

STATE OF CONNECTICUT
STATE ELECTIONS ENFORCEMENT COMMISSION

In the Matter of a Complaint by John F. Droney,
(Self-report), Hartford

File No. 2019-036

FINDINGS AND CONCLUSIONS

Complainant, Attorney John F. Droney self-reported this Complaint on behalf of his client Theraplant, LLC (hereinafter the "Company") pursuant to General Statutes § 9-7b. He self-reported seven contributions, which were made by the Company, or those affiliated with the Company, to candidate committees for statewide office and other committees, so that the Commission could determine whether the state contractor contribution ban pursuant to General Statutes § 9-612 applied to the Company and affiliated individuals. After its investigation, the Commission makes the following findings and conclusions:

1. Complaint was self-reported by John F. Droney, on behalf of the Company and certain individuals. The Company is a producer of medical marijuana products based in Watertown, Connecticut. Complainant, after the Commission issued a declaratory ruling¹ with direct impact on their status as state contractors pursuant to General Statutes § 9-612, filed this complaint pertaining to possible violations of that section as pertains the Company and certain individuals.

2. More specifically, Respondent asserted that:
On February 20, 2019, Salvatore [Bramante], Vice Chair of the State Elections Enforcement Commission ("SEEC"), issued Declaratory Ruling 2019-01, regarding "The State Contractor Status of Medical Marijuana Industry Licensees." By that Declaratory Ruling the SEEC concluded that because "the cost of a medical marijuana producer license exceeds \$50,000 per year and the definition of state contractor [as set forth in Conn. Gen. Stat. Section 9-612(f)(1)(C)] includes 'a licensing arrangement,'" the four approved producers must be considered state contractors and the resulting contribution and solicitation restrictions set forth in Conn. Gen. Stat. Section 9-612(f) apply to the producers and their principals. Theraplant management immediately informed its principals and managers about the Declaratory Ruling, and instructed them to refrain from making any political contributions

¹ See Declaratory Ruling 2019-01, "The State Contractor Status of Medical Marijuana Industry Licensees" (February 20, 2019.)

or donations until the effect of the Ruling could be analyzed and determined. Until the issuance of the Ruling, neither Theraplant nor any of its principals considered Theraplant to be a state contractor.

3. Furthermore, Respondent self-reported the following relevant contributions, which were confirmed in the course of this investigation:

Theraplant, LLC

<u>Date</u>	<u>Recipient</u>	<u>Value</u>	<u>Office</u>
12/04/14	Democrats for New Leadership	\$250	(PAC)
10/28/14	Democratic Senate Majority PC	\$750	(PAC)
May 12, 2018	Senate Democratic Victory PAC	\$250	(PAC)

Daniel Emmans, Brandi Sawyer Emmans and Alvea Maynard

<u>Date</u>	<u>Recipient</u>	<u>Value</u>	<u>Office</u>
03/13/18 (D. Emmans)	Harris for CT ²	\$100	Governor
03/31/18 (B. Sawyer Emmans)	Harris for CT	\$100	Governor
03/31/18 (A. Maynard)	Harris for CT	\$100	Governor

JD DeMatteo

<u>Date</u>	<u>Recipient</u>	<u>Value</u>	<u>Office</u>
10/08/18	Bob for Governor ³	\$750	Governor

4. General Statutes § 9-612 (f) (1) (E) provides, in part, that a prospective state contractor means a business entity that (1) submits a response to a state contract solicitation by the state or a response in to a request for proposals by the state, or (2) holds a valid prequalification certificate.

² Gubernatorial Candidate Committee registered by Jonathan Harris for November 6, 2018 election.

³ Gubernatorial Candidate Committee registered by Robert Stefanowski for the November 6, 2018 election.

5. By way of background, the Company was one of four companies approved to be a producer in January 2014. After completing the conditions precedent to the issuance of a license, Department of Consumer Protection issued the Company a license as an approved producer on February 7, 2014. The Company's license has been renewed annually since 2014, and the Company's license has never been suspended or revoked.
6. The Company, and the identified individuals affiliated with the Company, have no prior history with the Commission. The Company was *not* on the Commission's prohibited state contractor lists at all times relevant to this complaint.
7. General Statutes § 9-612 provides in pertinent part:

...

(f)(1)(C) "*State contract*" means an agreement or contract with the state or any state agency or any quasi-public agency, let through a procurement process or otherwise, having a value of fifty thousand dollars or more, or a combination or series of such agreements or contracts having a value of one hundred thousand dollars or more in a calendar year, for (i) the rendition of services, (ii) the furnishing of any goods, material, supplies, equipment or any items of any kind, (iii) the construction, alteration or repair of any public building or public work, (iv) the acquisition, sale or lease of any land or building, (v) a licensing arrangement, or (vi) a grant, loan or loan guarantee. "State contract" does not include any agreement or contract with the state, any state agency or any quasi-public agency that is exclusively federally funded, an education loan, a loan to an individual for other than commercial purposes or any agreement or contract between the state or any state agency and the United States Department of the Navy or the United States Department of Defense.

...

(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,

(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; ...*

[Emphasis added.]

8. The threshold question for the Commission is whether or not the Company, and certain individuals affiliated with the Company, were covered by the state contractor contribution ban and General Statutes § 9-612 and therefore prohibited from contributing to candidate committees for statewide office.
9. The Commission on February 20, 2019, issued Declaratory Ruling 2019-01, regarding “*The State Contractor Status of Medical Marijuana Industry Licensees.*” In that Declaratory Ruling the SEEC concluded that because “the cost of a medical marijuana producer license exceeds \$50,000 per year and the definition of state contractor [as set forth in Conn. Gen. Stat. Section 9-612 (f) (1) (C)] includes ‘a licensing arrangement.’”
10. Further, based on the declaratory ruling, the four approved producers must be considered state contractors and the resulting contribution and solicitation restrictions set forth in General Statutes Section 9-612 (f) apply to the producers and their principals.
11. Complainant represents that the Company management, upon learning of the February 20, 2019 adoption of Declaratory Ruling 2019-01 by the Commission, informed principals and managers about its implications for the application of General Statutes § 9-612 to licensed medical marijuana producers in Connecticut.

12. After investigation, the Commission finds evidence that the Company informed its principals and managers of the Commission's actions and conducted an internal investigation of political contributions by relevant individuals within the Company that led to the filing of this self-reported complaint.⁴
13. The Commission finds that because the reported contributions by principals of the Company, as detailed herein, were made to gubernatorial candidate committees and ongoing political committees authorized to make contributions to statewide candidates committees were covered by the prohibitions of General Statutes §9-612, such contributions therefore would be covered by the state contractor contribution ban pursuant to that section if made by principals of the Company as a state contractor.
14. Further, the Commission finds that the individuals reported by the Company as having made contributions to the committees covered by General Statutes § 9-612 are principals of a state contractor pursuant to that section and consistent with Declaratory Ruling 2019-01. Therefore the prohibitions from making contributions to such committees would cover their actions pursuant to § 9-612.
15. The Commission concludes therefore that based on the adoption of Declaratory Ruling 2019-01 on February 20, 2019, that principals of the Company, as well as other companies and their principals in the business of producing medical marijuana and licensed by Connecticut for that purpose, are subject to the provisions of General Statutes § 9-612 and its state contractor contribution ban.
16. Nevertheless, after a thorough review and investigation of this matter, the Commission takes no further action on this self-reported complaint by John F. Dronney of potential violations of General Statutes § 9-612 (f) based on the timing of the adoption and publication of Declaratory Ruling 2019-01 and the Company's actions surrounding this self-reported complaint pertaining to the state contractor contribution ban, as detailed herein.

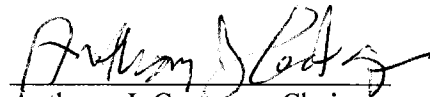
⁴ By affidavits and through its Counsel, the Company detailed its use of the Commission's ECRIS database to research political contributions as well as protocols to inform principals and managers of the state contractor contribution ban prohibition pursuant to General Statutes § 9-612.

ORDER

The following Order is recommended on the basis of the aforementioned finding:

That Commission takes no further action and this matter is dismissed.

Adopted this 16th day of October 2019, at Hartford, Connecticut



Anthony J. Castagno, Chairman
By Order of the Commission