

DOCKET NUMBER 2003-04) OFFICE OF STATE ETHICS
)
IN THE MATTER OF A) 18-20 TRINITY STREET
)
COMPLAINT AGAINST) HARTFORD, CT 06106
)
ARTHUR H. DIEDRICK) JULY 10, 2008

CONSENT ORDER

Pursuant to the Code of Ethics, General Statutes sections 1-79, et seq., the Connecticut State Ethics Commission (“Ethics Commission”) issued a complaint (“Complaint”) against the respondent, Arthur H. Diedrick (“Respondent”), for violations of the Code of Ethics, Connecticut General Statutes sections 1-83, 1-84(c), 1-86(a), and 1-88(d). Based on the findings of an investigation by the Ethics Commission, and its successor agency, the Office of State Ethics, the Ethics Enforcement Officer (“Enforcement Officer”) finds that the Respondent failed to disclose a potential conflict of interest to the Ethics Commission when Respondent’s agency, and the staff he supervised, were asked to take official action related to a company in which Respondent’s wife held an equity ownership. The Enforcement Officer also finds that the Respondent failed to disclose his wife’s equity ownership, as required by law, on the Statement of Financial Interests (“SFI”) that he filed with the Ethics Commission for each of the calendar years of 2000 and 2001.

The Parties enter into this Consent Order following issue of the Complaint, but without any adjudication of any issue of fact or law herein. This Consent Order relates to, and resolves, the Complaint in this matter.

I. FINDINGS

Based upon the Enforcement Officer's investigation, the Enforcement Officer was prepared to establish at a probable cause hearing that there was probable cause to believe the following:

1. At all times relevant hereto, the Respondent was the Chairman and President of the Connecticut Development Authority ("CDA"), a quasi-public agency.
2. At all times relevant hereto, the Respondent was a "Public Official" as is defined in General Statutes section 1-79(k).
3. On or about August 2000, Respondent's wife purchased 33,333 shares of restricted stock of Pinnacle Foods Inc. ("Pinnacle") for \$10,000.
4. On or about September 2000, Pinnacle submitted an application to CDA and the Department of Economic and Community Development ("DECD") for a multi-million dollar loan.
5. At all times relevant hereto, pursuant to General Statutes section 1-86(a), any public official who, in the discharge of his official duties, was required to take an action that would affect the financial interest of himself or his wife, was required to prepare a written statement describing the nature of the conflict and deliver it to his immediate supervisor. If the official had no immediate supervisor, he was required to deliver the statement to the Ethics Commission.
6. Respondent had no immediate supervisor at CDA.
7. Respondent did not deliver a statement disclosing the conflict to the Ethics Commission.

8. By failing to deliver a statement to the Ethics Commission disclosing the conflict, Respondent violated General Statutes section 1-86(a).

9. Pursuant to General Statutes section 1-83, the Respondent was required to file a SFI with the Ethics Commission for each of the calendar years 2000 and 2001 disclosing, among other things, the name of securities in excess of \$5,000 owned by him or his spouse.

10. At all times relevant hereto, the Pinnacle stock owned by Respondent's wife was valued in excess of \$5,000.

11. Respondent timely filed his 2000 and 2001 SFIs with the Ethics Commission, but did not disclose the Pinnacle stock owned by his wife, or several other financial interests held by his wife.

12. By failing to disclose his wife's ownership of Pinnacle stock, and several other of her financial interests, in each of his 2000 and 2001 SFIs, the Respondent twice violated General Statutes section 1-83(b)(1)(C).

13. Respondent knew, or should have known, that his conduct, as set forth herein, violated the Code of Ethics.

II. RESPONDENT'S POSITION

1. Respondent states that he told staff at the CDA that he was recusing himself with respect to the Pinnacle loan application because his wife owned stock in the company. He acknowledges, however, that he did not prepare a written statement as required by General Statutes §1-86(a), and did not contact the Ethics Commission for advice and instructions on how to proceed in the matter.

2. Respondent states that he recused himself from the CDA consideration of the Pinnacle loan application and took no official action with regard to the application.

3. Respondent states that, although CDA and DECD ultimately issued a letter of interest to make a loan to Pinnacle, Pinnacle rejected the loan offer as insufficient. Pinnacle never received any loans or financing from CDA or DECD.

4. Respondent acknowledges that his annual Statement of Financial Interests for 2000 and 2001 failed to include his wife's financial interests in Cushman & Wakefield, Pinnacle Foods Inc., GRQ LLC and GRQ Chicaco LLC.

5. Respondent states that he subsequently amended his 2000 and 2001 Statements of Financial Interest to fully reflect his wife's financial interests at the time.

6. Although he acknowledges the violations of General Statutes sections 1-83(a) and 1-86(a) as set forth above, Respondent denies that he acted knowingly, and denies that either he or his wife received any financial advantage as a result of the violations.

7. As part of the settlement of this matter, Respondent has made a voluntary contribution to a charity of his selection – the Connecticut League of Women Voters – in the amount of \$5,000.

8. As part of the settlement of this matter, in addition to any and all other payments and obligations set forth herein, Respondent agrees to make a payment to the General Fund of the State of Connecticut in the amount of \$5,000.

NOW THEREFORE, the Connecticut Office of State Ethics and the Respondent hereby enter into this Consent Officer and hereby agree as follows:

III. JURISDICTION

1. The Enforcement Officer is authorized to investigate the conduct alleged in the Complaint, to issue a Complaint against the Respondent, and to enter into this Consent Order on behalf of the Office of State Ethics.

2. The provisions of this Consent Order apply to and are binding upon the Respondent.

3. The Respondent hereby waives all objection and defenses to the jurisdiction of the Enforcement Officer, Office of State Ethics, and the former Ethics Commission over matters addressed in this Consent Order.

4. The Respondent waives any rights he may have under General Statutes sections §§ 1-82, 1-82a, 1-87 and 1-80, including the right to a hearing or appeal in this case, and agrees with the Enforcement Officer to an informal disposition of this matter as set forth herein.

5. The Respondent consents to jurisdiction and venue in the Connecticut Superior Court, Judicial District of Hartford, in the event that the State of Connecticut seeks to enforce this Consent Order. The Respondent recognizes that the Connecticut Superior Court has the authority to specifically enforce the provisions of this Consent Order, including the authority to award equitable relief.

6. The Respondent understands that he has the right to counsel, and has been represented by counsel of his choosing throughout.

IV. ORDER

NOW THEREFORE, pursuant to General Statutes section 4-177(c), the Office of State Ethics hereby **ORDERS**, and Arthur Diedrick agrees, that:

1. Pursuant to General Statutes section 1-88(a)(1), the Respondent shall cease and desist from any future violation of General Statutes sections 1-83 and 1-86.

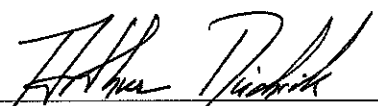
2. Pursuant to General Statutes section 1-88(a)(3), the Respondent shall pay a civil penalty to the State in the amount of \$2,000 for each of his two violations of General Statutes section 1-83(a).

3. Pursuant to General Statutes section 1-88(a)(3), the Respondent shall pay a civil penalty to the State in the amount of \$2,000 for his violation of General Statutes section 1-86(a).

4. Respondent shall henceforth comply with the requirements of the Code of Ethics for Public Officials.


WHEREFORE, the Enforcement Officer and the Respondent hereby execute this Consent Order dated July __, 2008.

Dated: 7/10/08



Arthur H. Diedrick
Respondent

Dated: July 10, 2008



Thomas K. Jones
Ethics Enforcement Officer,
Office of State Ethics
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Hartford, CT 06106
(860) 566-4472