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**ENFORCEMENT
COMMISSION**

STATE OF CONNECTICUT

STATE ELECTIONS ENFORCEMENT COMMISSION

In the Matter of a Complaint by Harry Ruppenicker, Westbrook

File No. 2016-084A

AGREEMENT CONTAINING CONSENT ORDER

This agreement by and between Norman Needleman (hereinafter "Respondent") and the authorized representative of the State Elections Enforcement Commission (hereinafter "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. In this matter, Complainant Ruppenicker alleged that the *Elect Needleman for Senate 2016* candidate committee, a committee for a CEP-participating candidate, made impermissible payments to a business of which more than five percent was owned by a candidate.

Factual Background

2. On or about April 20, 2016, Respondent Needleman registered the *Elect Needleman for Senate 2016* candidate committee with the Commission as the sole funding source for his first 2016 campaign for the 33rd State Senatorial District.
3. At all times relevant hereto, Lynn Mehrtens was the first-time treasurer of the *Elect Needleman for Senate 2016* candidate committee.¹
4. On or about April 20, 2016, Respondent Needleman and Ms. Mehrtens filed an "Affidavit of Intent to Abide by Expenditure Limits and Other Citizens' Election Program Requirements", their first time utilizing the citizens election program.
5. On or about July 26, 2016, Respondent Needleman and Ms. Mehrtens filed the *Elect Needleman for Senate 2016's* "Citizens' Election Program Application for Public Grant Dollars".
6. On or about August 8, 2016, *Elect Needleman for Senate 2016* received a \$94,710 grant from the Citizens' Election Fund.
7. At all times relevant hereto, Tower Laboratories, Ltd. ("Tower Labs") was a domestic stock corporation in the State of Connecticut.
8. At all times relevant hereto, Respondent Needleman owned more than five percent of Tower Labs.

¹ Allegations concerning the conduct of Lynn Mehrtens shall be addressed in a separate document.

9. On or about July 7, 2016, *Elect Needleman for Senate 2016* entered into a rental agreement with Tower Labs (the "Rental Agreement"). In the Rental Agreement *Elect Needleman for Senate 2016* agreed to pay Tower Labs \$600 per month for a period of four months for use of office space, including utilities (the "Office Space").
10. Between July 7, 2016 and November 7, 2016, *Elect Needleman for Senate 2016* utilized the Office Space as a campaign headquarters.
11. On August 8, 2016, *Elect Needleman for Senate 2016* paid \$2,400 in rent to Tower Labs, and this expenditure was reported on SEEC Form 20.
12. *Elect Needleman for Senate 2016*, was selected for a post-election review audit through the Commission's randomized process. The review noted the use of business resources to benefit the campaign.
13. In addition to the office space rented by the committee, *Elect Needleman for Senate 2016* utilized certain business assets of Tower Labs during the campaign, including: 1) a copy machine; 2) a FedEx account; and 3) a Shutterfly account.
14. *Elect Needleman for Senate 2016* maintained detailed and comprehensive accounts of all campaign expenditures, including the business accounts listed above. The approximate value of the use of Tower Labs business assets was \$449.57.
15. *Elect Needleman for Senate 2016* reimbursed Tower Labs for the use of Tower Lab's business assets. Respondent Mehtens timely reported each expenditure on required CEP forms.
16. Respondent avers any actions on it or the campaign's part regarding the subject matter of this Settlement Agreement were unintentional, and not done to circumvent any requirements of the Citizen's Election Program – and in fact it was their intention at all times to comply with all aspects of CEP laws, regulations and policies.

Law

17. General Statutes § 9-706 (b) (7) provides that "[t]he treasurer of the candidate committee will expend all moneys received from the fund in accordance with the provisions of subsection (g) of section 9-607 and regulations adopted by the State Elections Enforcement Commission under subsection (e) of this section;[.]"
18. Pursuant to General Statutes § 9-706 (e), the Commission adopted regulations prohibiting candidates who receive CEP funds from using such funds to pay businesses owned by the candidate or their family. Specifically, Regs. Conn. State Agencies § 9-706-2 (a) (4) prohibits the spending of funds in a participating candidate's depository account for, "[p]ayments to any entity in which the participating candidate or the participating candidate's family members, as

listed in section 9-706-2(b)(3) of the Regulations of Connecticut State Agencies, has a 5% or greater ownership interest.”

19. Pursuant to General Statutes § 9-606 (a), “The treasurer of each committee shall be responsible for . . . (2) making and reporting expenditures[.]”.

20. Pursuant to General Statutes § 9-7b (a) the Commission is empowered to:

levy a civil penalty not to exceed . . . (D) two thousand dollars per offense or twice the amount of any improper payment or contribution, whichever is greater, against any person the commission finds to be in violation of any provision of chapter 155 or 157.

21. Moreover, General Statutes § 9-703 (a) provides, in pertinent part:

Each candidate for nomination or election to the office of state senator or state representative in 2008, or thereafter, . . . shall file an affidavit with the State Elections Enforcement Commission. The affidavit shall include a written certification that the candidate either intends to abide by the expenditure limits under the Citizens' Election Program set forth in subsection (c) of section 9-702, or does not intend to abide by said limits. If the candidate intends to abide by said limits, the affidavit shall also include written certifications . . . (2) that the candidate shall repay to the fund any such moneys that are not expended in accordance with subsection (g) of section 9-607 and said regulations[.]”

22. General Statutes § 9-706 (e) provides, “[t]he State Elections Enforcement Commission shall adopt regulations, in accordance with the provisions of chapter 54, on permissible expenditures under subsection (g) of section 9-607 for qualified candidate committees receiving grants from the fund under sections 9-700 to 9-716, inclusive.”

23. Accordingly, if a candidate committee of a CEP participating candidate makes impermissible expenditures pursuant to General Statutes § 9-607 or such related regulations (i.e., Regs. Conn State Agencies § 9-706-2), the Commission can require such candidate to repay the Fund such impermissible expenditure.

24. Use of a candidate’s business assets on behalf of his or her campaign, including the intermingling of equipment, accounts and staff, may create impermissible in-kind contributions from the business to the campaign.

Discussion

25. The following facts in this case are uncontested. Mr. Needleman owned more than five percent of Tower Labs at all times relevant hereto. *Elect Needleman for Senate 2016* paid Tower Labs \$2,858.30 for rental of office space and limited use of business assets.

26. When on October 17, 2016 Respondent Needleman learned of the potential oversight, he contacted the Commission, and offered through counsel to proactively and immediately reimburse the total costs of the above-referenced office rental and business assets.
27. Commission representatives (including one from the enforcement unit) advised Respondent not to reimburse the above-referenced amounts at that time.
28. The \$2,858.30 payment was an impermissible expenditure of CEP funds, and the Commission concludes that Respondent is liable for repaying the total amount to the Citizens' Election Fund.

Terms of General Application

29. Respondent admits all jurisdictional facts and agrees 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. Respondent shall receive a copy hereof as provided in Section 9-7b-56 of the Regulations of Connecticut State Agencies.
30. 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 by either party as an admission in any subsequent hearing, if the same becomes necessary.
31. Respondent waives:
 - 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.
32. Upon Respondent's compliance with the Order hereinafter stated, the Commission shall adopt as final the 2016 post-election review and not initiate any further proceedings against Respondent pertaining to this matter, and this agreement and order does not serve as a prospective ban on future contracts between Respondent and state agencies.

ORDER

IT IS HEREBY ORDERED THAT Respondent Norman Needleman shall henceforth strictly comply with the requirements of General Statutes §§ 9-606, 9-607 and 9-706 and Regs. Conn. State Agencies § 9-706-2.

IT IS HEREBY FURTHER ORDERED THAT Respondent Needleman shall repay to the Citizens' Election Fund \$2,858.30.

Respondent
Norman Needleman:

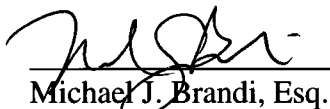
By: 

Norman Needleman
24 Book Hill Woods Road
Essex, CT 06426

Dated: _____

For the State of Connecticut:

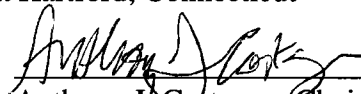
By:



Michael J. Brandi, Esq.,
Executive Director and General Counsel
Authorized Representative of the State
Elections Enforcement Commission
20 Trinity Street, Suite 101
Hartford, CT 06103

Dated: 8/20/19

Adopted this 21st day of August, 2019 at Hartford, Connecticut


Anthony J. Castagno, Chairman
By Order of the Commission