

STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

In the Matter of a Complaint Bruce Mandell et al., Woodbridge

File No. 2018-105B

AGREEMENT CONTAINING A CONSENT ORDER

The parties, Scott Schooley (“Respondent”) and the undersigned authorized representative of the State Elections Enforcement Commission (the “Commission”), enter into this agreement as authorized by Connecticut General Statutes § 4-177 (c) and Regulations of Connecticut State Agencies § 9-7b-54. In accordance with those provisions, the parties agree that:

INTRODUCTION

1. On November 7, 2018, Respondent, through counsel filed a self-reported complaint stating that he believed that he may have violated the prospective state contractor contribution ban detailed in General Statutes § 9-612 (f).
2. Specifically, Respondent stated that, as a principal of the Hartford Sports Group, he may have made contributions to impermissible committees after they had responded to a request for proposal to use Hartford’s Dillon Stadium to present professional soccer games.

FACTUAL BACKGROUND

1. At all times relevant hereto HSG was a domestic limited liability company, registered in the State of Connecticut, in the business of professional soccer.
2. At all times relevant hereto Respondent was a partner in and principal of HSG.
3. At all times relevant hereto, the Capital Region Development Authority (“CRDA”) was a quasi-public agency with a mission to “stimulate economic development and new investment in and around The City of Hartford.”
4. At all times relevant hereto, The City of Hartford was and is a municipal corporation organized and existing under the laws of the State of Connecticut.
5. At all times relevant hereto Dillon Stadium was an entertainment venue in and owned by The City of Hartford that was in disuse due to needed repairs and upgrades.
6. In November of 2015, representatives of HSG met with Luke Bronin, the incoming Mayor of The City of Hartford, to discuss bringing a professional soccer team to Hartford.

7. On or about September 15, 2017, the CRDA, “on behalf of The City of Hartford,” issued a Request for Proposals for a soccer team to serve as an anchor tenant of the new Dillon Stadium. CRDA did so pursuant to a letter of understanding between the CRDA and The City of Hartford, which letter is part of the public record.
8. To comply with General Statutes § 1-101qq, CRDA attaches Forms SEEC-10 and Office of policy Management Form 1 to requests for proposals it issues on its own behalf.¹
9. The purpose of Conn. Gen. Stat. § 1-101qq and Forms SEEC-10 and OPM-1 is to provide State Contractors and Prospective State Contractors with notice of their status as such and of the restrictions that such status creates with respect to political contributions.
10. Forms SEEC-10 and OPM Form 1 were not attached to the RFP. CRDA, according to its counsel, did not include said forms because CRDA did not view the contract contemplated by the RFP to be a State Contract.²
11. On or about September 22, 2017, HSG submitted a letter of intent to respond to the RFP.
12. On or about October 13, 2017, HSG submitted a response to the RFP. Respondent asserts that the purpose of HSG’s response to the RFP was to bring professional soccer the region, to facilitate the redevelopment of Dillon Stadium, an asset owned by the City of Hartford, and to provide for its use by various educational, civic, and community organizations within the City of Hartford, and to spur economic redevelopment in the Coltsville section of the City of Hartford.

¹ In order to place prospective state contractors on notice of the requirements of Connecticut law concerning, inter alia, the restrictions on campaign contributions, General Statutes §1-101qq requires that “a state agency or institution or quasi-public agency that is seeking a contractor for a large state construction or procurement project shall provide the summary of state ethics laws developed by the Office of State Ethics pursuant to section 1-81b to any person seeking a large state construction or procurement contract. Such person shall affirm to the agency or institution, in writing or electronically, (1) receipt of such summary, and (2) that key employees of each such person have read and understand the summary and agree to comply with the provisions of state ethics law...No state agency or institution or quasi-public agency shall accept a bid or proposal for a large state construction or procurement contract without such affirmation.”

² Whether or not a state agency provides such notice pursuant to General Statutes § 1-101qq is not dispositive to the Commission’s determination pursuant to General Statutes § 9-612, as to whether violations of that section occurred. While the Commission may consider a lack of such notice to be weighted as a factual element, it is not binding on the Commission’s interpretation and application of the General Statutes § 9-612 (f).

13. On or about December 1, 2017, CRDA made a recommendation to The City of Hartford that the City of Hartford pursue an agreement with HSG for the redevelopment and use of Dillon Stadium.
14. Exercising its sole discretion under the RFP, the City thereafter elected to proceed with negotiations with HSG to pursue an agreement for the redevelopment and use of Dillon Stadium for both professional soccer, as well as community use.
15. On or about December 7, 2017, HSG began negotiations with The City of Hartford concerning bringing a professional soccer team to Dillon Stadium. When said negotiations commenced, the City and HSG contemplated a two-party contract between them.
16. During said negotiations all parties were represented by counsel and at all times and in all matters relevant hereto, Respondent asserts that with regard to all matters relevant hereto, HSG acted in accordance with the advice of its counsel.
17. Subsequent to Respondent's November 7, 2018 self-report, HSG continued to negotiate with the City of Hartford to bring the redevelopment of Dillon Stadium to fruition and contributed approximately \$2.3 million of its own funds into the redevelopment of Dillon Stadium, which contribution was made without additional benefit or consideration received.
18. On July 13, 2019, HSG's franchise in the United States Soccer League, Hartford Athletic, played its first match in the newly-renovated Dillon Stadium.
19. At all times relevant hereto the *Wooden for Treasurer* candidate committee was a committee registered with the Commission to finance Shawn T Wooden's campaign for Treasurer of the State of Connecticut.
20. At all times relevant hereto, the *Mike for CT* exploratory committee was a committee registered with the Commission to finance Michael C D'Agostino's exploration of public office in the State of Connecticut including Statewide Office and the General Assembly.
21. On or about February 9, 2018 Respondent made a \$100 contribution to the *Wooden for Treasurer* candidate committee.
22. On or about April 4, 2018, Respondent made a \$100 contribution to the *Mike for CT* exploratory committee.

DISCUSSION

23. Connecticut's prohibitions on political contributions by those contracting with the state extends not only to state contractors, but also to prospective state contractors and their principals. General Statutes § 9-612 (f) (1) (E).
24. General Statutes § 9-612 (f) (2) (D) further provides:
- (D) If a prospective state contractor or principal of a prospective state contractor makes or solicits a contribution as prohibited under subparagraph (A) or (B) of this subdivision, as determined by the State Elections Enforcement Commission, no state agency or quasi-public agency shall award the prospective state contractor the contract described in the state contract solicitation or any other 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. The Commissioner of Administrative Services shall notify applicants of the provisions of this subparagraph and subparagraphs (A) and (B) of this subdivision during the prequalification application process; and
25. Executive branch prospective state contractors and their principals are prohibited from making contributions to the candidate committees and/or exploratory committees financing Connecticut candidates for executive branch office. General Statutes § 9-612 (f). Executive branch prospective state contractors and their principals are further prohibited from making contributions to committees that can make contributions to and/or expenditures for candidates for executive branch office in Connecticut (i.e., party committees). *Id.*
26. In order to assess whether any of the aforementioned contributions were made in violation of General Statutes § 9-612 (f), the Commission must determine whether HSG was a prospective state contractor when such contributions were made, which determination would include a determination as to whether the contract at issue had a value in excess of \$50,000.
27. General Statutes § 9-612 (f) (1) (E) defines prospective state contractor to mean:
- a person, business entity or nonprofit organization that (i) submits a response to a state contract solicitation by the state, a state agency or a quasi-public agency, or a proposal in response to a request for proposals by the state, a state agency or a quasi-public agency, until the contract has been entered into, or (ii) holds a valid prequalification certificate issued by the Commissioner of Administrative Services under section 4a-100. "Prospective state contractor" does not include a municipality or any other political subdivision of the state, including any entities or associations duly created by the municipality or political subdivision exclusively amongst themselves to further any purpose authorized by statute or charter, or an employee in the executive or legislative branch of state government

or a quasi-public agency, whether in the classified or unclassified service and full or part-time, and only in such person's capacity as a state or quasi-public agency employee.

28. The RFP was issued by CRDA "on behalf of the City of Hartford." CRDA is a quasi-public entity. The Commission therefore concludes that, whether or not the ultimate agreement was a state contract or whether or not CRDA issued the RFP "on behalf of The City of Hartford," HSG's response to the RFP was, by definition, "a proposal in response to a request for proposals by the state, a state agency or a quasi-public agency." General Statutes § 9-612 (f) (1) (E). Accordingly, by the very language of the statute, the Commission concludes that HSG was a prospective state contractor after it responded to the RFP.
29. The Commission concludes that HSG was a prospective state contractor and the Commission and finds that the contract contemplated by the RFP had a value of more than \$50,000. Therefore, the Commission concludes that any contribution to a committee that can make contributions or expenditures to or for a candidate for executive branch office in the State of Connecticut by a principal of HSG would be prohibited contribution pursuant to General Statutes § 9-612 (f).
30. Based on the foregoing, the Commission concludes that the Respondent's contributions to *Wooden for Treasurer* on February 9, 2018 and *Mike for CT* on April 7, 2018, were made in violation of General Statutes § 9-612 (f).
31. While the Respondent has been cooperative with the investigation and has no prior history with the Commission, due to how serious the Commission views violations of Connecticut's state contractor and prospective state contractor prohibitions, the Commission determines that it must assess a civil penalty in this case in the amount detailed in the Order attached hereto.
32. Once the Commission determines that a principal of a prospective state contractor has made or solicited an impermissible contribution, the contracting state agency may void the state contractor's contracts. Such penalty may be avoided, however, if the Commission determines that mitigating circumstances exist. Specifically, General Statutes § 9-612 (f) (2) (D) provides:

If a prospective state contractor or principal of a prospective state contractor makes or solicits a contribution as prohibited under subparagraph (A) or (B) of this subdivision, as determined by the State Elections Enforcement Commission, no state agency or quasi-public agency shall award the prospective state contractor the contract described in the state contract solicitation or any other 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. The Commissioner of Administrative Services shall notify

applicants of the provisions of this subparagraph and subparagraphs (A) and (B) of this subdivision during the prequalification application process;

33. The Commission has held that, that pursuant to General Statutes § 9-612 (f), a separate “mitigating circumstances” analysis is not reached unless the Commission determines that a violation has occurred. Therefore, the Commission finds that the violations by Respondent of the prospective state contractor contribution ban, as detailed herein, allows the Commission to determine whether mitigating circumstances exist concerning such violations pursuant to General Statutes § 9-612 (f) (2) (D). *See In the Matter of a Complaint by Attorney Brendon M. Fox on Behalf of Joseph Dasilva, Danbury*, File No. 2015-179.
34. In determining whether circumstances are “mitigating,” the Commission deems it necessary to consider any circumstances pertaining to the contribution by Respondents, as well as how any contracts, agreements or pending bids or responses to between the Companies and the State would, although not excusing the conduct, tend to reduce or militate against the harm of pay-to-play and/or influence peddling the state contractor contribution ban is designed to prevent.
35. Specifically, the Commission has consistently and historically determined that, pursuant to General Statutes §9-612 (f), the state contractor ban is designed to eliminate the undue influence over the awarding of contracts that principals of state contractors who make contributions to candidate committees for statewide office and/or party committees could wield over those state actors awarding such contracts and to prevent the awarding of contracts in exchange for campaign contributions and various pay-to-play campaign finance schemes. *See In the Matter of a Complaint by Michael A. Neal, Naples, FL*, File No. 2018-028; *In the Matter of a Complaint by Carla Squatrito, et al.*, File No. 2010-112; *In the Matter of a Complaint by Gerald T. Weiner, et al.*, File No. 2010-099; *In Re David Baxter, et al.*, File No. 2009-080; *In Re Charles Shivery*, File No. 2007-381; *In the Matter of a Complaint by Ronald Nault and Luchs Consulting Engineers, LLC*, File No. 2007-353; *In Re JCJ Architecture*, File 2008-120; *In Re Antinozzi Associates*, File No. 2014-009, *In the Matter of a Complaint by Curtis Robinson, Plainville*, File No. 2014-169; and, *In the Matter of a Complaint by Raymond Baldwin, Trumbull*, File No. 2015-009.
36. The Commission finds, after investigation, no evidence that the Respondent’s prohibited contributions had any nexus with the awarding of contracts or contract amendments or the acceptance bid proposals by HSG.
37. Additionally, and upon investigation, the Commission finds no evidence that the contributions described in this Agreement were made in connection with any requests for or offers of assistance between the *Wooden for Treasurer* candidate committee or *Mike for CT* exploratory committee and the Respondent pertaining to any contract or proposal to which HSG was a party.

38. Pertaining to Respondents and the prohibited contributions detailed herein, the Commission determines that the following mitigating circumstances exist:

- a. There was no discussion or agreement by or among Respondent, the representatives of recipient committee, and/or the State of Connecticut that Respondent might receive some favored treatment in exchange for the contribution that Respondent made.
- b. There was no discussion, agreement, or understanding that any of the parties or their agents would provide assistance to Respondent or HSG in its efforts to compete for awards of state contracts in exchange for the contribution to the recipient committee.
- c. The Respondent self-reported this complaint after becoming aware of the potential violation.

39. Accordingly, the Commission concludes pursuant to General Statutes § 9-612 (f) (2) (C) that mitigating circumstances exist pertaining to the violations found in connection with the Respondents contributions to the *Wooden for Treasurer* candidate committee and the *Mike for CT* exploratory committee.

TERMS OF GENERAL APPLICATION

40. The Respondent admits to all jurisdictional facts and agrees that this Agreement and Order shall have the same force and effect as a final decision and order entered into after a full hearing and shall become final when adopted by the Commission.

41. The 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 to contest the validity of the Order entered into pursuant to this Agreement.

42. Upon the Respondent's agreement to comply with the Order hereinafter stated, the Commission shall not initiate any further proceedings against the Respondents regarding this matter.

43. It is understood and agreed by the parties to this Agreement that the Commission will consider this Agreement at its next available meeting and, if the Commission rejects it, the Agreement will be withdrawn and may not be used as an admission by the Parties in any subsequent hearing, proceeding or forum.


ORDER


It is hereby ordered that:

- 1) The Respondent shall henceforth comply with General Statutes § 9-612 (f); and
- 2) The Respondent shall pay a civil penalty of \$400.

For the Respondent:

For the State of Connecticut:

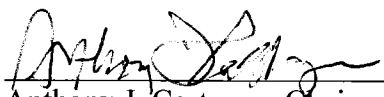
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By: 
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Dated: 9/28/19

Dated: 10/4/19

Adopted this 16 day of October, 2019 at Hartford, Connecticut by vote of the Commission.


Anthony J. Castagno, Chairman
By Order of the Commission