



STATE OF CONNECTICUT
STATE ETHICS COMMISSION

August 10, 1988

P R E S S R E L E A S E

On July 11, 1988 the Connecticut State Ethics Commission and Blue Cross and Blue Shield of Connecticut, Inc. entered into a stipulation and agreement in which Blue Cross and Blue Shield of Connecticut, Inc. agreed to pay \$9,000 in fines for:

1) Failing to report fully expenditures for administrative lobbying;

2) Giving illegal gifts in excess of the \$50 yearly gift limit to public officials and members of their staffs and immediate families, and;

3) Failing to report fully expenditures for the benefit of public officials.

Pursuant to the stipulation, Blue Cross and Blue Shield of Connecticut, Inc. has filed amended lobbyist financial reports for the third and fourth quarters of 1987 and the first and second quarters of 1988. According to these reports, during 1987, Blue Cross and Blue Shield of Connecticut, Inc. failed to report approximately \$44,000 in expenditures on legislative lobbying and nearly \$53,000 in expenditures on administrative lobbying.

These amended reports reveal that the following public officials and members of their staffs and immediate families received illegal gifts in excess of the \$50 yearly gift limit from Blue Cross and Blue Shield of Connecticut, Inc. during 1987 and 1988:

Representative and Mrs. Richard Balducci --
November 15, 1987, greens fees at PGA West, Palm Springs, Calif., \$75 each

(over)

Representative Richard Mulready --
November 16, 1987
\$68.02 dinner in Palm Springs, Calif.
\$42.62 greens fees at Indian Wells, Palm Springs, Calif.

Representative Gabriel Biafore --
March 22, 1988, \$31.83 dinner in Hartford, Conn.
(In most instances food and drink under \$50 per person per occasion is exempted from the \$50 yearly limit on gifts. However, this \$31.83 expenditure was half of a \$63.66 meal hosted by two registered lobbyists; and, therefore, does not qualify for the gift exemption.)
May 9, 1988, \$20 skybox ticket

Assistant Comptroller Walter Oleander --
February 27, 1988, \$44 skybox ticket
February 29, 1988, \$44 skybox ticket
March 18, 1988, \$14 skybox ticket
March 26, 1988, \$44 skybox ticket

Deputy State Comptroller Frank Patterson --
February 27, 1988, \$44 skybox ticket
February 29, 1988, \$44 skybox ticket

Ms. Lorraine Guilmartin, Senate Minority Staff --
November 16, 1987, \$68.02 dinner in Palm Springs, Calif.

Ms. Linda Phelps, Clerk, Insurance & Real Estate Committee --
March 9, 1988, \$44 skybox ticket
March 22, 1988, \$31.83 dinner in Hartford, Conn.

Ms. Lucy Bellone, Clerk, Judiciary Committee --
March 9, 1988, \$44 skybox ticket
March 22, 1988, \$31.83 dinner in Hartford, Conn.

Additionally, the amended reports indicate twenty-two previously unreported expenditures for the benefit of public officials totalling approximately \$750.00.

Public officials and state employees, or members of their staffs or immediate families, who knowingly accept gifts over \$50 in the aggregate in a calendar year from a known lobbyist violate Connecticut General Statutes §1-84(j). Any investigations of possible violations by public officials are confidential by statute. Therefore, the Ethics Commission cannot comment on whether or not any investigations of public officials or State employees are being conducted relative to this matter.

FOR FURTHER INFORMATION CALL:
Alan Plofsky or Lisa Doyle Moran
State Ethics Commission
566-4472

88-6; 88-7 +
88-8



STATE OF CONNECTICUT
STATE ETHICS COMMISSION

July 11, 1988

P R E S S R E L E A S E

On May 2, 1988, Ethics Commission Staff Attorney Rachel S. Rubin filed complaints (Docket Nos. 88-6, 88-7 and 88-8) against Blue Cross and Blue Shield of Connecticut, Inc. and two of its employees, Mr. Wallace Lohr and Mr. John Farrell. The complaint against Blue Cross and Blue Shield of Connecticut, Inc., as amended, alleged the following:

1) During 1987 and 1988, Blue Cross and Blue Shield of Connecticut, Inc. gave illegal gifts in excess of the fifty dollar gift limit to various public officials and their immediate families;

2) Blue Cross and Blue Shield of Connecticut, Inc. failed to report fully on its 1987 and 1988 lobbyist financial reports expenditures for the benefit of various public officials and their immediate families; and

3) During 1987, Blue Cross and Blue Shield of Connecticut, Inc. failed to report fully its expenditures for administrative lobbying on Commission on Hospitals and Health Care regulations which set guidelines for the setting of price controls on hospitals.

The complaints against Mr. Lohr and Mr. Farrell alleged that they also had failed to report fully their expenditures for administrative lobbying during 1987.

On July 11, 1988 the Ethics Commission and the Respondents settled these matters by entering into Stipulations and Orders, copies of which are attached. Under the Stipulations, the Respondents admitted they violated the Code of Ethics for Lobbyists as alleged in the complaints and agreed to pay fines totalling \$9,750.

FOR FURTHER INFORMATION CALL:
Alan Plofsky or Lisa Doyle Moran
State Ethics Commission
566-4472

Phone: (203) 566-4472

97 Elm Street — Rear

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STATE OF CONNECTICUT
STATE ETHICS COMMISSION

C O N F I D E N T I A L

DOCKET NUMBER 88-6) STATE ETHICS COMMISSION
 IN THE MATTER OF A) 97 ELM STREET (REAR)
 COMPLAINT AGAINST) HARTFORD, CONN. 06106
 BLUE CROSS AND BLUE) JULY 8, 1988
 SHIELD OF CONNECTICUT, INC.

STIPULATION AND ORDER

1. The Commission finds that the Respondent violated Chapter 10, Part II, General Statutes, as alleged in the attached Complaint.

2. The Respondent admits violating Chapter 10, Part II, General Statutes. Respondent states that it did not intentionally, knowingly or willfully violate Chapter 10, Part II, General Statutes, and that it inadvertently failed to adequately inform itself and its employees and agents of the full extent of the requirements of the Code of Ethics for Lobbyists. Respondent regrets that, principally because of inadequate internal controls, it permitted expenditures in excess of the fifty dollar maximum gift limit. Respondent has instituted additional control procedures to prevent its agents and employees in the future from making expenditures which, in the aggregate, exceed the fifty dollar gift limitation.

3. The Respondent waives any rights it may have under section 1-93 and 1-93a, General Statutes and agrees with the State Ethics Commission to an informal disposition of this matter as permitted by subsection 4-177(d), General Statutes.

WHEREFORE, the State Ethics Commission enters, and Blue Cross and Blue Shield of Connecticut, Inc. agrees to, these orders: In lieu of any other action it is authorized to take with respect to this matter, the Commission orders the Respondent within thirty days to (1) file amended client lobbyist financial reports for the third and fourth quarters of 1987 and for 1988 reflecting the amounts spent on administrative lobbying and any previously unreported expenditures for the benefit of public officials and their immediate families; (2) pay a civil penalty of \$7,000; and (3) henceforth, comply with the requirements of the Code of Ethics for Lobbyists, Chapter 10, Part II, General Statutes.

Phone: (203) 566-4472

97 Elm Street -- Rear [redacted] • Hartford, Connecticut 06106
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Robert T. Bown

Respondent

Robert T. Bown
Vice President, Secretary, and
General Counsel

7/11/88

Dated

William A. Elnick

Chairperson

State Ethics Commission

7/11/88

Dated



STATE OF CONNECTICUT
STATE ETHICS COMMISSION

C O N F I D E N T I A L

DOCKET NUMBER 88-6) STATE ETHICS COMMISSION
 IN THE MATTER OF A) 97 ELM STREET (REAR)
 COMPLAINT AGAINST) HARTFORD, CONN. 06106
 BLUE CROSS AND BLUE SHIELD) JULY 5, 1988
 OF CONNECTICUT, INC.)

AMENDMENT TO COMPLAINT

As a result of the preliminary investigation of this matter, conducted pursuant to subsection 1-93(a), General Statutes, the Complaint against Blue Cross and Blue Shield of Connecticut, Inc. is hereby amended as follows:

1. Between approximately July 1, 1987 and December 31, 1987 Blue Cross and Blue Shield of Connecticut, Inc., a registrant as defined in section 1-91(q), General Statutes (hereinafter the Respondent) engaged in various activities for the purpose of influencing "Administrative action" as that term is defined in subsection 1-91(a), General Statutes. Said activities included both "Lobbying" as that term is defined in subsection 1-91(k), General Statutes and acts "...in furtherance of lobbying..." as that term is used in subsection 1-91(l), General Statutes.
2. Respondent did not fully report expenditures for administrative lobbying on its third and fourth quarter lobbying reports for 1987.
3. The Respondent's failure to fully report expenditures for quarterly administrative action on its lobbyist financial reports for the third and fourth quarters of 1987 violates section 1-96, General Statutes.
4. During 1987 and 1988 Respondent gave gifts valued at more than fifty dollars to various public officials and their immediate families.
5. The Respondent's giving of gifts valued at more than \$50 to various public officials and their immediate families violates section 1-97(a) General Sttutes.
6. During 1987 and 1988, Respondent failed to report fully on its lobbyist financial reports gifts given to various public officials and their immediate families.

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97 Elm Street — Rear [REDACTED] • Hartford, Connecticut 06106

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7. The Respondent's failure to report fully on its 1987 and 1988 lobbyist financial reports gifts given to various public officials and their immediate families violates section 1-96, General Statutes.

Lisa Doyle Moran
Lisa Doyle Moran
Staff Attorney

Dated: July 5, 1988