



STATE OF CONNECTICUT
STATE ETHICS COMMISSION

95-4

May 5, 1995

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

On April 3, 1995, Ethics Commission Attorney Brenda M. Bergeron filed a complaint (Docket No. 95-4) against Orville C. Karan, Director of the A. J. Pappanikou Center on Special Education and Rehabilitation, a University Affiliated Program of the University of Connecticut ("UAP"). The UAP runs a program called the Futures Project. The complaint alleges that in his state role, beginning in June of 1991 and continuing throughout 1992 and 1993, Dr. Karan transferred state funds generated by the Futures Project into the checking account of a private corporation, Rise Individualized Community Support, Inc. ("Rise"). Dr. Karan and his wife had placed a lien on their home to secure a \$62,000 line of credit for the benefit of Rise: the full line of credit had been drawn by June of 1991. The complaint alleges that Dr. Karan's exercise of his state authority to transfer the state money into the Rise account, thereby inflating the assets of Rise, Inc. with state funds and protecting the lien on his home, was a substantial conflict of interest in violation of Conn. Gen. Stat. §1-85 and §1-86 of the Code of Ethics for Public Officials and State Employees.

On May 5, 1995, the Ethics Commission and Dr. Karan settled this matter by entering into a Stipulation and Order. Under the settlement, the Commission found that Dr. Karan violated the Code of Ethics as alleged, and Dr. Karan agreed to pay a civil penalty of \$1000.00.

Copies of the Stipulation and Order and Complaint are attached.

FOR FURTHER INFORMATION CALL:

Alan S. Plofsky
Executive Director and General Counsel
566-4472

OR

Brenda M. Bergeron
Ethics Commission Attorney
566-4472

1808P



STATE OF CONNECTICUT
STATE ETHICS COMMISSION

DOCKET NUMBER 95-4) STATE ETHICS COMMISSION
IN THE MATTER OF A) 20 TRINITY STREET
COMPLAINT AGAINST) HARTFORD, CT 06106
ORVILLE C. KARAN) MAY 5, 1995

STIPULATION AND ORDER

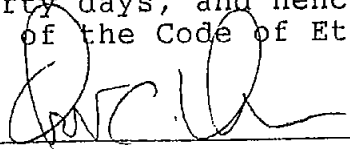
1. The Commission finds that the Respondent violated the Code of Ethics for Public Officials, Conn. Gen. Stat. §1-79 et seq., as alleged in the attached Complaint dated April 3, 1995.

2. The Respondent states that by entering into this settlement he is not admitting or agreeing that he violated or failed to comply with the Code of Ethics, and even if it were to be assumed that there was a noncompliance or violation it was neither intentional nor knowing.


3. The Respondent waives any rights he may have under Conn. Gen. Stat. §§1-80, 1-82, 1-82a, 1-87, and 1-88, including the right to a hearing or appeal in this case, and agrees with the Commission to informal disposition of this matter as authorized by Conn. Gen. Stat. §4-177(c).

NOW THEREFORE, pursuant to Connecticut General Statutes §4-177(c), the State Ethics Commission and the Respondent Orville C. Karan, agree to settle this matter in the manner described below:

1. The Ethics Commission orders, and the Respondent agrees to pay to the Commission, a civil penalty of \$1000.00 within thirty days, and henceforth to commit no further violations of the Code of Ethics.


RESPONDENT

4/21/95
DATE


ACTING CHAIRPERSON
STATE ETHICS COMMISSION

5/5/95
DATE

1795P



STATE OF CONNECTICUT
STATE ETHICS COMMISSION

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

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|--------------------|---|-------------------------|
| DOCKET NUMBER 95-4 |) | STATE ETHICS COMMISSION |
| IN THE MATTER OF A |) | 20 TRINITY STREET |
| COMPLAINT AGAINST |) | HARTFORD, CT 06106 |
| ORVILLE C. KARAN |) | APRIL 3, 1995 |

COMPLAINT

COUNT ONE

1. At all times relevant to this complaint, Dr. Orville C. Karan ("the Respondent") was a state employee as that term is defined in Conn. Gen. Stat. §1-79(q).

2. At all times relevant to this complaint, the Respondent was the Director of the A. J. Pappanikou Center on Special Education and Rehabilitation, a University Affiliated Program of the University of Connecticut ("UAP").

3. From at least 1991 to the present, the UAP ran a program called the Futures Project. Among other activities, the Futures Project performed evaluations of individuals for various school systems in the state of Connecticut.

4. At all times relevant to this complaint, the Respondent was a Director and Vice President of Rise Individualized Community Support, Inc. ("Rise, Inc."), a private corporation.

5. In July of 1990, the Respondent and his wife allowed a lien to be placed on their home to secure a \$62,000 line of credit for the benefit of Rise, Inc. The full line of credit had been drawn by June of 1991.

6. Beginning in June of 1991, and continuing throughout 1992 and 1993, the Respondent directed that funds received from various school systems for the evaluations described in Paragraph 3 above be deposited in a checking account opened by Rise, Inc., rather than in a state account. The Respondent was one of the authorized signers on this Rise account (the "Rise Futures account").

7. Audited financial statements of Rise, Inc. used to secure and/or maintain funding from other state agencies included as assets the state funds held in the Rise Futures Account.

8. Conn. Gen. Stat. §1-85 states in part that a state employee has an interest which is in substantial conflict with the proper discharge of his duties or employment in the public interest and of his responsibilities as prescribed in the laws of the state, if he has reason to believe or expect that he will derive a direct monetary gain or suffer a direct monetary loss by reason of his official activity.

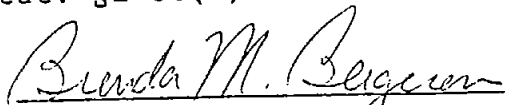
9. The Respondent's exercise of his state authority as Director of the UAP to transfer state funds to the Rise Futures account, thereby inflating the assets of Rise, Inc. with state funds and protecting the lien on his home, constitutes a substantial conflict of interest in violation of Conn. Gen. Stat. §1-85.

COUNT TWO

1-6. Paragraphs 1 through 6 of Count One are hereby incorporated as Paragraphs 1 through 6 of Count Two.

7. Conn. Gen. Stat. §1-86(a) requires in part that any state employee who in the discharge of his official duties would be required to take an action which would affect his financial interest or the interest of his spouse, must notify his immediate superior in writing of the conflict of interest, and must have no further involvement with the matter.

8. The Respondent's use of his authority as Director of the UAP to transfer state funds to the Rise Futures account, thereby inflating the assets of Rise, Inc. with state funds and protecting the lien on his home, failed to comply with the requirements of Conn. Gen. Stat. §1-86(a).



Brenda M. Bergeron
Ethics Commission Attorney

DATE: 4/3/95