

DAILY NEWS CLIPS

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HIGHWAY BILL TALKS SLUGGISH ON CAPITOL HILL

By Sean Lengell
Washington Times
June 3, 2012

End of June deadline looms for funding

Congress has hinted it's in danger of once again missing a self-imposed deadline on a critical spending measure, as House and Senate negotiators appear far from reaching a long-term deal to keep federal highway, rail and transit programs funded beyond June.

House Majority Leader Eric Cantor, Virginia Republican, on Friday said he was "hopeful" a long-term "highway bill" could be hammered out by the end-month-end deadline. But if not, he suggested House GOP leaders are ready to accept a temporary stop-gap funding measure to ensure federal transportation projects don't screech to a halt.

"We're prepared to make sure that there's no stoppage of transportation programming and funding — all the while desiring a much-longer-term solution," he said.

House Minority Leader Nancy Pelosi, California Democrat, said she is "hearing rumors" that closed-door negotiations aren't going well and that another short-term extension may be eminent — a move she said would be "completely inappropriate."

Punting on the matter, added House Minority Whip Steny H. Hoyer, Maryland Democrat, also would undermine investor and international confidence of the federal government and hurt the U.S. economy.

But Rep. Pete Sessions, Texas Republican, pushed back at Democrats' accusations that Republicans were obstructing progress on the bill, saying House GOP leaders, including Speaker John A. Boehner of Ohio, are ready to do what is necessary to ensure a long-term measure is passed.

"The speaker is willing to negotiate," said Mr. Sessions, who is chairman of the National Republican Congressional Committee, the fundraising arm of House Republicans.

"We could've had a bill out of here perhaps some time ago, we could have not negotiated with the Senate, we could have done a lot of things if we are obstructionists, and we aren't."

In March, the Senate passed a two-year, \$109 billion highway bill with wide bipartisan support. But the move to renew surface transportation funding stalled in the House, where Republicans rejected their leadership's five-year, \$260 billion version before the measure could even get to the floor for a vote.

Funding for surface transportation projects was to expire at the end of March before Congress passed a three-month extension. Party leaders in both chambers then appointed members to conference committee to work out a compromise bill. But the panel has reported little progress.

A sticking point is a Republican push to include a provision for the construction of the Keystone XL oil pipeline, which would bring oil from the tar sands of Alberta, Canada, to the Gulf Coast. It has strong support from business and labor groups but is opposed by environmental groups.

Most Democrats are adamant on leaving Keystone out of the measure, saying it's unrelated. Rather, they are pressing House Republicans to accept a bill based on the Senate measure, which doesn't include the pipeline.

"The Senate bill is a good bill that will create 2 million jobs. Let's get on with it," Mrs. Pelosi said.

But Mr. Sessions said it's hypocritical for Democrats to demand a transportation "jobs bill" without the Keystone provision because the oil pipeline would create many well-paying jobs.

"Why are certain jobs OK and certain jobs are not?" [Republicans] are not trying to pick and chose," he said.

But Mr. Sessions denied that Friday's Labor Department report that showed the unemployment rate increased slightly in May added pressure on Congress to quickly pass a long-term transportation bill, saying he will support such a measure "only if it's a good bill."

"The job loss is directly related to the president's policies that he has placed, and continues to place, on businesses ... it's not related to a transportation bill," he said.

Rep. Patrick J. Tiberi, an Ohio Republican and a transportation bill conference committee member, also bristled at Democratic pressure to accept the Senate bill.

"Should I just give my voting card to [Ohio Sens.] Rob Portman and Sherrod Brown and say ... you guys decide?" Mr. Tiberi said. "How are we obstructing if they won't negotiate with us?"

Originally published here: <http://www.washingtontimes.com/news/2012/jun/3/highway-bill-talks-sluggish-on-capitol-hill/print/>

CANTOR HINTS HIGHWAY BILL DEAL MIGHT NOT BE REACHED BY DEADLINE

By Pete Kasperowicz

The Hill

June 1, 2012

House and Senate negotiators trying to agree to a long-term highway bill might need to work past June 30 to get there, House Majority Leader Eric Cantor (R-Va.) hinted Friday.

In a colloquy with House Minority Whip Steny Hoyer (D-Md.), Cantor said he is mindful of the June 30 expiration of federal highway programs, but said twice that Republicans stand at the ready to make sure there is no interruption of these programs.

"We're prepared to make sure that there is no stoppage of transportation programming and funding, all the while desiring a much longer-term solution to the problem," Cantor said.

Later in his conversation with Hoyer, he added, "I'm hopeful that the conference committee can come to a solution prior to the expiration of the authorizing language in place right now, but again, very mindful, we don't want to allow for any shutdown of any program at the end of this month."

Cantor's comments suggest both that negotiators will not reach a deal by June 30 and that some short-term agreement to extend funding could be reached.

As he has before, Cantor indicated that there is no agreement yet because Republicans are less eager to spend the amount of money that Democrats want to spend.

"The problem remains ... just not enough money to address all the things that the country is experiencing in terms of the needs for roads and infrastructure repair, as well as needed expansion," he said. "We all are mindful of the limited resources that are available to address these needs."

Hoyer replied that the Senate-passed bill would likely pass if it were brought up in the House, but Cantor did not respond. The Senate bill, S. 1813, would spend \$109 billion over the next two years, and was approved in a bipartisan vote in the Senate.

The House, in contrast, has only approved two temporary extensions and has included language requiring approval of the Keystone pipeline. One of these would extend highway programs through the end of September, an option that could be explored if no agreement can be reached by June 30.

Hoyer used his regular discussion with Cantor to warn that there are just a few dozen workdays left in the House before the November elections, and that major issues are coming up, such as whether to let the Bush administration tax levels expire and what to do on payroll taxes, the Alternative Minimum Tax and the debt limit.

"We need to address those; hopefully we need to address them in a bipartisan way," Hoyer said. "Because if we do not address them, we will put the economy at continuing risk."

Cantor replied that members do need to focus on these issues in the months ahead, but lamented that the two parties have been unable reach agreement in two key areas — healthcare and taxes.

Hoyer also asked Cantor how to handle expiring low interest rates on student loans, which will jump to 6.8 percent for federally backed loans on July 1. But Cantor said he and other Republicans offered bipartisan proposals to get around this problem.

One of these options would increase federal workers' contribution to retirement, a plan Hoyer said he opposes. The other would pay for the lower rate by limiting the length of the in-school interest subsidy and revise the tax treatment of Medicaid providers.

Hoyer also pressed Cantor again for the GOP decision to pass appropriations bills for 2013 that spend less on discretionary items than was agreed by both parties last year. But when Hoyer asked how the House might square this plan with the Democratic Senate, Cantor said there is nothing to negotiate with in the upper chamber so far.

"I would suggest turning attention to the Senate that hasn't even begun considering its appropriations bills," Cantor said. "To suggest that we would come to an agreement with the Senate — I think, you know, the Senate's got to really start to do its work as far as the appropriations process is concerned."

Republicans and Democrats in the House have often criticized the Senate for not being as productive as the House, and in response to Cantor's comment, Hoyer replied with a laugh, "I don't have any rebuttal to that so I will yield back my time."

Originally published here: <http://thehill.com/blogs/floor-action/house/230505-cantor-hints-highway-conferees-may-not-make-june-30-deadline>

SEN. BOXER: JOBS REPORT UNDERSCORES 'THE NECESSITY OF PASSING A TRANSPORTATION BILL'

By Keith Laing
The Hill
June 1, 2012

The chairwoman of the committee of lawmakers that is conferencing on a new federal transportation bill said the employment numbers released Friday made the case for Congress to compromise on road and transit spending.

Statistics released Friday by the Bureau of Labor Statistics showed national unemployment rate increased to 8.2 percent in May, with the U.S. economy adding only 69,000 jobs.

House leaders sent signals Friday that the transportation conference might miss its June 30 deadline for the expiration of the current highway spending bill, but Sen. Barbara Boxer (D-Calif.) said Friday afternoon that the job numbers showed why the 47-member panel she is chair of should not let that happen.

"Today's unemployment numbers underscore the necessity of passing a transportation bill that does not cut transportation funding," Boxer said in a statement released by her office. "Clearly, the indecision in passing a

transportation reauthorization bill is having a terrible impact on the construction industry -- 28,000 construction jobs lost last month."

In comments made earlier Friday, House Majority Leader Eric Cantor (R-Va.) said the conference committee may not make its deadline.

"We're prepared to make sure that there is no stoppage of transportation programming and funding, all the while desiring a much longer-term solution to the problem," Cantor said.

The conference committee is attempting to build a bridge between a two-year, \$109-billion transportation bill that was passed by the Senate with two temporary extensions of current funding that were approved by the House.

The House has passed an extension of current transportation funding beyond the scheduled June 30 deadline, which would carry highway spending through Sept. 30. But in order for that measure to become law, it would have to also be approved by the Senate.

In her statement on the jobs numbers Friday, Boxer blamed Republicans for the gridlock on the transportation bill the conference committee is experience after negotiating for the better part of a month.

"I hope today's numbers will lead House Republicans to work with the Senate on a bipartisan approach to fund the transportation bill at current levels, protecting 3 million jobs and thousands of businesses," she said.

But Cantor said in his remarks Friday that it was Democrats' desired transportation spending levels that was the problem.

"The problem remains ... just not enough money to address all the things that the country is experiencing in terms of the needs for roads and infrastructure repair, as well as needed expansion," he said. "We all are mindful of the limited resources that are available to address these needs."

Originally published here: <http://thehill.com/blogs/transportation-report/highways-bridges-and-roads/230535-sen-boxer-jobs-report-underscores-the-necessity-of-passing-a-transportation-bill>

PELOSI: PASS HIGHWAY BILL TO HELP JOBS NUMBERS

By Kate Nocera

Politico

June 1, 2012

Minority Leader Nancy Pelosi said the new disappointing jobs numbers were proof positive Congress needed to act quickly on the Transportation bill currently being negotiated in a conference committee.

"With today's jobs report it is clear we have work to do. Although this is the 27th month with continued job increases in our economy it's certainly not enough," Pelosi told reporters. "It's clear one way we can help is to pass the transportation bill. I think it was instructive to read the jobless numbers, the job loss in the construction sector was the largest of them all."

Republicans quickly pounced on the less than stellar 69,000 job-creation number out Friday.

"I would just hope that the president and my colleagues in the Senate would look at our plan to create American jobs. [The House] passed over 30 bills that are sitting in the United States Senate," Speaker John Boehner said at a press conference on the report. "We can help the American people at a time of this great need if the Senate would just look at the bills that are before us."

But Pelosi argued the Republican jobs bills were nothing more than "messages."

"Republicans say they've sent 30 [jobs] bills to senate, they've sent 30 pieces of message over to the Senate," she said. "We don't need 30 message bills, we need one good bill."

Pelosi noted that job loss in the construction sector took the largest hit, and reminded reporters that her hometown's Golden Gate Bridge was built during troubled economic times.

"We celebrated this weekend the 75th anniversary of the Golden Gate bridge...the fact is that was in a depression and the public had the confidence, knew the urgency, of building infrastructure. We need to do it, and we need to do it now. Stop stalling."

Originally published here: <http://www.politico.com/blogs/on-congress/2012/06/pelosi-pass-highway-bill-to-help-jobs-numbers-125031.html>

CLUES HINT AT SOURING NEGOTIATIONS IN TRANSPORATION BILL CONFERENCE

By Ben Goldman

DC Streets Blog

June 1, 2012

Politico Pro Transportation put out a news blast today that threw some light into the inky shadows of the conference committee process, and what we saw there doesn't look too pretty. Apparently Sen. Barbara Boxer has reason to believe negotiations aren't going so well, "after a House GOP conferee criticized her for 'stonewalling' the lower chamber":

"We are at a crossroads — the House GOP seems to be moving away from the bill," she said, according to a source on a conference call she held with industry officials. Boxer noted that "something has happened" recently — things had been going well but she now feels that House leaders aren't making the bill a priority. "The problem is the leadership over there," she said.

Before I go any further, it's worth noting that when the transportation bill was being debated on the Senate floor, Streetsblog (and others) picked up on some pessimistic-sounding comments from Boxer, but she quickly set the record straight and proved us all wrong with a successful 74-22 vote.

This time could be different though. Today This week the House will vote on (and likely pass along party lines) another motion to instruct the conferees, a non-binding resolution that expresses the desires of the full House — or, more accurately, of House leadership. Speaker John Boehner and Majority Leader Eric Cantor have done

their own fair share of stonewalling in this reauthorization cycle, refusing to bring the Senate bill to the floor for an up-and-down vote despite repeatedly failing to bring forth an alternative. A vote on the conference committee's transportation bill doesn't even appear yet on the Majority Leader's schedule, which runs all the way through the August recess (more than a month after the June 30 deadline to pass a new bill).

This particular motion, sponsored by Georgia Republican Paul Broun (rhymes with "down"), instructs conferees that transportation spending should not exceed the balance of the Highway Trust Fund.

As a matter of policy, it's a moot point — by definition, federal surface transportation spending can never surpass HTF balances, though the HTF has been repeatedly topped off from general taxes. Rather, it's a politically-motivated attack on the Senate bill, which shores up the HTF for the 15-month life of the bill with offsets that will take ten years to fully materialize.

In other words, Broun's motion is urging House members not to support the Senate bill.

And the Senate bill is really the only bill, since the House went to conference with only a 90-day extension and a small pile of poison pills. (Ironically, a longer extension is by far the best way to deplete the Highway Trust Fund even faster.)

Joshua Schank, President and CEO of the Eno Center for Transportation, also sees the Broun motion as a bad sign.

"By bringing Broun's motion to a vote, they're they're putting to a vote the biggest issue in conference before the conference even has a chance to issue a report," Schank told Streetsblog. "Making all the House Republicans go on the record whether they're in favor of deficit spending... indicates a lack of seriousness about trying to get a bill done."

"They were inevitably going to come to a head over this issue," Schank continued, explaining that House leadership's only chance was to appoint Tea Party conferees in the hopes that they could sell the rest of their caucus on transportation spending. "All hopes of that happening seem to be dashed, because this vote makes it very hard to make that sale."

One advocate, speaking to Streetsblog for a previous story, surmised that the Republicans win whether or not a bill gets passed. Pass a bill, and take credit for a job-creating initiative (and grab as many concessions from Dems as possible). Don't pass a bill, and blame the Democrats for stonewalling.

Either way, a new transportation bill by June 30 is looking less and less likely, eating away the value of the Senate bill. Another extension, the tenth since 2009, is a near certainty.

"The length of the extension depends on how things are going in conference," says Schank. "If they are close, then they'll pass a short-term extension and sort it out in July. If they're not close, they'll probably throw in the towel and pass an extension through the lame duck period."

Originally published here: <http://dc.streetsblog.org/2012/05/31/clues-hint-at-souring-negotiations-in-transpo-bill-conference/>

SMOKE SHOPS UNEASY ABOUT CHRIS DONOVAN ROLL-YOUR-OWN TOBACCO CONTROVERSY

By Luther Turmelle
The Register Citizen (CT)
June 1, 2012

The idea that one of their own might be at the center of the Chris Donovan campaign contribution scandal has some Connecticut smoke shop owners feeling a little uneasy.

"I'm concerned that one bad apple is going to ruin it for me," said Tracey Scalzi, who owns smoke shops in Norwalk and Orange. "I'm shocked about this."

Alleged questionable contributions made to Donovan's 5th District congressional run have resulted in the arrest of the campaign's finance director and the firing of his campaign manager.

The arrest affidavit of Robert Braddock Jr. of Meriden details an attempt by an unnamed smoke shop owner to make a contribution to Donovan's campaign as part of an effort to kill legislation in the 2012 session that would have imposed new taxes and fees on those businesses that have roll-your-own cigarette machines. The bill made it out of a legislative committee but never came up for a vote in the session, which ended May 9.

Scalzi went to Hartford and lobbied against the roll-your-own legislation.

"My customers like to save money and so I was fighting for them and for my business," she said. "I must have met with every representative up there and nobody knew about our business or what we did. I'd like to think it was my lobbying that the legislation didn't come up for a vote."

A Virginia-based attorney with expertise in tobacco taxation matters, Brian Haynes of the law firm Troutman Sanders, said even if the allegations contained in the arrest affidavit were proven to be true, consumers shouldn't hold it against the smoke shop industry in Connecticut.

"It doesn't mean it's endemic to the industry," Haynes said.

Robert Noto, whose smoke shops in Torrington and Danbury offer roll-your-own cigarette machine rentals, said he's heard "bits and pieces" of the controversy surrounding efforts to kill the legislation, but not enough to form an opinion on what the Donovan scandal might mean to his business.

"I think it's really too soon to say whether it will have an impact," Noto said.

David Cadden, a professor of management at Quinnipiac University's Lender School of Business, said some consumers may ultimately blame the smoke shop industry as a whole for going too far in an effort to influence state lawmakers. But Cadden said it is unlikely that such a view would be widespread enough to have lasting impact.

"Given the low opinion the public has of politicians, I think any hostility will be directed at them," he said.

Michael Hatzisawas, who owns Big Cat's Smoke Shop locations in Bristol and Wallingford with his partner Sharon Catlin, said efforts by people in his industry to rebuff attempts to increase the taxes they pay are legitimate.

"Some people don't think we are paying any taxes, but we pay more than the average person," Hatzisawas said.

Originally published here: <http://ct5thdistrict.registercitizen.com/2012/06/01/smoke-shops-uneasy-about-chris-donovan-roll-your-own-tobacco-controversy/>

KEY DATES IN CORRUPTION INVESTIGATION

The Hartford Courant (CT)

June 1, 2012

The affidavit detailing the federal case against Robert Braddock, finance director for the 5th District congressional campaign of Chris Donovan, gives the following chronology. Dark type represents progress of the "roll your own" legislation; regular type lays out key events in the corruption investigation.

April 3: Finance Committee approves Senate Bill 357, "An Act Concerning Various Statutes Related to the Department of Revenue Services." The bill would have categorized roll-your-own smoke shop owners as tobacco manufacturers and subjected them to a substantial licensing fee and tax increase.

April 3: A person described as "co-conspirator No. 1" (CC-1) calls an undercover FBI agent who was posing as an investor for roll-your-own smoke shops opposed to the legislation and says he has arranged a meeting with Robert Braddock, finance director for the campaign of congressional candidate Chris Donovan, and a campaign aide.

April 4: CC-1 and the undercover agent meet. Agent gives CC-1 \$11,000 in cash. That includes \$10,000 for individuals willing to write a check to the campaign in exchange for the cash, and \$1,000 for CC-1 for his coordinating role.

April 9: CC-1 calls Braddock to arrange meeting to turn over \$10,000.

April 11: Braddock, CC-1, campaign aide and undercover agent meet at a Southington restaurant, following earlier phone calls between CC-1 and a "co-conspirator No. 2" (CC-2) to discuss recruiting people to serve as conduits for the new \$10,000 payment. Four checks totaling \$10,000, each made out to the campaign in a conduit's name, are delivered to Braddock and the campaign aide at this meeting.

April 23: Campaign aide calls CC-1 to say one check bounced. This is followed by series of calls with CC-2 to obtain a new check in the conduit's name. CC-2 arranges for a \$2,500 bank check — plus \$60 cash to cover the bank charge for the bounced check — available at CC-2's business April 24.

April 24: Campaign aide confirms an associate picked up the new check.

April 26: FBI approaches CC-1 and enlists his cooperation in the investigation.

Early May: In series of phone calls, CC-1 tells the campaign aide that he and the supposed roll-your-own smoke shop investor — actually the undercover FBI agent — were prepared to make an additional \$10,000 payment once the roll-your-own legislation is defeated.

May 9: Legislative session ends without Senate Bill 357 getting passed. The bill did not come up for a vote in either the House or the Senate.

May 14: CC-1 delivers another \$10,000 to the campaign aide — three \$2,500 checks from conduits to the campaign, one \$2,500 conduit check to "a political party." [The Democratic State Central Committee on Friday said it received that fourth check and would return it.]

May 15: CC-1 tells Braddock that he has learned that one of the check writers is "part owner" of a "cigarette place" and advises Braddock to "tear that one up" or take it back and says he will replace it with another check.

May 16: CC-1 and the campaign aide meet at a Southington restaurant. The aide gives CC-1 the old check, and CC-1 gives the aide another \$2,500 check in the name of a conduit unaffiliated with a roll-your-own smoke shop.

Originally published here: http://articles.courant.com/2012-06-01/news/hc-donovan-timeline-0602-20120601_1_cc-2-campaign-aide-roll-your-own-smoke-shop

ROLL-YOUR-OWN CIGARETTE BILL AT CENTER OF 5th DISTRICT CAMPAIGN FINANCE SCANDAL

By Jordan Fenster
The Register Citizen (CT)
June 1, 2012

The FBI investigation into 5th Congressional District candidate Speaker of the House Chris Donovan's campaign is centered around a piece of legislation that would have categorized roll-your-own tobacco shops that use rolling machines as cigarette manufacturers.

Though that bill (scroll down to read the bill) was never raised in the state Senate, it will be brought up during the upcoming special session, according to lawmakers.

When asked why the bill, after being passed by the legislature's Finance, Revenue and Bonding Committee, never made it to the Senate floor, Senate Minority Leader John McKinney, of Fairfield, said he didn't know but, in theory, Donovan could have blocked it.

"I'm not alleging he did," McKinney said. "In theory, he could have let it be known that the bill was not going to go forward in the House. Then why would you bring it up in the Senate?"

According to Patricia Widlitz, D-Guilford, one of the chairmen of the finance committee, the roll-your-own bill was "rolled" into another piece of legislation, after the state's Department of Revenue Services had requested it.

That addition was made after the committee had done its work for the year, which meant the roll-your-own language was never not during a public hearing.

"The only discussion was on the committee level," she said. "Which is not ideal."

Despite the lack of a public hearing, there was a significant amount of discussion on the bill, according to McKinney, as assertion Widlitz confirmed.

“We were lobbied very heavily,” she said.

The bill came about after the state took one roll-your-own shop owner, Tracey Scalzi, who owns tobacco shops in Orange and Norwalk, to court. There were concerns, Widlitz said, that by not classifying roll-your-own shops that use rolling machines as manufacturers, the state would run afoul of a 1998 agreement with the tobacco industry, and potentially lose millions of dollars from that settlement.

Adam Joseph, spokesman for the Senate Democrats, said the bill was held up for more pragmatic reasons.

“The bill was going to be a talker,” he said. “Discussion could go on for several hours and we had to make a choice of what to bring up. It was what we call a “tier three talker, which means it was going to take a while.”

Now, with a special session scheduled for June 12, that same bill most likely will be raised again.

“We were going to raise the bill. That was our intention, to run the bill,” Joseph said. “Now it could get raised as part of a broader, budget implementer bill.”

Originally published here: <http://ct5thdistrict.registercitizen.com/2012/06/01/roll-your-own-cigarette-bill-at-center-of-5th-district-campaign-finance-scandal/>

ANOTHER TOP DEM HALTS FUNDRAISING AMID FBI ROLL-YOUR-OWN PROBE

By Christine Stuart

CTNewsJunkie

June 3, 2012

The federal investigation into the fundraising activities of House Speaker Chris Donovan’s U.S. congressional campaign has put Democratic fundraising at the state Capitol on hold, at least for the moment, CTNewsJunkie has learned.

In an email to supporters Friday, Rep. Kim Fawcett of Fairfield announced that a fundraiser at her home for House Majority Leader Brendan Sharkey’s political action committee will be postponed until later in the summer.

“As you may have seen there have been some very serious accusations (and arrests) made regarding illegal fundraising of the current Connecticut State House Speaker Chris Donovan,” Fawcett wrote in an email obtained by CTNewsJunkie. “While the incoming Speaker and none of the co-hosts of the upcoming event at my house are involved in this investigation, we have decided to postpone all fundraising efforts while the inquiry into the current Speaker is being completed.”

The FBI has arrested Donovan’s congressional campaign finance director for conspiring to conceal the identity of straw donors who wanted to defeat the roll-your-own cigarette bill. The federal investigation has shaken up the state Capitol and the 5th District congressional race where Donovan was the endorsed Democrat.

In a phone interview Sunday, Sharkey explained that his PAC decided to hold off on fundraising voluntarily until the end of a June 12 special session of the state legislature. Sharkey will run that session in Donovan's stead as a result of the unfolding scandal.

"Under the circumstances we thought it was appropriate," Sharkey said. "We'll resume after the special session."

Fundraising for the three leadership PACs controlled by House Democrats is allowed to continue through the legislative session, but during that time the PACs are unable to receive donations from certain sources such as lobbyists or other individuals doing business with the General Assembly.

Sharkey was asked if he thinks the federal investigation may be more focused on political action committees at the state Capitol than Donovan's campaign. "I don't know anything," he said. "But from what I've read the scrutiny is limited to the individuals who appear to be engaged in disguising contributions."

He said he doesn't think the federal probe points toward the state Capitol and the political action committees held by House and Senate leadership.

"If they were casting a wider net I'm not sure why federal authorities would have alerted Larry to the donations made to his PAC," Sharkey said, referring to the donations received by PACs controlled by House Minority Leader Lawrence Cafero.

On Friday, Cafero gave back \$5,000 in donations after being informed by federal authorities that money from straw donors had made its way into House Republican leadership PACs. During that same meeting, Cafero said federal authorities told him that he was not the target of the federal investigation.

Meanwhile, Sharkey said a preliminary review of the House Democratic leadership PACs revealed that there don't appear to be any unidentified donations.

The public financing and clean elections program passed in 2005 by the General Assembly allowed the leaders of the two caucuses to maintain their political action committees even though candidates who raise a certain amount of money in small donations under \$100 qualify for public funds from the Citizens' Election Program.

Candidates for state representative must raise \$5,000 from at least 150 individuals in their district to qualify for more than \$26,000 in state funds. Candidates for state senate must raise \$15,000 from at least 300 individuals in their district to qualify for about \$91,000 in state funds.

The leadership PACs exist to offer support and resources to all the state candidates. With Donovan running for Congress, the responsibility of maintaining the Democratic majority in the House has been passed along to Sharkey, even though his election for speaker isn't until January 2013.

George Gallo, chief of staff for the House Republicans, said raising money through these leadership PACs is important, but not as important as it used to be since there's a limit on how much money can be given to the campaigns.

He said PACs are limited to giving \$3,500 in help to House races where it helps pay for about three quarters of the cost of a direct mailer to the entire district.

"It's not manna from heaven," Gallo added.

Originally published here:

http://www.ctnewsjunkie.com/ctnj.php/archives/entry/another_top_dem_halts_fundraising_amid_fbi_roll-your-own_probe/

DONOVAN SAYS HE WILL CONTINUE CAMPAIGN

NBC Connecticut

June 4, 2012

House Speaker Chris Donovan addresses federal probe surrounding his campaign

After four days, House Speaker Chris Donovan finally broke his silence on Sunday and spoke publicly for the first time following the arrest of his finance director earlier in the week.

The Democratic Speaker of the House made his public statement outside his Meriden campaign headquarters at 6:30 p.m. and said he is choosing to stay in office and on the campaign trail for Congress.

"I will not resign, I feel heartsick and disappointed," Donovan said.

The political crisis surrounding the Donovan campaign started last Wednesday, when his finance director was arrested, accused of conspiracy to conceal the source of contributions to the U.S. House of Representatives candidate meant to influence voting on roll your own cigarette legislation.

"At no time did I know that anyone might have been trying to funnel illegal contributions to my campaign," said Donovan.

Robert Braddock Jr., 33, of Meriden, was charged in a federal criminal complaint with conspiracy to conceal the source of contributions to the Donovan's congressional campaign.

Donovan said his campaign manager had been fired, along with Braddock.

"Tom Swan is joining the campaign, as campaign manager, effective immediately," he said in an earlier statement.

The complaint alleges that Braddock conspired with other people to accept campaign contributions made by one person in the name of another person, which violates federal campaign finance, according to the U.S. Department of Justice.

During the investigation, several conversations were recorded and FBI Special Agents went undercover.

According to the Justice Department, the purpose was to conceal that they were to finance an interest in legislation introduced in the state General Assembly during the 2012 legislative session that would have deemed Roll-Your-Own smoke shop owners to be tobacco manufacturers under Connecticut law, which would have subjected shop owners to a substantial licensing fee and tax increase.

The criminal complaint alleges that the potential that that bill would be enacted prompted Braddock and people referred to as “co-conspirators” to arrange a payment of \$10,000 to the campaign, which consisted of four \$2,500 checks in the names of conduit contributors.

"Let me say this unequivocally, no one bought my involvement my position or my influence on the Roll-Your-Own legislation or any other. I was not involved with that bill," Donovan said.

The congressional primary is just a few weeks away and it appears like Donovan has no intention of waving the white flag.

Braddock appeared in court and was released on a \$100,000 bond. The investigation is still ongoing.

Originally published here with video: <http://www.nbcconnecticut.com/news/local/Donovan-Addresses-Media-Following-Arrest-156915005.html>

SOURCES IDENTIFY STATE WORKER, UNION OFFICIAL AS CENTRAL FIGURE IN DONOVAN CAMPAIGN PROBE

By Jon Lender, Edmund H. Mahony, and Dave Altimari
The Hartford Courant (CT)
June 1, 2012

A politically active state correction officer and labor union official – Ray Soucy of Naugatuck – has been identified as a central figure in the federal investigation that led to the arrest Wednesday of state House Speaker Christopher Donovan's congressional campaign finance director, The Courant has learned.

Soucy, who works as a correctional industries supervisor at the Cheshire prison complex, is not mentioned by name in an affidavit filed in connection with the Wednesday arrest of Donovan's now-fired finance director, Robert Braddock Jr.

But sources with knowledge of the investigation said he is the person referred to in the affidavit as "CC-1" – a law enforcement abbreviation signifying that he is the first of three co-conspirators in what the FBI and federal prosecutors are calling a criminal scheme with Braddock to disguise the source of thousands of dollars worth of contributions to Donovan's campaign.

The prosecution affidavit filed in U.S. District Court asserts that, in early April, the FBI was secretly recording "CC-1" talking with an undercover agent about disguising the source of contributions — purportedly from some tobacco retailers — to Donovan's congressional campaign. Three weeks later, the affidavit shows, the FBI had confronted "CC-1" about the conversations and persuaded him to cooperate by allowing them to record his conversations about additional illegal contributions with members of Donovan's campaign staff.

"On April 26, 2012, the FBI approached CC-1 and solicited his cooperation in connection with the investigation described herein. CC-1 agreed to cooperate proactively with the FBI, and, at the FBI's direction, proceeded to engage in a series of consensually recorded telephone calls and meetings with other subjects of this investigation," including Braddock, the affidavit says.

There are other signs, in addition to the confirmations by people with knowledge of the events, that point to Soucy as being "CC-1":

On April 29, three days after the FBI approached "CC-1" to cooperate in the probe, Soucy went on a voluntary, personal leave from his state correction agency job and has yet to return, Department of Correction spokesman Brian Garnett said Friday.

The affidavit contains a snippet of a transcript of a wire tap recording of a message left on Braddock's voice mail on April 9 by CC-1. It included a 10-digit phone number for Braddock to call, and it appeared in the affidavit as "XXX-XXX-5619." Those are the final four digits of Soucy's cell phone number, which is listed in full next to his name on the Internet website of correctional union Local 387 of the American Federation of State, County and Municipal Employees, or AFSCME.

The same number appears in full next to Soucy's name on the website of the Connecticut AFL-CIO, where he is listed as president of that group's Western Connecticut Central Labor Council.

Soucy has not returned a reporter's phone calls to his cell phone since Thursday's announcement of Braddock's arrest by the U.S. attorney for Connecticut. When a Courant reporter knocked on his door Friday afternoon, a woman who identified herself as his mother said he wasn't home.

Thomas Carson, spokesman for the U.S. attorney's office, would not comment when asked to confirm that Soucy is "CC-1." Carson said the office would not release any information beyond its Thursday press release and the arrest affidavit.

Soucy has been an active and sometimes outspoken union member, participating in campaign efforts on behalf of Democrats over the years. Photos of him at political events are posted on the Internet.

Larry Dorman, spokesman for the statewide AFSCME union organization, Council 4, declined comment.

Federal authorities would not discuss the identifies of any of the three people referred to as co-conspirators in the case – with the other two called "CC-2" and "CC-3." The latter is said in the affidavit to have been "an aide to the campaign" other than Braddock. After news of Braddock's arrest broke on Thursday, Donovan hastily dismissed Braddock, the finance director, as well as campaign manager Josh Nassi. Nassi has been unavailable for comment. On Friday, new campaign manager Tom Swan said a third campaign worker, also from the finance office, has also been let go.

Prosecution legal filings show that the investigation was underway by early April. The FBI had begun making recordings of "CC-1" making statements in conversations with an undercover FBI agent – but it was not until April 26, however, that the FBI approached "CC-1", told him that he was a subject of a political corruption investigation, and persuaded him to cooperate secretly with authorities, according to the FBI affidavit.

The affidavit details some of the developments in the case that preceded the decision by "CC-1" decision to help the government by allowing his conversations with others to be recorded.

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KEY FIGURE IN DONOVAN CAMPAIGN PROBE ABRUPTLY LOSES UNION POSITIONS

By Jon Lender

The Hartford Courant (CT)

June 2, 2012

Ray Soucy of Naugatuck, a politically active state worker and union official, has abruptly left three union posts after being identified Friday as a central figure in the federal investigation that led to the arrest last week of House Speaker Christopher Donovan's congressional campaign finance director.

Soucy was removed as treasurer of a union local representing state correction officers, and he stepped down voluntarily from two Connecticut AFL-CIO posts after the head of that union expressed concerns about Soucy's role in an unfolding political corruption scandal, union officials said Saturday.

Although union officials spoke freely of their concerns, Soucy was mum.

"Have a nice day," was all he said before ending a call from The Courant on Saturday afternoon.

"No. Goodbye," he said, when asked if he'd answer questions in a second call minutes later.

Lisamarie Fontano, president of correction workers' Local 387 of the American Federation of State, County and Municipal Employees, said in a telephone interview that she decided to remove Soucy as soon as she read a story about him Friday night on The Courant's website, courant.com.

That story identified Soucy as the person referred to in an FBI agent's affidavit as "CC-1" — a law enforcement abbreviation indicating that he was the first of three alleged co-conspirators in what federal law enforcement officials are calling a criminal scheme to disguise the source of thousands of dollars in contributions to Donovan's campaign.

Donovan's now-fired campaign finance director, Robert Braddock Jr., was charged Wednesday with conspiring to conceal campaign contributions.

Fontano said that she phoned Soucy immediately after she read the story Friday night — adding that he "acknowledged that he is under investigation and said he respects my decision."

Fontano said she recognizes that Soucy has not been charged with anything in the ongoing investigation, but added that she has an obligation to protect the interests of 800 members.

"I don't want the local to be misconstrued as having any involvement in this at all," she said. "Whatever Ray's extracurricular activities are, are his business, and Ray has to take care of his own issues."

Meanwhile, it emerged Saturday that Soucy had stepped down voluntarily from two separate positions that he held with the Connecticut AFL-CIO.

"Effective June 1, 2012, I am stepping down from all positions I currently hold in the AFL-CIO," Soucy wrote in an email Friday to Connecticut AFL-CIO President John Olsen and Jim Snow, AFL-CIO Northeast regional director.

The email contents were released Saturday by Nora Frederickson, field communications director for the AFL-CIO in the 13-state Northeast region.

She said that after Olsen expressed concerns about the investigation, Soucy voluntarily relinquished his positions as vice president of the Connecticut AFL-CIO's executive board and president of the AFL-CIO's Western Connecticut Central Labor Council, Frederickson said.

Frederickson said she understands that Soucy's withdrawal will last for the duration of the federal investigation. The FBI and the office of U.S. Attorney for Connecticut David Fein have not indicated how long the probe might continue.

So far, only Braddock has been arrested.

But a prosecution affidavit filed in U.S. District Court says that there were three co-conspirators with Braddock, referring to them as "CC-1, CC-2, and CC-3," and sources said that "CC-1" was Soucy.

The affidavit asserts that the FBI was secretly recording "CC-1" talking in early April with an undercover agent about disguising the source of contributions — purportedly from some tobacco retailers — to Donovan's congressional campaign. Three weeks later, the affidavit says, the FBI confronted "CC-1" about the conversations and persuaded him to cooperate by letting them record his conversations about additional illegal contributions with members of Donovan's campaign staff.

Soucy has been an active and visible union member, working for years in campaign efforts for Democrats. Political sources say he is a familiar sight at political events, and pictures of him posing with prominent politicians are posted on the Internet.

Federal authorities have refused to discuss the identities of any of the three people referred to as co-conspirators in the case. The affidavit says specifically that "CC-3" was "an aide" to the Donovan campaign other than Braddock. After Braddock's arrest was announced Thursday by the U.S. attorney, Donovan hastily dismissed Braddock and campaign manager Josh Nassi, who has been unavailable for comment. A third campaign worker, also from the finance office, has also been let go, the campaign said Friday.

The undercover FBI operation has thrown the race for the 5th Congressional District seat into turmoil, when only a week ago Donovan had been considered a favorite to defeat two challengers, Elizabeth Esty and Dan Roberti, in an Aug. 14 primary for the Democratic nomination. Donovan won the party's convention endorsement for the nomination.

Last week's turmoil stemmed from the efforts of an undercover FBI agent who posed in early April as an investor in so-called "roll your own" tobacco smoke shops. People involved in such businesses were opposing a bill, then pending in the legislature, that would have imposed tobacco taxes and fees on such establishments. The bill later died without coming to a vote in the House or the Senate.

According to the federal affidavit, it was agreed in an early-April meeting that "CC-1" would take \$10,000 from the undercover agent and arrange to have it channeled to Donovan's campaign — through "conduit" donors, who would put their names on checks for funds that had come from another person. That is a federal crime.

The undercover agent, posing as the investor, told "CC-1" at a meeting on April 4 that "this is ten [\$10,000] now" to be donated to Donovan's campaign, and added that there was also "a little something in there for you," the

affidavit said. The agent referred to an extra \$1,000, which the affidavit said "was provided to CC-1 as purported compensation for his coordination of the unlawful payment."

The affidavit said, "CC-1 stated, 'It's a game that lucky enough, I've got the contacts to play good in it.'"

It is unclear if anyone opposed to the roll-your-own tax bill was actually trying to funnel money to Donovan's campaign — or if it was all an FBI sting operation from the start. The questionable contributions were made purportedly in an effort to kill the bill — which, although approved by a legislative committee on April 3, died because it never came to a vote by the end of the 2012 legislative session on May 9.

All told, the FBI affidavit says that "conduit" contributors were found for \$20,000 worth of illegal campaign contributions, \$2,500 of which went to the Democratic State Central Committee — which now plans to return it or hand it over to federal agents, its executive director said Friday.

But it appears that at least \$5,000 more was spread around in the federal operation — because on Friday night, House Republican leader Larry Cafero said that political action committees associated with his office were returning five checks for \$1,000 each that apparently originated from undercover FBI agents as part of the federal probe. Cafero met with FBI agents in Meriden and said that "neither I, nor anyone in my office, are targets of the probe" that is continuing.

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UNION OFFICIAL AT CENTER OF PROBE STEPS DOWN

By Ken Dixon and Michael P. Mayko

The Connecticut Post

June 2, 2012

A state prison guard and labor leader described as a blustery Democratic Party political hanger-on, who is a target in a federal investigation into possible political corruption, has resigned and been fired from his roles as a union official.

Raymond Soucy, of Naugatuck, who a well-placed source said is an unnamed co-conspirator in a federal affidavit detailing an influence-peddling investigation, stepped down Saturday as president of the Western Connecticut Central Labor Council, which is affiliated with the national AFL-CIO. He also was fired as treasurer of Council 4 AFSCME Local 387, which represents corrections officers at the Cheshire Correctional complex.

Soucy, according to a source familiar with the probe, is "Co-Conspirator 1," who accepted \$1,000 from undercover federal agents and would later agree to work with agents and tape record conversations with others.

Contacted by phone Saturday, Soucy declined comment and then disconnected the call. He later declined comment when a reporter visited his home.

John Olsen, president of the state AFL-CIO and former Democratic State Central Committee chairman, said Saturday Soucy has "stepped down," pending the outcome of the federal investigation.

Olsen said Soucy's role as president of the regional labor council made him a member of the state AFL-CIO board, which he expects Soucy to withdraw from as well, at least for the duration of the federal investigation.

"I believe in due process," Olsen said in a phone interview. "We haven't had that much to do with Ray. He's been a delegate here, he's attended a conference there."

But Lisamarie Fontano, president of Local 387, said Saturday she fired Soucy, who promised a letter of resignation.

"I have relieved him of his duties," she said. "Obviously due to the investigation, it's my responsibility to make sure that the best interests of our members are protected. No charges have been filed, but I felt it was in the union's best interest to let him take care of his responsibilities."

On Friday night, the federal probe appeared to expand beyond the 5th District congressional campaign of Speaker of the House Christopher G. Donovan, of Meriden, when House Minority Leader Lawrence F. Cafero, Jr., R-Norwalk, announced \$5,000 in FBI sting money had been received by three Republican House political action committees. The money would be returned to contributors, Cafero said.

The previous day, Cafero and at least 11 other members of the General Assembly were questioned by special agents in the FBI's Meriden office, which seemed to be focusing on legislation affecting businesses with so-called roll-your-own cigarette machines. The measure died in the Senate during the last session.

Cafero said the FBI informed him he was not a target of a federal investigation.

Until Friday night, when the Hartford Courant first reported Soucy's involvement in the federal probe, the Local 387 website listed Soucy as treasurer, along with a phone number whose last four digits coincided with those listed in the arrest affidavit of Robert Braddock Jr.

Braddock, Donovan's former chief fundraiser for his congressional campaign, was arrested by federal authorities last week and charged with concealing the nature of campaign contributions.

A federal affidavit filed Thursday by FBI Special Agent William Aldenberg laid out details of the undercover operation.

The investigation dates back until at least early April, when "CC-1," according to the affidavit, accepted \$10,000 from an undercover federal agent who wanted to give the money to Donovan's campaign, under the pretense of an effort to kill legislation that would have charged taxes on so-called roll-your-own cigarettes.

The undercover agent gave CC-1 \$1,000 as payment for being the conduit, noting that, "It's too late in the game to fumble now."

"It's a game that lucky enough," CC-1 replied, "I've got the contacts to play good in it."

Later on, an additional \$10,000 was provided to Donovan's campaign in four separate \$2,500 contributions.

David B. Fein, U.S. Attorney for Connecticut, alleged last week that the contributions disguised the fact that people with an interest in killing the roll-your-own legislation were behind the money. The contributions were made through "conduits" to hide their true origin, federal officials said.

On April 26, the FBI approached CC-1 and solicited his cooperation in the investigation, according to the federal affidavit. CC-1 agreed and "proceeded to engage in a series of consensually recorded telephone calls and meetings with other subjects of this investigation, including Braddock."

On May 15, after the final payments to Donovan's campaign had been made, CC-1 expressed his satisfaction with the transactions to Braddock, according to the affidavit. "Like I said, you know, it was a very good investment for us to kill that bill."

Braddock, a former Marine and a fundraiser who had worked on a variety of previous Democratic Party campaigns, had no previous background in Connecticut politics and has been residing in Meriden. He faces a June 21 hearing in U.S. District Court in Hartford. His attorney, Frank Riccio II, said Braddock will plead not guilty to any charges.

Donovan on Friday indicated he would not negotiate legislation for the upcoming special session and will not take the speaker's podium to preside but will vote and stay in the race for the 5th Congressional District. While Donovan has not spoken publicly about the investigation, his new campaign manager, Tom Swan, said Friday the speaker has done nothing wrong and is "sick, disappointed and angry" about the matter.

Donovan has hired former U.S. Attorney for Connecticut Stanley A. Twardy Jr. to review his campaign finances. In addition to firing Braddock, Donovan terminated another fundraiser, Sara Waterfall, a former state House assistant, and Campaign Manager Joshua Nassi. The arrest affidavit says that Braddock conspired with at least three others, but the source familiar with the case said six in all are involved in the investigation.

Nassi has hired Bridgeport lawyer William Bloss to represent him, while Donovan has hired Shelly Sadin, also of Bridgeport. No charges have been filed against Nassi or Donovan.

On Saturday, several people who know Soucy described him as mainly a fringe player in Democratic politics, a man who wanted to be close to powerful politicians, including Gov. Dannel P. Malloy and other figures.

Michael P. Lawlor, a former state lawmaker who heads Malloy's justice policy efforts in the state Office of Policy and Management, said Saturday that Soucy liked proximity to politicians.

"I've worked with this guy over the years and I'm not surprised he was holding out himself as a power broker," Lawlor said. "But very few took him seriously." Others described him as aggressive and blustery with an overstated ability to accomplish goals in the realm of politics.

The corrections officers union has won a reputation as among the most aggressive state employee unions when it comes to politics and negotiations. The union balked at Malloy's efforts in 2010 to secure labor concessions to plug the state budget deficit.

Last year, after the Jefferson Jackson Bailey Dinner, a tradition of state Democratic Party politics, Soucy left a voicemail for Malloy to inform him the union was miffed the governor had not stopped to chat at their table. A Hearst Connecticut Newspaper series in December recounted how Malloy had played the voicemail for a senior

adviser. In his message, Soucy suggested the governor needed to be a lot more solicitous of the union if it wanted any labor deals ratified.

Malloy was incredulous.

"Does he remember that I'm the f-----g governor?"

Originally published here: <http://www.ctpost.com/news/article/Union-official-at-center-of-probe-steps-down-3604621.php#page-2>

DONOVAN VOWS TO STAY IN RACE, 'SHOCKED' BY BRADDOCK'S ARREST

By Ken Dixon

The Connecticut Post

June 2, 2012

Four days after a federal sting resulted in the arrest of his chief fundraiser, Speaker of the House Christopher G. Donovan stood outside his campaign headquarters in Meriden on Sunday evening and vowed to stay in the race for the 5th Congressional District.

Backed by a couple dozen family and friends, the 20-year General Assembly veteran said he never liked fundraising and was proud to have helped create public financing in Connecticut seven years ago.

"If you've never worked in one, a campaign has a lot of moving parts," Donovan said. "A congressional campaign, even more so. Fundraising is the part of it that I like the least. I've always believed money and politics don't belong in the same sentence."

He said his campaign has received contributions from 8,500 people.

"I know some of them. I've never heard of some others," he said.

"How is that possible? Ask anyone who's run for Congress. Friends and supporters contribute. If they believe in you enough, they get their friends to do the same. Sometimes, they're people you've never met. It's a federal campaign, so people may not be anywhere near Connecticut, and next thing you know, you have a check from California or North Dakota. But as the candidate whose name and face are on this campaign, I did sign off on hiring key campaign staff. If anyone is responsible for those decisions, it's me. And I regret each of those hires right now."

Donovan and his staff said the delay in meeting reporters was the result of a self-examination of his campaign staff, the firing of three, including his campaign manager and Robert Braddock Jr., the finance director, and the hiring of Stanley Twardy, the former U.S. attorney for Connecticut.

Donovan also has met with his attorney, Shelly Sadin, of Bridgeport, to go over what he can and can't say as federal investigators continue their probe into possible influence peddling in the state Capitol.

"Let me be very clear about this: At no time did I know that anyone might have been trying to funnel illegal contributions to my campaign," the Democrat said during a 20-minute meeting with reporters amassed on the downtown sidewalk. "No one ever made a deal with me as a quid pro quo."

His voice caught and he paused for several seconds when he thanked his family for friends for standing by him.

The federal investigation and arrest Thursday came after the FBI allegedly used a union leader with Democratic ties, Raymond Soucy of Naugatuck, who is believed to be "co-conspirator 1" in a federal affidavit, to contribute \$10,000 to Donovan's congressional campaign. It was a supposed attempt to kill legislation that would have raised \$3.4 million a year from about 15 roll-your-own cigarette machines in the state.

"There is a terrible irony in all of this," Donovan said. "For years, I fought tooth and nail for Connecticut to have the best public financing laws in the country. We passed them -- and they've brought transparency and accountability to our state campaigns. And I find myself in this position, defending myself from what is just unthinkable."

Last week, at least a dozen legislative leaders were interviewed in the FBI's Meriden field office and House Minority Leader Lawrence F. Cafero Jr., R-Norwalk, said Republican political action committees apparently received five checks totaling \$5,000 from federal investigators. Cafero said he was informed he wasn't a target of an investigation and said the PACs would return the money.

Donovan said he was unaware of the roll-your-own bill -- which died on the Senate calendar last month without action, but is expected to be revived during an upcoming special session authorizing sections of the budget -- until the FBI interviewed him last Wednesday, the day before Braddock's arrest.

"I did not know about it at any point during the legislative session," said Donovan, reading from a statement. He said he was "shocked" to read about Braddock's arrest. "It was like getting punched in the gut," Donovan said.

The second-term speaker, the most powerful person in the House of Representatives, took reporters' questions for about 15 minutes, declining to get into specifics that brush up against the federal investigation, including a request for comment on Soucy's role in his campaign for Congress.

Donovan said he will vote on the budget legislation set for June 12, but he will not preside from the speaker's podium nor negotiate its drafting with legislative leaders.

"Leadership is measured by what you do when bad things happen," Donovan said. "When I learned about this, I fired the staff involved; I hired a thorough and fair former U.S. Attorney as an independent investigator; and I removed myself from any possible conflicts of interest. My reputation is on the line and I know it."

He said he is looking forward to continue campaigning for the congressional seat, with the three-way Democratic primary on Aug. 14.

"You know we're having a tough time here in America, and somebody's got to be fighting for the people," Donovan said in response to a question about how difficult it may be to raise campaign funding going forward. "I have to find a way to get the resources to fight for them."

Republican Mark Greenberg, also running for the 5th District seat, criticized Donovan's refusal to discuss the investigation.

"By refusing to discuss the corruption investigation into his campaign, Chris Donovan raised more questions than he answered. Two days ago, I called on Chris Donovan to resign as speaker and suspend his campaign for Congress, and I continue to maintain that he should step down. Donovan either knew or should have known that this illegal activity was occurring in his campaign. Whether this is a gross violation of the public trust or gross mismanagement, the people of Connecticut deserve better."

Originally published here: <http://www.ctpost.com/news/article/Donovan-vows-to-stay-in-race-shocked-by-3605821.php#ixzz1wpfOQXXW>

DONOVAN: 'NO ONE BOUGHT...MY POSITION OR MY INFLUENCE'

By Mark Pazniokas
The CT Mirror
June 3, 2012

House Speaker Christopher G. Donovan denied Sunday night that he was aware of what the FBI says was a conspiracy by members of his congressional campaign to take contributions to influence tobacco legislation.

"Let me be very clear about this: At no time did I know that anyone might have been trying to funnel illegal contributions to my campaign," Donovan said outside his campaign headquarters. "No one ever made a deal with me as a quid pro quo."

Donovan, a Democrat who has represented this city in the General Assembly for 20 years, said he will neither resign as speaker nor will he entertain ending his campaign for Connecticut's only open congressional seat, the 5th District.

In his first news conference since the arrest of Robert Braddock Jr., who was his campaign finance director, Donovan showed flashes of anger at what he indicated was a betrayal by Braddock and others.

"You want to know what I've been feeling? I've felt heartsick and disappointed. And angry, too," Donovan said. "But no one who has ever known me has ever known me to walk away from a fight that's worth fighting."

The challenge Donovan faces as he tries to stabilize his campaign was evident at the outset of the news conference: His spokesman, Gabe Rosenberg, told reporters, "I have to take a minute to set some ground rules."

In short, Donovan would not discuss any aspect of the investigation of his campaign that wasn't already public.

"Chris's lawyer has made it very clear to us that while she recognizes the importance of Chris speaking directly to the public, we must take great care not to do anything that might interfere with this important federal inquiry," Rosenberg said.

Rosenberg interrupted any questions that reflected on the investigation, calling it "inappropriate" for Donovan to answer. It may have been more accurate to say it would have been inadvisable.

Donovan is under no legal prohibition to refrain from discussing the case, but his lawyer, Shelley R. Sadin, is intent on keeping on good terms with the U.S. attorney's office as Donovan tries to remain a witness, not a target.

Sadin, a white-collar criminal defense lawyer with the Bridgeport firm of Zeldes Needle & Cooper, generally refrains from talking to reporters about her cases. Normally, she would have forbidden someone in Donovan's position from speaking publicly.

But political clients have different goals, especially those who are trying to win a Democratic primary in 10 weeks.

So, Donovan met the press, standing at a lectern on the sidewalk, facing a dozen reporters on a noisy street, occasionally pausing in his answers to let a truck pass. The airhorn of a train stopped the proceedings at one point.

Standing behind him was his wife, Elaine, their college-age daughter, Sarah, and their older son Aaron, who followed his father into union organizing after his graduation from college.

"There is a terrible irony in all of this," Donovan said. "For years, I fought tooth and nail for Connecticut to have the best public financing laws in the country. We passed them -- and they've brought transparency and accountability to our state campaigns. And I find myself in this position, defending myself from what is just unthinkable."

Braddock is accused of conspiring to hide the identity of a donor, who turned out to be an undercover FBI agent, who offered himself as a businessman opposed to a bill taxing roll-your-own cigarettes.

According to an arrest affidavit, the undercover agent conspired with Braddock and others to funnel \$20,000 through straw donors, providing \$10,000 in the last month of the session and another \$10,000 when the bill died from inaction. Each \$10,000 came in four \$2,500 checks.

It is illegal to donate money under another name, and donors in Connecticut are limited to \$7,500 in contributions to a congressional campaign, with \$2,500 allowed for an endorsement convention, \$2,500 for a primary and \$2,500 for the general election.

The tobacco legislation was a Senate bill never acted on in that chamber, so it never came before the House, where Donovan controls the agenda as speaker. The FBI has not released any evidence implicating Donovan.

"Let me say this clearly: No one bought my involvement, my position or my influence on the 'roll your own' legislation or any other. Period," Donovan said.

Donovan said he had been unaware of any question about his campaign finances until Wednesday.

"I only found out about the investigation on Wednesday when the FBI called me out of the blue for an interview," he said. "And I was shocked to read in the news the next day that Rob Braddock had been arrested. It was like getting punched in the stomach."

On Thursday, Donovan fired Braddock, his campaign manager, Josh Nassi, and the deputy finance director, Sarah Waterfall. His friend, Tom Swan, the executive director of the Connecticut Citizen Action Group, took over the campaign.

Swan held a news conference Friday, announcing that Donovan would recuse himself from a leadership role in the June 12 special session and that the campaign had hired former U.S. Attorney Stanley Twardy to conduct an internal investigation.

"Leadership is measured by what you do when bad things happen," Donovan said Sunday. "When I learned about this, I fired the staff involved. I hired a thorough and fair former U.S. attorney as an independent investigator, and I removed myself from any possible conflicts of interest. My reputation is on the line, and I know it."

Donovan said he knew some of his 8,500 donors, but not all. In a modern congressional campaign, it is unusual for a candidate to know every donor, he said.

"But as the candidate whose name and face are on this campaign, I did sign off on hiring key campaign staff," Donovan said. "If anyone is responsible for those decisions, it's me. And I regret each of those hires right now."

Donovan was downplaying, however, the visibility of a \$2,500 check in his congressional campaign. He has raised \$1 million, with \$589,922 coming from itemized donations, \$235,679 from other committees, and \$176,029 in small, unitemized donations.

But fewer than 50 of his 1,384 itemized donations were checks for \$2,500 -- the amounts involved in the FBI investigation. About 200 checks were for \$1,000 or more.

"Friends and supporters contribute," Donovan said. "If they believe in you enough, they get their friends to do the same. Sometimes, they're people you've never met."

Donovan was briefly overcome as he expressed gratitude for support received since Thursday.

"My family has been by my side every minute of this," Donovan said, taking a long pause to compose himself. "And I love you and thank you for being with me."

He has yet to hear from Gov. Dannel P. Malloy or most other top elected officials. Swan said no one has called to urge he quit the campaign.

More than two dozen supporters attended the news conference, including friends from the labor movement, like Dan Livingston, the lawyer who negotiates for the state employees bargaining coalition.

The campaign has tried to maintain a sense of normalcy -- it opened satellite offices over the weekend in Waterbury, New Britain and Danbury -- and dozens of volunteers campaigned door to door.

But it has no fundraising staff, and the ability to wage a full defense is beyond its direct control. It must wait for the U.S. attorney's office to explain what led the FBI to mount a sting operation against his campaign.

For now, Donovan is only a cooperating witness, neither labeled as a target nor assured he is not a target of what the U.S. attorney and FBI says is a continuing investigation.

Originally published here: <http://www.ctmirror.org/story/16523/donovan-no-one-bought-my-involvement-my-position-or-my-influence>

SCRUTINY FOR CONNECTICUT HOUSE SPEAKER

By the Associated Press
The New York Times
June 1, 2012

A federal investigation into the campaign finances of the Connecticut House speaker will not prevent him from running for Congress or force him to step down as speaker, his new campaign manager said Friday.

Speaker Christopher G. Donovan, a Democrat, was not aware of the scheme in which his campaign finance manager was arrested this week and did not take part in it, the campaign manager, Tom Swan, said at a news conference.

“Chris did nothing wrong, and if I thought for one second there was a question about that, I wouldn’t be standing here today,” said Mr. Swan, who took over as Mr. Donovan’s campaign manager on Thursday.

He did indicate, however, that Mr. Donovan would allow the House majority leader, J. Brendan Sharkey, to handle leadership and negotiation responsibilities during a coming special legislative session.

Mr. Swan said the campaign would be hiring a former United States attorney, Stanley A. Twardy Jr., to investigate the allegations. Mr. Swan said Mr. Donovan was cooperating with investigators and would also turn over information from Mr. Twardy’s investigation.

Federal prosecutors announced on Thursday that the finance manager for Mr. Donovan’s campaign, Robert Braddock Jr., had been charged with conspiracy in a plan conceal the source of \$20,000 in campaign contributions.

Mr. Braddock is free on \$100,000 bail, and his lawyer says he is innocent. No other arrests were made.

The accusations involve so-called conduit campaign contributions, which are donations made by one person in the name of another person, and were connected to an effort in April to stop legislation that would have raised taxes and fees on “roll-your-own” smoke shop owners. The bill was not voted on in the House or Senate, and died when the legislative session ended on May 9.

Mr. Swan said Mr. Donovan fired Mr. Braddock this week as well as Josh Nassi, the campaign manager, and another person in the finance department.

Earlier on Friday, the Senate minority leader, John McKinney of Fairfield, a Republican, called for Mr. Donovan to step down as speaker. He also urged the General Assembly to convene a committee of inquiry to investigate the allegations, because they involved state legislation, and to establish a standing committee on ethics.

Mr. Donovan, of Meriden, is his party’s endorsed candidate for the Fifth Congressional District seat being vacated by Representative Chris Murphy, who is running for the United States Senate. Mr. Donovan faces a

primary in August against two party rivals, former State Representative Elizabeth Esty of Cheshire and Dan Roberti, a public affairs consultant from Kent.

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