

RETURN DATE: OCTOBER 8, 2013

STATE OF CONNECTICUT and GEORGE	:	SUPERIOR COURT
JEPSEN, ATTORNEY GENERAL	:	
<i>Plaintiffs</i>	:	JUDICIAL DISTRICT OF HARTFORD
	:	
v.	:	
	:	
KAREN LEWIS	:	
<i>Defendant</i>	:	SEPTEMBER 13, 2013

COMPLAINT

COUNT ONE (Solicitation of Charitable Funds Act, Conn. Gen. Stat. §§ 21a-190h(3) and (14))

1. This Complaint is brought to remedy the misappropriation of charitable funds that were given to the South Arsenal Neighborhood Development, Inc. (“SAND”) to fund charitable programs that SAND operated and managed in Hartford, Connecticut. Pursuant to this Complaint, the plaintiffs seek, among other things, injunctive relief, redress for the defendants’ conduct, and the repayment of funds that were misappropriated.

2. The plaintiff State of Connecticut (the “State”) is represented by George Jepsen, Attorney General, acting at the request of William Rubenstein, Commissioner of Consumer Protection pursuant to Conn. Gen. Stat. § 21a-190l(b) of the Solicitation of Charitable Funds Act.

3. The defendant Karen Lewis (“Lewis”) was Executive Director of SAND for the time period in question, but at least from January 1, 2000, to December 31, 2009. During this entire time period, Lewis was engaged in the conduct of the affairs of SAND and was a signator on SAND’s financial accounts.

4. At all times relevant herein, SAND was a Connecticut § 501(c)(3) nonstock corporation, incorporated in 1967, and maintained its main office at 2550 Main Street, 3rd Floor, Hartford, Connecticut. SAND dissolved on December 30, 2010.

5. SAND was a charitable organization, as that term is defined by Conn. Gen. Stat. § 21a-190a(1) of the Solicitation of Charitable Funds Act ("SCFA"), created to support social and economic improvements in the South Arsenal neighborhood of Hartford. SAND received charitable gifts and grants to use exclusively for its charitable purposes.

6. At all times relevant herein, Lewis was Executive Director of SAND and an ex officio board member. In that capacity, she personally controlled, directed, participated in, and/or had knowledge of the acts and practices set forth herein and had a fiduciary duty to both the public and SAND to ensure that funds donated for SAND's charitable or public purposes were used for those purposes.

7. On numerous occasions beginning on or about November 6, 2006, Lewis engaged in financial transactions that were not related to the accomplishment of SAND's charitable purposes, that jeopardized or interfered with the ability of SAND to accomplish its charitable purposes, and/or that put her own best interests before those of SAND and the beneficiaries of SAND's programs.

8. Lewis's course of wrongful conduct as alleged herein includes, but is not limited to:

- a. the withdrawal and use of SAND's charitable funds using SAND's ATM/debit card at the Mohegan Sun Casino, located in Montville, Connecticut;

- b. the withdrawal and use of SAND's charitable funds using SAND's ATM/debit card at the Foxwoods Casino, located in Mashantucket, Connecticut;
- c. the personal use of SAND's charitable funds using SAND's ATM/debit card for purchases at, among others, Marshall's, Sam's Club, AJ Wright and CVS; and
- d. the personal use of SAND's charitable funds using SAND's ATM/debit card for the payment of a Home Depot Credit Card.

9. Lewis's wrongful conduct as alleged herein violates Connecticut General Statutes §§ 21a-190h(3) and (14).

COUNT TWO (Solicitation of Charitable Funds Act, Conn. Gen. Stat. § 21a-190l(d))

1-9. Paragraphs 1 through 9 of Count One are incorporated as paragraphs 1 through 9 of Count Two as if more fully set forth herein.

10. The defendant engaged in the conduct alleged herein when she knew or should have known that her conduct was in violation of Conn. Gen. Stat. §§ 21a-190h(3) and (14).

11. Pursuant to Connecticut General Statutes § 21a-190l(d), the defendant is liable for civil penalties of not more than two thousand five hundred dollars (\$2,500.00) for each of her aforesaid violations.

12. Each and every financial transaction in violation of §§ 21a-190h(3) and (14) constitutes a separate willful violation for the purposes of § 21a-190l(d).

COUNT THREE (Statute of Charitable Trusts, Conn. Gen. Stat. § 45a-514, Statute of Charitable Uses, Conn. Gen. Stat. § 47-2, and Fiduciary Duty of Loyalty)

1. Paragraph 1 of Count One is incorporated as paragraph 1 of Count Three as if more fully set forth herein.

2. The plaintiff is George Jepsen, Attorney General of the State of Connecticut, acting pursuant to Conn. Gen. Stat. § 3-125, which requires him to “represent the public interest in the protection of any gifts, legacies or devises intended for public or charitable purposes.”

3-8. Paragraphs 3 through 8 of Count One are incorporated as paragraphs 3 through 8 of Count Three as if more fully set forth herein.

9. Connecticut law requires that any asset intended for public or charitable use or any bequests held as a charitable trust shall forever remain to the uses and purposes to which such asset was granted according to the true intent and meaning of the grantor and to no other use. *See* the Statute of Charitable Trusts, Conn. Gen. Stat. § 45a-514, and the Statute of Charitable Uses, Conn. Gen. Stat. § 47-2.

10. Lewis’s course of wrongful conduct as set forth herein constitutes a breach of her fiduciary duty to SAND and to the public in violation of the Statute of Charitable Trusts, Conn. Gen. Stat. § 45a-514, the Statute of Charitable Uses, Conn. Gen. Stat. § 47-2, and also a fiduciary’s duty of loyalty, all of which has resulted in the diversion of charitable funds from the charitable purposes intended by the donors.

11. This conduct may be remedied by an action brought by the Attorney General as representative of the public's interest in the protection of gifts intended for charitable or public purposes.

PRAYER FOR RELIEF

WHEREFORE, the plaintiffs pray for the following relief:

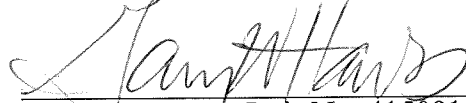
1. An order, pursuant to Conn. Gen. Stat. § 21a-190l(b) permanently enjoining the defendant from further violations of Conn. Gen. Stat. § 21a-190h;
2. An order, pursuant to Conn. Gen. Stat. § 21a-190l(b), permanently enjoining the defendant from holding any office, directorship, or position of employment or any other association with any charitable organization in Connecticut where she will have control of the funds of the organization or authorization over the disbursement of such funds.
3. An order, pursuant to Conn. Gen. Stat. § 21a-190l(b) disgorging any and all gains and/or profits retained by the defendant as a result of his wrongful conduct;
4. An order, pursuant to Conn. Gen. Stat. § 21a-190l(d) for civil penalties of not more than two thousand five hundred dollars (\$2,500) for each wilful violation of Conn. Gen. Stat. § 21a-190h;
5. Such other relief as the Court deems necessary.

The amount, legal interest or property in demand is more than \$15,000, exclusive of costs.

PLAINTIFFS

STATE OF CONNECTICUT

GEORGE JEPSEN
ATTORNEY GENERAL

A handwritten signature in cursive script, appearing to read "Gary W. Hawes", is written over a horizontal line.

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