



OFFICE OF THE ATTORNEY GENERAL
CONNECTICUT

WILLIAM TONG
ATTORNEY GENERAL

February 8, 2024

By Email

John C. Geragosian, State Auditor
Craig A. Miner, State Auditor
Auditors of Public Accounts
165 Capitol Avenue
Hartford, Connecticut 06106

Re: *Whistleblower Investigation of Connecticut Port Authority*

Dear Mr. Geragosian and Mr. Miner:

The investigation my Office conducted into whistleblower allegations against the Connecticut Port Authority did not find impropriety regarding the “success fees” in the consulting services agreement with Seabury PFRA LLC. The investigation did, however, substantiate allegations of unethical behavior, as well as develop evidence of multiple alleged violations of both the Code of Ethics for Public Officials and the Code of Ethics for Lobbyists. To that end, we assisted the Office of State Ethics in holding the violators accountable.

While the investigation did not develop evidence of illegal conduct for which my Office has enforcement authority, we stand ready to implement and utilize our enforcement jurisdiction whenever violations of law giving rise to that authority occurs.

Background

In January 2020, the Connecticut Auditors of Public Accounts (“APA”) received several allegations from a whistleblower regarding conduct of then-current and/or former employees and Board members of the Connecticut Port Authority (“CPA”), as well as a company the CPA had previously contracted with—namely, Seabury. The whistleblower expressed concern that the alleged conduct involved potentially improper and unethical behavior.

The APA reviewed the whistleblower’s allegations and, in April 2020, reported its findings to my Office (the “OAG”). Upon receipt of those findings, we opened an investigation pursuant to Sections 4-61dd(a) and (d) of the Connecticut General Statutes.

As discussed in more detail below, the OAG investigation developed evidence of several potential violations of the Codes of Ethics. In May 2022, the OAG sent letters of referral to both the Office of State Ethics (“OSE”) and the Office of the Chief State’s Attorney, notifying each agency of

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those potential Codes of Ethics violations. Since that time, the OSE has resolved four (4) enforcement actions for alleged Codes of Ethics violations—two (2) against Seabury PFRA LLC (“Seabury”); one (1) against a former employee of the CPA; and one (1) against an individual who was simultaneously a CPA Board member and an Officer, Managing Director, and employee of Seabury.

Aside from Codes of Ethics violations, the OAG investigation did not develop evidence of additional illegal conduct. Accordingly, we closed the whistleblower investigation of the CPA on February 8, 2024.

Our Investigation

In furtherance of the OAG’s investigation, we conducted interviews and issued document subpoenas to the following entities/individuals: (1) the CPA; (2) Evan Matthews;¹ (3) Andrew Lavigne;² (3) Henry W. Juan III;³ (4) Seabury PFRA LLC; and (6) Seabury Securities LLC.⁴ In response to the subpoenas the OAG received over 43,000 documents, consisting of over 223,000 pages. After conducting interviews and an extensive review of documents, the OAG has made the following investigative findings:

1. The consulting services agreement between the CPA and Seabury (“Agreement”) contained provisions for the payment of “success fees” to Seabury.⁵ Those success fee provisions were both legal and sanctioned by the CPA Board of Directors. The success fee provisions in the Agreement were legal because, although the success fees could be considered “finders fees”, they were compensation for the provision of “financial advisory services.”⁶ Not only were

¹ Evan Matthews was a former Executive Director of the CPA. Matthews was placed on administrative leave in July 2019, and he resigned as the CPA Executive Director in September 2019.

² Andrew Lavigne was a former Manager of Business Development and Special Projects for the CPA.

³ Henry W. Juan III was a former CPA Board member, as well as a former Officer, Managing Director, and employee of Seabury PFRA LLC.

⁴ Unless otherwise noted, Seabury PFRA LLC and Seabury Securities LLC will be collectively referred to as “Seabury”.

⁵ The CPA, Seabury PFRA LLC and Seabury Securities LLC entered into a consulting services agreement on or about May 15, 2018, and it was subsequently modified by a First Amendment in November 2018, and a Second Amendment in February 2019.

⁶ While Section 3-131 of the Connecticut General Statutes prohibits the payment of a finder’s fee in connection with any investment transaction involving a quasi-public agency such as the CPA,

the success fee provisions legal, but they were also sanctioned by the CPA Board of Directors.⁷

2. Henry W. Juan III (“Juan”) had a conflict of interest because he was both a CPA Board member and an Officer, Managing Director, and employee of Seabury, during the time Seabury was seeking business from the CPA. Seabury, Juan, then-CPA Executive Director Evan Matthews, and then-CPA Board Chairman Scott Bates knew of Juan’s conflict of interest.⁸
3. Seabury and Juan gave gifts to CPA staff and others, at a time when: (a) Juan was both a CPA Board member and an Officer, Managing Director, and employee of Seabury; and (b) Seabury was seeking business from and/or doing business with the CPA.⁹

subsection (b) of Section 3-131 does not consider compensation earned for rendering “investment services” to be a prohibited finder’s fee. Section 9-612 of the Connecticut General Statutes defines “investment services” to include “financial advisory services.” The Agreement clearly provides that the CPA had agreed to pay Seabury success fees for the provision of financial advisory services as set forth in Schedule B of the Agreement.

⁷ During the CPA Board of Directors meeting held on April 4, 2018, the Board authorized then-CPA Executive Director Evan Matthews to enter into a consulting agreement with Seabury “on such terms and provisions that the Executive Director deems to be in the best interests of the Authority, and to negotiate, execute and deliver such consulting agreement and any and all other reasonable and necessary documents in furtherance thereof.” After counsel for both the CPA and Seabury negotiated the terms of the Agreement, and even after the Agreement’s effective date (that is, May 15, 2018), the CPA Board again authorized Matthews—during a Special Meeting held on May 23, 2018—to enter into a consulting agreement for strategic advisory services with Seabury “on such terms and provisions that the Executive Director deems to be in the best interests of the Authority, and to negotiate, execute and deliver such consulting agreement and any and all other reasonable and necessary documents in furtherance thereof.”

⁸ Scott Bates resigned from the CPA Board in August 2019.

⁹ In or about February 2020, the APA notified the OSE of what seemed to be gifts given in potential violation of the CT Codes of Ethics. During its investigation, the OAG learned that the OSE had opened an investigation concerning gifts that Seabury gave to CPA staff and/or Board members. On or about March 24, 2022, the OSE filed a Complaint against Seabury PFRA LLC (OSE Docket No. 2020-15) alleging violations of the Code of Ethics for Public Officials, Conn. Gen. Stat. § 1-79, *et seq.*, involving improper gift giving.

4. Seabury and Juan lobbied Evan Matthews and Scott Bates to get business from the CPA without disclosing those lobbying efforts to the OSE. In his role as a board member, Juan also solicited non-public information from Matthews that he would then forward to Seabury.

The OAG analyzed the above findings to determine whether there were any potential violations of state law. Our findings did not identify a violation of any law for which the OAG has enforcement authority. The investigation also did not develop evidence of bid-rigging or an antitrust violation leading up to the execution of the Agreement between the CPA and Seabury.

We did determine that, regarding findings # 2 through 4 above, there were several potential violations of the Code of Ethics of Public Officials (Conn. Gen. Stat. §§ 1-70 through 1-90a), as well as the Code of Ethics for Lobbyists (Conn. Gen. Stat. §§ 1-91 through 1-101z). On or about May 3, 2022, the OAG sent letters of referral to both the OSE and the CT Office of the Chief State's Attorney, notifying each agency of potential violations of the CT Codes of Ethics that were discovered during the OAG investigation. The OAG separately gave in-person briefings to the OSE and the CT Office of the Chief State's Attorney.

OSE Enforcement Actions

In the Matter of a Complaint against Seabury PFRA LLC a.k.a. Seabury Maritime (OSE Docket No. 2020-15), the OSE filed a complaint alleging that Seabury violated Section 1-84 (m) of the Code of Ethics by giving gifts to employees and a member of the CPA Board in 2017 and 2019, when Seabury was doing business with or attempting to do business with the CPA. On July 5, 2022, Seabury entered into a Stipulation and Consent Order whereby it paid a civil penalty of \$10,000.¹⁰

On October 24, 2022, Andrew Lavigne—former Manager of Business Development and Special Projects for the CPA—stipulated to violating Section 1-84 (m) of the Code of Ethics for Public Officials when he accepted gifts from a contractor doing business with or seeking to do business with the CPA. Lavigne paid a civil penalty of \$750 to resolve this matter. *See* Stipulation and Consent Order, In the Matter of a Complaint against Andrew Lavigne (OSE Docket No. 2020-17).

On May 18, 2023, Seabury entered into a Consent Order, resolving allegations that it violated Sections 1-94 and 1-95 of the Code of Ethics for Lobbyists by failing to register with the OSE as a client lobbyist. Seabury failed to register over the course of three years (2017, 2018, and 2019) during which time it attempted to influence administrative action of the CPA. Seabury also failed to file financial disclosures with the OSE in violation of Section 1-96. Seabury agreed to pay \$10,000 and to

¹⁰ A link to each OSE Stipulation, Consent Order and/or Settlement Agreement discussed herein can be found on the OSE website at: <https://portal.ct.gov/Ethics/Public-Information/Public-Information/Enforcement-Actions---UAPA-Calendar>.

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register as a client lobbyist for the years it failed to do so. *See* Consent Order, In the Matter of a Complaint against Seabury PFRA LLC a.k.a. Seabury Maritime (OSE Docket No. 2022-23).

Finally, on June 15, 2023, Henry W. Juan III (“Juan”) entered into a Settlement Agreement to resolve allegations that he violated both the Code of Ethics for Public Officials and the Code of Ethics for Lobbyists. It was alleged that, in 2017 and 2018, Juan attempted to influence the CPA staff and Board to give Seabury business, in violation of Sections 1-84(a), (b) and (c) of the Code of Ethics for Public Officials. During that same time Juan had an ownership interest in, and was employed by, Seabury. Juan was also alleged to have violated Sections 1-91, 1-94, and 1-96 of the Code of Ethics for Lobbyists by: (a) lobbying the CPA on behalf of Seabury; (b) failing to register as a communicator lobbyist with the OSE; and (c) failing to file required financial disclosures with the OSE. Juan paid a total of \$18,500 to resolve this matter. *See* Settlement Agreement, In the Matter of a Complaint against Seabury PFRA LLC a.k.a. Seabury Maritime (OSE Docket No. 2022-23).

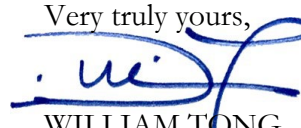
Conclusion

Our investigation did not substantiate the whistleblower’s allegations of impropriety regarding “success fees”, but it did substantiate allegations of unethical behavior, as well as develop evidence of multiple alleged violations of both the Code of Ethics for Public Officials and the Code of Ethics for Lobbyists. The agency tasked with enforcing Codes of Ethics violations—namely, the Office of State Ethics—did just that. We thank the OSE for its hard work and dedication to enforcing Connecticut’s ethics laws.

Throughout the investigation we received cooperation from those individuals and entities who were subjects of the investigation, as well as their attorneys, and we appreciate their professionalism and decorum.

While the investigation did not develop evidence of illegal conduct for which the OAG has enforcement authority, we stand ready to implement and utilize our enforcement jurisdiction whenever violations of law giving rise to that authority occurs.

As we have referred any actionable findings to the appropriate agencies, and considering we have made no findings invoking the OAG’s enforcement authority, we have closed our whistleblower investigation regarding the Connecticut Port Authority.

Very truly yours,

WILLIAM TONG