, \$60, 06/12/10, as well as an additional contribution in the amount of \$40 made by Respondent Tracy Squatrito to the MDTC on 06/10/07, and the following purchase of advertising in a program booklet for a fundraising affair:

<u>Purchaser</u>	<u>Committee</u>	<u>Amount/Date</u>
Carla Squatrito	MDTC	\$20/ 5/28/09.

9. In 2010, Carla's submitted an application to the CCEF for financial assistance in the form of a grant covering a portion of the cost of Carla's purchase of a fuel cell power plant for its South Windsor facility. In 2010, Carla's also submitted an application to CDA for additional borrowing to assist in financing the purchase of the fuel cell power plant. In June 2010, the governing boards of both CCEF and CDA had approved Carla's applications for their respective financial assistance programs.

10. On or about August 17, 2010, each of Carla Squatrito, Sergio Squatrito and Tracy Squatrito sent to the treasurers of each committee named in paragraph 7 letters requesting refunds of the contributions described in that paragraph.

11. General Statutes § 9-612 provides, in pertinent part:

... (g) (1) (F) "**Principal of a state contractor** or prospective state contractor" *means* (i) **any individual who is a member of the board of directors of, or has an ownership interest of five per cent or more in, a state contractor or prospective state contractor, which is a business entity,** except for an individual who is a member of the board of directors of a nonprofit organization, (ii) an individual who is employed by a state contractor or prospective state contractor, which is a business entity, as president, treasurer or executive vice president, (iii) **an individual who is the chief executive officer of a state contractor or prospective state contractor, which is not a business entity, or if a state contractor or prospective state contractor has no such officer, then the officer who duly possesses comparable powers and duties,** (iv) an officer or an employee of any state contractor or prospective state contractor who has managerial or discretionary responsibilities with respect to a state contract, (v) **the spouse or a dependent child who is eighteen years of age or older of an individual described in this subparagraph,** or (vi) a political committee established or controlled by an individual described in this subparagraph or the business entity or nonprofit organization that is the state contractor or prospective state contractor.

... (2) (A) No state contractor, prospective state contractor, **principal of a state contractor** or principal of a prospective state contractor, with regard to a state contract solicitation with or from a state agency in the executive branch or a quasi-public agency or a holder, or principal of a holder of a valid prequalification certificate, **shall make a contribution to,** or solicit contributions on behalf of (i) **an exploratory committee or candidate committee established by a candidate for nomination or election to the office of Governor, Lieutenant Governor, Attorney General, State Comptroller, Secretary of the State or State Treasurer,** (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, **or (iii) a party committee;**

(B) No state contractor, prospective state contractor, principal of a state contractor or principal of a prospective state contractor, with regard to a state contract solicitation with or from the General Assembly or a holder, or principal of a holder, of a valid prequalification certificate, shall make a contribution to, or solicit contributions on behalf of

(i) an exploratory committee or candidate committee established by a candidate for nomination or election to the office of state senator or state representative, (ii) a political committee authorized to make contributions or expenditures to or for the benefit of such candidates, or (iii) a party committee;

***(C) If a state contractor or principal of a state contractor makes or solicits a contribution prohibited under subparagraph (A) or (B) of this subdivision, as determined by the State Elections Enforcement Commission, the contracting state agency or quasi-public agency may, in the case of a state contract executed on or after the effective date of this section may void the existing contract with said contractor, and no state agency or quasi-public agency shall award the state contractor a state contract or an extension or an amendment to a state contract for one year after the election for which such contribution is made or solicited unless the commission determines that mitigating circumstances exist concerning such violation. No violation of the prohibitions contained in subparagraph (A) or (B) of this subdivision shall be deemed to have occurred if, and only if, the improper contribution is returned to the principal by the later of thirty days after receipt of such contribution by the recipient committee treasurer or the filing date that corresponds with the reporting period in which such contribution was made, ...***

[Emphasis added.]

12. The Commission concludes that Respondent Carla Squatrito as a member of the board of directors of a state contractor and having an ownership interest in excess of 5% of a state contractor is a principal of a state contractor pursuant to General Statutes § 9-612 (g) (1) (F) (1) (i).
13. The Commission concludes that Respondent Sergio Squatrito as a member of the board of directors of a state contractor is a principal of a state contractor pursuant to § 9-612 (g) (1) (F) (1) (i).
14. The Commission concludes that Respondent Tracy Squatrito as the spouse of Respondent Sergio Squatrito, a member of the board of directors of a state contractor, is the spouse of a principal of a state contractor and therefore is also a principal pursuant to § 9-612 (g) (1) (F) (1) (v).
15. The Commission concludes that because principals of state contractors are excluded from the ad book purchase exception pursuant to § 9-601a (b) (10) (B), that the purchase of an advertisement in the MDTC program book as described in paragraph 8 above, constituted a contribution to the MDTC by Respondent Carla Squatrito.

16. The Commission finds that Respondent Carla Squatrito by making the contributions as described in paragraphs 7 and 8 above made a total of 9 contributions since 2008 in the total amount of \$790. To date, \$450 of the total amount of contributions has been returned by respective committees to Ms. Squatrito upon her request. The Commission further finds that Respondent Carla Squatrito failed to disclose one of the above contributions in her complaint and disclosed an additional three of the above contributions *after* being made aware of her previous omission.
17. The Commission finds that Respondent Sergio Squatrito by making the contribution as described in paragraph 7 above made one contribution for a total amount of \$40. The Commission further finds that Respondent Tracy Squatrito by making the contributions as described in paragraphs 7 and 8 above made two contributions for a total amount of \$140.
18. The Commission finds that the contributions described in paragraphs 5 and 6 above were not returned within the statutory "safe harbor" of 30 days from the time of the contribution or not later than 30 days from the filing date of the reporting period in which it was made pursuant to § 9-612 (g) (2) (C).
19. The Commission concludes that the evidence establishes that Respondent Carla Squatrito is a principal of an executive branch state contractor pursuant to § 9-612 (g) (1) (F) (i), and therefore violated General Statutes § 9-612 (g) (2) by virtue of making multiple contributions to town committees, an exploratory committee for statewide office, and candidate committees for statewide office.
20. The Commission concludes that the evidence establishes that Respondent Sergio Squatrito is a principal of an executive branch state contractor pursuant to § 9-612 (g) (1) (F) (i), and therefore violated General Statutes § 9-612 (g) (2) by virtue of making a contribution to a town committee.
21. The Commission concludes that the evidence establishes that Respondent Tracy Squatrito is a principal of an executive branch state contractor pursuant to § 9-612 (g) (1) (F) (v), and therefore violated General Statutes § 9-612 (g) (2) by virtue of making a contribution to a candidate committee for statewide office and by making a contribution to a party committee.

22. The Commission concludes that by operation of General Statutes § 9-612 (g) (2) (C), CDA cannot administer its loan agreement, and CDA and CCEF cannot process their loan commitments with Carla's for one year after the election for which Respondents' most recent contributions were made. Neither can CDA or CCEF enter into contracts, or amend any existing contracts, for one year after the election for which the unlawful contributions were made. The contributions by Respondents to Merrill for Secretary of the State and Wyman 2010 were made in connection with the November 2010 election, and absent a finding of mitigating circumstances concerning such violations, Carla's may be precluded from amending or receiving the benefits of an existing state contract or from receiving of a new state contract until November 2011.
23. The Commission finds that pursuant to General Statutes § 9-612(g), a mitigating circumstances analysis is not reached unless the Commission determines that a violation has occurred. Therefore, the Commission finds that the violations by Respondents as concluded in paragraphs 19, 20 and 21, above, of the state contractor contribution ban allows the Commission to determine whether "mitigating circumstances" exist concerning such violations pursuant to General Statutes § 9-612 (g) (2) (C).
24. General Statutes § 9-612 (g) (2) (C) provides possible relief from the mandatory contract penalty, and allows the Commission to determine whether "mitigating circumstances" exist concerning the violation. If mitigating circumstances concerning the violation are found by the Commission, the contractual penalty is not automatic, but the awarding agency retains discretion to amend a contract or award a new contract. The agency may still void a contract in its discretion if a violation of the state contractor contribution or solicitation ban occurs, even if mitigating circumstances are found.
25. In determining whether circumstances are "mitigating," the Commission deems it necessary to consider any circumstances pertaining to the contribution by Respondents, as well as contracts and agreements between Carla's and both CDA and CCEF, that would, although not excusing the conduct, tend to reduce the harm the state contractor contribution ban is designed to prevent. The ban is designed to eliminate the undue influence over the awarding of contracts that principals of state contractors who make contributions to candidate committees and exploratory committees for statewide office could wield over those state actors awarding such contracts and prevent awarding of contracts in exchange for campaign contributions.
26. The Commission finds that CDA has two matters that are, according to CDA, pending the resolution of this matter, between CDA and Carla's. The first is a year 2001 loan in the amount \$1 million dollars made by CDA to Carla's that is in repayment. The second is a \$1.4 million dollar loan commitment from CDA to Carla's that is pending execution.

27. The Commission finds that CCEF has one matter that is, according to CCEF, pending the resolution of this matter, between CCEF and Carla's. It is the approval of a grant application, which contingent on ancillary funding available to Carla's, could amount to between \$500,000 to \$1 million dollars from CCEF to Carla's that is currently being held.
28. The Commission finds a lack of evidence that the contributions described in this agreement were made in connection with any request for or offers of assistance between Respondents and the agents or representatives of the recipient committees, and either CDA or CCEF, for the purpose of obtaining agreements with these quasi-public agencies. In addition, there is a lack of evidence that the aforementioned contribution recipients were in the position to influence the decision making of either CDA or CCEF, or were employed by or affiliated with either of these quasi-public agencies. Finally, the Commission finds a lack of evidence that either the recipients or their agents or representatives acted on behalf of either party in relation to the agreements between Carla's and either CDA or CCEF.
29. Pertaining Respondent Carla Squatrito, and her prohibited contributions described herein, the Commission determines that the following mitigating circumstances exist:
  - a. Respondent Carla Squatrito self-reported to the Commission by filing this complaint;
  - b. Upon learning of the prohibition pertaining to the state contractor ban, Respondent sought returns of her prohibited contributions, and received \$450 in refunds out of a total of \$790 in contributions; and
  - c. The candidates and party committees or their representatives Respondent contributed to were not involved in obtaining the loan commitments from CDA or CCEF.
30. Pertaining Respondent Sergio Squatrito, and his prohibited contribution described herein, the Commission determines that the following mitigating circumstances exist:
  - a. Respondent Sergio Squatrito self-reported to the Commission by filing this complaint;
  - b. Upon learning of the prohibition pertaining to the state contractor ban, Respondent sought return of his prohibited contribution; and
  - c. The party committee Respondent contributed to was not involved in obtaining the loan commitments from CDA or CCEF.
31. Pertaining Respondent Tracy Squatrito, and her prohibited contribution described herein, the Commission determines that the following mitigating circumstances exist:
  - a. Respondent Tracy Squatrito self-reported to the Commission by filing this complaint;
  - b. Upon learning of the prohibition pertaining to the state contractor ban, Respondent sought return of her prohibited contribution to Merrill for Secretary of the State; and

- c. The party committee and candidate for statewide office Respondent contributed to were not involved in obtaining the loan commitments from CDA or CCEF.
32. The Commission concludes pursuant to General Statutes § 9-612 (g) (2) (C) that mitigating circumstances existed pertaining to the violation found in connection with the respective contributions by Respondents to the various committees, including MDTC, Merrill for Secretary of the State, SWDTC, and Wyman 2010, such that Carla's is not statutorily barred from receiving either grants or loans from CDA or CCEF, nor is Carla's barred from taking any necessary steps to effectuate any such grants or loans, or from continuing its existing year 2001 loan agreement with CDA.
33. The Commission further concludes that the policy behind General Statutes § 9-612 (g) and its ban to avoid "pay-to-play" was not circumvented under the facts and circumstances of this case, and therefore allowing the process to move forward, despite the prohibited contributions and violations by Respondents, does not compromise the state's interests to insure integrity in its campaign financing system.
34. Accordingly, the Commission concludes that these mitigating circumstances concerning the violations by Respondents do not bar CDA and CCEF pursuant to General Statutes §9-612 from negotiating future contracts with or satisfying its existing contract obligations with Carla's Pasta.
35. Respondents admit all jurisdictional facts and agree that this Agreement and Order shall have the same force and effect as a final decision and Order entered after a full hearing and shall become final when adopted by the Commission. Respondents shall receive a copy hereof as provided in Section 9-7b-56 of the Regulations of Connecticut State Agencies.
36. It is understood and agreed that this agreement will be submitted to the Commission at its next meeting and, if it is not accepted by the Commission, it is withdrawn by the Respondent and may not be used as an admission in any subsequent hearing, if the same becomes necessary.
37. Respondents waive:
  - a. any further procedural steps;
  - b. the requirement that the Commission's decision contain a statement of findings of fact and conclusions of law, separately stated; and
  - c. all rights to seek judicial review or otherwise to challenge or contest the validity of the Order entered into pursuant to this agreement.
38. Upon Respondents' compliance with the Order hereinafter stated, the Commission shall not initiate any further proceedings against them pertaining to this matter.



ORDER

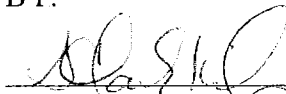
IT IS HEREBY ORDERED THAT the Respondents shall henceforth strictly comply with the requirements of General Statutes § 9-612 (g).

IT IS HEREBY FURTHER ORDERED THAT the Respondent Carla Squatrito shall pay a civil penalty of two thousand five hundred dollars (\$2,500.00) to the Commission; that the Respondent Sergio Squatrito shall pay a civil penalty of five hundred dollars (\$500.00) to the Commission; and, that the Respondent Tracy Squatrito shall pay a civil penalty of seven hundred and fifty dollars (\$750.00) to the Commission on or before November 15, 2010. The above payments shall be made on or before November 15, 2010.

For the State of Connecticut

DATED: 11-12-10


BY:

  
Shannon Clark Kief, Esq.  
Legal Program Director and  
Authorized Representative of  
the Commission  
20 Trinity Street, Suite 101  
Hartford, Connecticut


The Respondents

DATED: Nov. 11, 2010


BY:

  
Carla Squatrito  
192 Knollwood Road  
Manchester, Connecticut

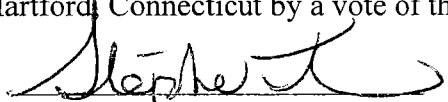
BY:

  
Sergio Squatrito  
81 Steele Farm Drive  
Manchester, Connecticut

BY:

  
Tracy Squatrito  
81 Steele Farm Road  
Manchester, Connecticut

Adopted this 17<sup>th</sup> day of November, 2010 at Hartford, Connecticut by a vote of the Commission.

  
Stephen F. Cashman, Chairperson  
By Order of the Commission