



89-2

STATE OF CONNECTICUT

STATE ETHICS COMMISSION

August 15, 1989

PRESS RELEASE

On February 6, 1989, Ethics Commission Staff Attorney Lisa Doyle Moran filed a complaint (Docket No. 89-2) against Representative Vito Mazza. On May 1, 1989 the Ethics Commission held a confidential probable cause hearing on the matter. On May 23, 1989 the Commission terminated the preliminary investigation and found probable cause to believe that Representative Mazza had violated the Code of Ethics as alleged in the Complaint.

The Commission and Representative Mazza have settled this matter by entering into a Stipulation and Order. A copy of the Agreement is attached. Under the terms of the Stipulation and Order, Representative Mazza agrees to pay \$750 to the Council on Governmental Ethics Laws (a non-profit organization devoted to the advancement of ethics in government). Additionally, the Commission orders that so long as Representative Mazza continues to hold an interest in Northeast Bancorp stock and so long as Northeast Bancorp has a merger agreement with a non-New England bank which would directly increase the value of Northeast's stock, he must refrain from speaking on or voting for any legislation which would allow the merger to occur.

This case marks the first time that a member of the General Assembly has been ordered to refrain from taking official action on a matter because of a substantial conflict of interest.

FOR FURTHER INFORMATION CALL:

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Executive Director and General Counsel
State Ethics Commission
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STATE OF CONNECTICUT
STATE ETHICS COMMISSION

DOCKET NUMBER 89-2) STATE ETHICS COMMISSION
IN THE MATTER OF A) 97 ELM STREET (REAR)
COMPLAINT AGAINST) HARTFORD, CONN. 06106
REPRESENTATIVE VITO MAZZA) AUGUST 8, 1989

STIPULATION AND ORDER

1. The Commission finds that the Respondent, Representative Vito Mazza, violated the Code of Ethics for Public Officials as stated in the attached probable cause findings, but that the violations were not willful.

The Commission further finds that the violations occurring in 1987 were unintentional, and that the violation occurring in 1989, while intentional, was committed on the advice of counsel.

2. The Respondent continues to believe that he did not violate the Code of Ethics for Public Officials. However, in order to avoid further administrative proceedings in this matter, the Respondent agrees to the following:

The Respondent's actions on April 29, 1987 were neither willful nor intentional violations of the Code of Ethics, but were motivated by his belief that he was acting lawfully and for the benefit of the State of Connecticut. The Respondent's action on April 18, 1989 was intentional, but made on the advice of counsel in order to be consistent with his previous actions. On both occasions Respondent believed that in filing a potential conflict of interest statement he was complying with the provisions of the Code of Ethics and Ethics Commission policy.

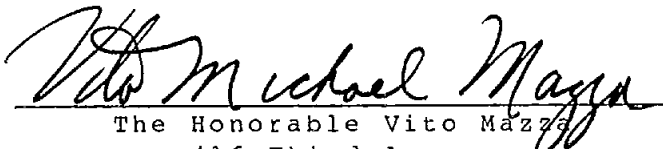
The Respondent made a well-intended, although misdirected, attempt to disclose his interest in Northeast Bancorp stock prior to taking action on April 29, 1987 and April 18, 1989.

The Respondent further states that Connecticut General Statutes §§1-85 and 1-86 were complex and have since been clarified by statutory amendment (Public Act 89-97).

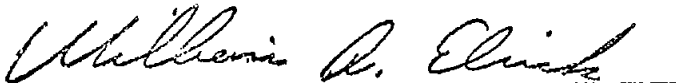
3. In settlement of this matter and in lieu of a civil penalty, the Respondent agrees, within thirty days, to make a contribution of \$750 to the Council on Governmental Ethics Laws (a non-partisan, non-profit organization devoted to the advancement of ethics in government).

4. The Respondent waives any rights he may have under Conn. Gen. Stat. §§1-82 and 1-82a, and agrees with the State Ethics Commission to an informal disposition of this matter as permitted by Conn. Gen. Stat. §4-177(c).

WHEREFORE, the State Ethics Commission enters, and Respondent agrees to, these orders: In recognition of the Respondent's agreed upon contribution and in lieu of any other action it is authorized to take with respect to this matter, the Commission orders that, in accordance with Conn. Gen. Stat. §§1-84(a) and 1-85, so long as Respondent continues as a legislator and continues to hold an interest in Northeast Bancorp stock and so long as Northeast Bancorp has a merger agreement with a non-New England bank which will increase the value of Northeast's stock, Respondent shall refrain from speaking on or voting for any legislation that comes before the Connecticut General Assembly, the result of which would be to allow the consummation of the merger.


The Honorable Vito Mazza
416 Third Avenue
West Haven, Conn. 06516

8/14/89
Dated


Chairperson
State Ethics Commission

8/8/89
Dated



STATE OF CONNECTICUT
STATE ETHICS COMMISSION

DOCKET NUMBER 89-2) STATE ETHICS COMMISSION
IN THE MATTER OF A) 97 ELM STREET (REAR)
COMPLAINT AGAINST) HARTFORD, CONN. 06106
REPRESENTATIVE VITO MAZZA) MAY 23, 1989

NOTICE OF TERMINATION OF PRELIMINARY INVESTIGATION
AND RESULTS THEREOF

Pursuant to Connecticut General Statutes §1-82a, the State Ethics Commission hereby declares that on May 23, 1989 it terminated the preliminary investigation conducted in regard to Docket Number 89-2.

As a result of this investigation:

1. The Commission unanimously rejects the special defenses (Attachment A) put forth by the Respondent in this matter:

a. The filing of written statements disclosing the nature of the conflict and explaining why the official is able to vote and otherwise participate fairly, objectively and in the public interest is not sufficient under the Code of Ethics for Public Officials, Chapter 10, Part I, Connecticut General Statutes, if a substantial conflict of interest exists. It is well settled [Ethics Commission Advisory Opinion No. 79-14 (amended), 41 Conn. L.J. No. 49, p. 38 (June 3, 1980)] that if

a substantial conflict exists the public official may not act on the matter;

b. The Commission must presume its constitutionality absent a final judicial determination to the contrary.

2. As a result of the preliminary hearing conducted regarding Docket Number 89-2, the State Ethics Commission finds probable cause to believe the following:

a. Representative Vito Mazza (hereinafter the Respondent) is a public official as defined in Conn. Gen. Stat. 1-79(k).

b. Respondent has been an employee of Northeast Bancorp, Inc./Union Trust since August 12, 1974.

c. As an employee, he has participated in the Employees' Savings and Profit Sharing Plan (Plan).

d. Through the Plan, the employer makes contributions to the Plan on a participating employee's behalf.

e. The employer's contributions are invested in Northeast Bancorp, Inc. common stock.

f. Respondent has a financial interest in Northeast Bancorp, Inc. Specifically, at the time of the events in question Respondent had a vested interest in approximately 900 shares of Northeast Bancorp, Inc. common stock. Respondent listed this as a financial interest on his 1987 statement of financial interests filed with the Ethics Commission.

g. Upon retirement of a participating employee, employer contributions allocated to a participant are payable in the company's common stock.

h. Upon the termination of employment of a participating employee for any other reason, the participant receives the cash equivalent of Northeast Bancorp, Inc. common stock allocated to his Plan account.

i. Northeast Bancorp, Inc. and The Bank of New York Company, Inc. have executed an Agreement and Plan of Merger (Agreement) contingent upon a change in Connecticut banking legislation which would allow such a merger.

j. The terms of the Agreement call for The Bank of New York Company, Inc. to pay an amount equal to 250% of Northeast Bancorp, Inc.'s book value at the time the merger is consummated.

k. As a public official, the Respondent's duties included speaking and/or voting on legislation before the General Assembly.

l. On April 29, 1987, Respondent spoke in favor of legislation which would have changed Connecticut's banking laws to allow the Agreement to be consummated.

m. On April 29, 1987, Respondent voted in favor of legislation which would have changed Connecticut's banking laws to allow the Agreement to be consummated.

n. Respondent had reason to believe or expect that his financial interest described in paragraph (f) would increase in market value and/or be purchased by Bank of New York for an amount equal to 250% of its book value by reason of his actions on April 29, 1987. Therefore, Respondent had reason to believe or expect that he would derive a direct, although not necessarily immediate, monetary gain by reason of his official activity. No other bank had a signed merger agreement on April 29, 1987. Therefore, the gain would accrue to the Respondent as a Northeast Bancorp stockholder to a greater extent than to persons with a financial interest in other banks that would have been affected by the legislation in question. Based on stock values at the time the gain to Respondent's Savings and Profit Sharing Plan would have been in excess of \$17,000.

o. On April 18, 1989 Respondent voted in favor of legislation which would have changed Connecticut's banking laws to allow the Agreement to be consummated.

p. Respondent had reason to believe or expect that his financial interest described in paragraph (f) would increase in market value and/or be purchased by Bank of New York for an amount equal to 250% of its book value by reason of his actions on April 18, 1989. Therefore, Respondent had reason to believe or expect that he would derive a direct, although not necessarily immediate, monetary gain by reason of his official activity. No other bank had a signed merger agreement on April 18, 1989. Therefore, the gain would accrue to the Respondent as a Northeast Bancorp stockholder to a greater extent than to persons with a financial interest in other banks that would

have been affected by the legislation in question. Based on stock values at the time, the gain to Respondent's Savings and Profit Sharing Plan would have been in excess of \$23,000.

3. As a result of the findings set forth in paragraph two, the Commission finds that there exists probable cause to believe that the Respondent committed three violations of the Code of Ethics for Public Officials as alleged in the Amended Complaint dated May 1, 1989 (Attachment B) issued in this matter. (6-0, Commissioner Taff abstaining.)

4. The Commission further finds that there exists probable cause to believe that:

a. The violations alleged in paragraphs fifteen and sixteen of the amended complaint were not willful or intentional. The violation alleged in paragraph nineteen of the amended complaint was intentional, but made on advice of counsel;

b. The Respondent made an attempt, although misdirected, to comply with the conflict of interest provisions of the Code of Ethics for Public Officials by filing statements disclosing his employment relationship with Northeast Bancorp, Inc./Union Trust; and

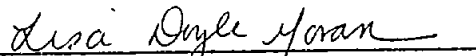
c. The Respondent had motives other than his personal financial gain (e.g., the creation of jobs) when he spoke and voted in favor of the interstate banking legislation in question. However, such motives do not permit a public official to take action on a matter if a substantial conflict of interest exists under the Code of Ethics for Public Officials.

By order of the Commission,



Cindy Cannata
Clerk of the Commission

I certify that copies of the foregoing "NOTICE" and attached "FINDINGS" were delivered to the Attorney for the Respondent, James Wade, Esq., on May 24, 1989.



Lisa Doyle Moran
Staff Attorney

ATTACHMENT A

FIRST SPECIAL DEFENSE

Regardless of whether or not Respondent had an interest which was in substantial conflict with his official duties when he voted on the Connecticut Interstate Banking Legislation before the Connecticut General Assembly on April 29, 1987, and April 18, 1989 he prepared a written statement describing the matter requiring action and the nature of his potential conflict and explaining why despite the potential conflict he was able to vote and otherwise participate fairly, objectively and in the public interest, and he delivered a copy of same to the clerk of the House of Representatives and/or made a note on the record disclosing same prior to his vote.

SECOND SPECIAL DEFENSE

This Commission lacks jurisdiction to hear and determine the complaint against the Respondent because Section 1-80 of the Connecticut General Statutes which creates this Commission violates Article Second of The Connecticut Constitution in that a majority of the members of such Commission are appointed by the legislative leaders of the Connecticut General Assembly.

STATE OF CONNECTICUT

STATE ETHICS COMMISSION



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

DOCKET NUMBER 89-2)	STATE ETHICS COMMISSION
IN THE MATTER OF A)	97 ELM STREET (REAR)
COMPLAINT AGAINST)	HARTFORD, CT 06106
REPRESENTATIVE VITO MAZZA)	MAY 1, 1989

AMENDMENT TO COMPLAINT

- 1) Representative Vito Mazza (hereinafter the Respondent) is a public official as defined in Conn. Gen. Stat. 1-79(k).
- 2) Respondent has been an employee of Northeast Bancorp, Inc./Union Trust for a number of years.
- 3) As an employee, he has participated in the Employees' Savings and Profit Sharing Plan (Plan).
- 4) Through the Plan, the employer makes contributions to the Plan on a participating employee's behalf.
- 5) The employer's contributions are invested in Northeast Bancorp, Inc. common stock.
- 6) Through the Plan, Respondent has a financial interest in Northeast Bancorp, Inc.
- 7) Upon the retirement, disability or death of a participating employee, employer contributions allocated to a participant are payable in the company's common stock.
- 8) Upon the termination of employment of a participating employee for any reason other than those designated in paragraph seven, the participant receives the cash equivalent of Northeast Bancorp, Inc. common stock allocated to his Plan account.

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9) Northeast Bancorp, Inc. and The Bank of New York Company, Inc. have executed an Agreement and Plan of Merger (Agreement) contingent upon a change in Connecticut banking legislation which would allow such a merger.

10) The terms of the Agreement call for The Bank of New York Company, Inc. to pay an amount equal to 250% of Northeast Bancorp, Inc.'s book value at the time the merger is consummated.

11) As a public official, the Respondent's duties included speaking and/or voting on legislation before the General Assembly. Respondent would take these actions in the proper discharge of his duties.

12) On April 29, 1987, Respondent spoke in favor of legislation which would have changed Connecticut's banking laws to allow the Agreement to be consummated.

13) On April 29, 1987, Respondent voted in favor of legislation which would have changed Connecticut's banking laws to allow the Agreement to be consummated.

14) Respondent had reason to believe or expect that his financial interest described in paragraph six would increase in market value and/or be purchased by Bank of New York for an amount equal to 250% of its book value by reason of his actions on April 29, 1987. Therefore, Respondent had reason to believe or expect that he would derive a direct monetary gain by reason of his official activity.

15) The Respondent's action described in paragraph twelve violated Conn. Gen. Stat. §1-84(a) since his ownership of Northeast Bancorp, Inc. stock through the Plan was a financial interest in substantial conflict with the proper discharge of his duties, as defined in Conn. Gen. Stat. §1-85.

16) The Respondent's action described in paragraph thirteen violated Conn. Gen. Stat. §1-84(a) since his ownership of Northeast Bancorp, Inc. stock through the Plan was a financial interest in substantial conflict with the proper discharge of his duties, as defined in Conn. Gen. Stat. §1-85.

17) On April 18, 1989 Respondent voted in favor of legislation which would have changed Connecticut's banking laws to allow the Agreement to be consummated.

18) Respondent had reason to believe or expect that his financial interest described in paragraph six would increase

in market value and/or be purchased by Bank of New York for an amount equal to 250% of its book value by reason of his actions on April 18, 1989. Therefore, Respondent had reason to believe or expect that he would derive a direct monetary gain by reason of his official activity.

19) The Respondent's action described in paragraph eighteen violated Conn. Gen. Stat. §1-84(a) since his ownership of Northeast Bancorp, Inc. stock through the Plan was a financial interest in substantial conflict with the proper discharge of his duties, as defined in Conn. Gen. Stat. §1-85.

Lisa Doyle Moran
Lisa Doyle Moran
Staff Attorney

Dated May 1, 1989

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