

## **SUMMARY REPORT OF INVESTIGATION**

 **DAY PITNEY** LLP

**July 5, 2012**

## SUMMARY REPORT

Day Pitney LLP was retained by the Chris Donovan for Congress Campaign Committee (“Campaign Committee”) on June 1, 2012 to conduct an independent internal inquiry to determine whether or not Chris Donovan was involved either in concealing the true source of contributions to the Campaign Committee or in *quid pro quo* arrangements regarding legislation pending before the Connecticut General Assembly where he served as the Speaker of the House. We were engaged following the arrest of Robert Braddock, Jr., the former Campaign Committee finance director, for allegedly participating in a conduit-contribution scheme.<sup>1</sup> The affidavit in support of Braddock’s arrest also suggested Braddock was involved in conspiring to arrange a *quid pro quo* agreement relating to Senate Bill 357, an Act Concerning Various Statutes Related to the Department of Revenue Services. Senate Bill 357 would have designated Roll-Your-Own (“RYO”) smoke-shop owners to be tobacco manufacturers under Connecticut law, reversing a ruling of a Connecticut Superior Court exempting RYO shops from certain tobacco taxes.<sup>2</sup>

We interviewed Donovan and 12 current and former Campaign Committee employees and legislative aides. We also reviewed financial records and documents, including electronic documents, maintained by the Campaign Committee and Donovan’s legislative office. This included our reviewing the following: paper documents at the Campaign Committee’s headquarters; approximately 140,000 pages of email messages from Donovan and Campaign Committee staff; approximately 25,000 pages of emails from Donovan’s legislative office; approximately 41,000 files from computers used by Braddock, former Campaign Director Joshua Nassi, former Deputy Finance Director Sara Waterfall, and Donovan’s legislative staff, and various removable computer media, such as flash drives; and Donovan’s personal iPhone and iPad, including his text messages. Day Pitney also retained Blum Shapiro & Co., PC, to provide forensic accounting and computer analysis to assist in the review and analysis of the Campaign Committee’s financial records, and the identification and collection of electronic documents maintained in the Campaign Committee’s computer systems and the computer systems of the legislature.<sup>3</sup>

The Campaign Committee gave us unfettered access to its employees, documents, and electronically stored materials in its custody or control, and Donovan gave us similar access to his legislative office. However, even with the Campaign Committee’s and Donovan’s full cooperation, we were unable to interview everyone affiliated with the Campaign Committee or Donovan’s legislative office or review all emails that may be relevant. After the arrest of Braddock, the Campaign Committee fired Braddock, Nassi and Waterfall, who each retained counsel. We contacted each of their respective attorneys to arrange interviews, but none of them allowed us to do so in light of the pending criminal investigation. We also attempted to interview Laura Jordan, one of Donovan’s legislative aides, but her counsel also refused to allow us to interview her. We did not interview any individual donors or other third parties in the

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<sup>1</sup> The details of the allegations against Braddock are set forth in the Affidavit of Special Agent William B. Aldenberg, Docket No. 3:12-mj-00171-DFM (May 30, 2012).

<sup>2</sup> *State v. Tracey’s Smoke Shop & Tobacco, LLC*, No. X04HHDCV116024334S, 2012 Conn. Super. LEXIS 572 (Super. Ct. Feb. 24, 2012).

<sup>3</sup> A summary of the steps of Blum Shapiro’s forensic-accounting investigation and its findings is appended to this Report.

course of our investigation. In addition, we learned that most—if not all—of the people who worked at the Campaign Committee used their own, personal email accounts to some extent and their own computers to conduct Campaign-related work, and we did not have access to those materials because they were not in the custody or control of either the Campaign Committee or Donovan.

Based on our interviews and review of documents, the results of our investigation are as follows:

- We found no evidence to indicate Donovan had any involvement in or knowledge about the alleged conduit contributions or any *quid pro quo* arrangement regarding the RYO or any other legislation.
- We found nothing to indicate that any other campaign contributions were anything other than legitimately provided by the donor to whom the donation was attributed.
- Everyone we interviewed, including Donovan, conveyed to us that the most significant issue regarding fund raising for the Campaign Committee is that Donovan disliked being directly involved in it.<sup>4</sup> In fact, several people relayed to us that one of the ongoing struggles within the Campaign Committee is getting Donovan to attend his scheduled “call time” during which he is to solicit campaign contributions directly from donors.
- The Campaign Committee used a third-party vendor, the Campaign Finance Officers, LLC (“CFO”), to track and report the Campaign Committee’s contributions. The information provided by CFO was checked by the Campaign Committee for accuracy.
- Donovan received frequent emails (on an almost weekly basis) advising him of the deposits made into the Campaign Committee’s accounts from donors, ranging from \$10 to \$2,500. From July 1, 2011 through May 31, 2012, a total of 8,122 people contributed to his campaign. Of those, 211 gave \$1,000 or more, including 79 who gave \$2,500 or more. In addition, numerous PACs made contributions to the campaign.
- Donovan demonstrated his understanding of and compliance with the rules regarding conduit contributions. For example, in a February 23, 2012 email, an “aggregator” explained to Donovan that he had collected cash from donors and asked whether he could simply put the total amount collected onto his credit card.<sup>5</sup> Donovan forwarded the email to Waterfall on March 1, 2012, instructing her to “educate the donor” that he had to properly attribute each contribution to the proper donor. Waterfall followed up with that “aggregator,” explaining that she would help him put the cash into

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<sup>4</sup> We note that campaigns for Connecticut’s state offices are publically financed, unlike the races for federal offices.

<sup>5</sup> An “aggregator” is someone who sought to raise money for the Donovan campaign from multiple donors.

donation envelopes to ensure that each donation was properly attributed to the correct donor.

- In the fall of 2011, Donovan met for breakfast with two individuals whom he understood to own RYO smoke shops, but whom he had never met before. The breakfast meeting was arranged by Ray Soucy, who supported the Campaign Committee and who had known Donovan for a long period of time. During that meal, these individuals explained the tax issue then pending in the Superior Court. Apparently, that was the first time Donovan learned about the RYO issue. Individuals who owned such smoke shops subsequently donated money to the Campaign Committee. Donovan believes the donors included the two individuals he met for breakfast, but does not know for sure.
- After the ruling by the Superior Court, Donovan recalls thinking that the individuals he had met were likely pleased with the court's ruling.
- Toward the end of the 2012 legislative session, at a lunch of the House Democratic Caucus, Donovan was seated near legislators who were discussing the then-pending RYO legislation. That is the first he learned about that legislation, but at the time Donovan did not focus on it.
- On April 25, May 9 and June 5, 2012, Donovan received several emails at his legislative office email address from smoke-shop owners concerning the RYO legislation. These emails appear to be form letters seeking Donovan's help in opposition to the legislation. There is no record that Donovan responded.
- After the conclusion of the legislative session, legislators were working on the budget implementor bill for the special session of the General Assembly. At that time, Donovan learned from the Office of State Representative Patricia Widlitz, the Co-Chair of the Finance Committee, that the Attorney General's Office had suggested that if the RYO smoke shops were not taxed as tobacco manufacturers, the State would be at risk of losing its share of the money resulting from its settlement with the tobacco industry. In connection with this, Donovan asked Jordan, his legislative aide, to contact the Attorney General's Office to follow up on Representative Widlitz's information. In an email, dated May 25, 2012, Jordan wrote to other legislative aides, in relevant part, concerning this information.
- Among the documents we recovered from the Campaign Committee headquarters was an undated, handwritten list of what appear to be seven bills that were introduced before the legislature in the 2012 legislative session. The note was written on a piece of paper emblazoned with "ChrisDonovanforCongress.com." Among the notations on the list was, "SB 357 – Cigs." Donovan, who said he had not seen this page before we showed it to him, identified the handwriting as Nassi's.

## CONCLUSION

Based upon our review of documents, electronically stored materials, and interviews, we found nothing to indicate that Donovan had any knowledge of either the alleged conduit contributions or any *quid pro quo* arrangements. However, as noted above, our review was limited to interviewing those involved with the Campaign Committee and Donovan's legislative aides who agreed to speak with us and the documents and electronically stored materials in the custody or control of the Campaign Committee and Donovan's legislative office.

# Appendix

## **Donovan for Congress Forensic Accounting Procedures**

- Met with Donovan for Congress Campaign Manager, Tom Swan, and campaign staff; gained access to records at Donovan for Congress campaign headquarters.
- Determined the number of campaign contributions between \$250 and \$2,500 and consulted with Counsel as to the scope of the investigation based on those results.
- Reviewed hard copies of all contribution checks of \$500 or more received from the time of the campaign's inception and verified the accuracy of the corresponding entries in the NGP<sup>1</sup> database for: contributor name, address, amount and relative proximity between the check date and the posted, "received" date. In 26 cases, the discrepancies pertained to different addresses on contribution checks vs. those recorded in NGP. In one instance, a check number was recorded improperly in NGP. Five contribution checks could not be located in the NGP database. However, it was confirmed that the deposit tickets associated with these five checks tied back to the Webster Bank statements.
- Cross-referenced hard copy deposit ticket receipts reflecting campaign contributions against the campaign's Webster Bank statements to verify that the amounts reflected in each respective deposit ticket appeared on the bank statements. No discrepancies were noted.
- Extracted data from NGP database for contribution funds attributable to/raised by other individuals. Tabulated \$25,010 in contributions and the sources thereof attributable to Harry R. Soucy ("Soucy"). On information and belief, \$10.00 of that amount constitutes the repayment of a \$10.00 return deposit item (bounced check) fee charged to the Campaign by Webster Bank on April 19, 2012 in connection with check number 3021 dated 4/11/12 in the amount of \$2,500 from Dana M. Graziano.
- Conducted public records searches on three of the top five campaign money raisers identified in NPG. Nothing within those reports appeared to be out of the ordinary.

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<sup>1</sup> NGP is a web-based software program used by Democratic campaigns for fundraising tracking, donor management and compliance reporting.

**Donovan for Congress  
Forensic Accounting Procedures (cont.)**

- Searched NGP database for campaign contributions from individuals named in the subpoena dated May 31, 2012 from the U.S. Department of Justice, United States Attorney for the District of Connecticut, to Donovan for Congress, whose campaign contributions were not already identified as attributable to Soucy. Identified one such contribution.
- Searched NGP database for contributions from Connecticut lobbyists during the 2012 legislative session which ran from February 8, 2012 through May 9, 2012. One contribution of \$50 from AFSCME, a lobbyist identified as such in NGP, was accepted on April 15, 2012. Six other donations accepted within six days of the commencement of the 2012 legislative session were identified in the aggregate amount of \$1,000.
- Identified and summarized the number and the amount of campaign contributions originating from Meriden, CT; Southington, CT and Waterbury, CT. No unusual patterns were noted.
- Sorted contribution data from NGP database by various database fields, including “Last Name”, “Default City”, “Occupation”, “First Contribution Date”, “Last Contribution Date”, “Amount of Last Contribution”, “Given” and “Raised” and reviewed results for patterns. No obvious patterns were observed.
- Compiled list of campaign contributions of \$1,000 or more sorted by the database fields, “Given” and “Amount of Last Contribution” and provided this information to Counsel.
- Reviewed invoices and associated checks of paid campaign expenses from July 7, 2011 through March 5, 2012 as provided by the Donovan’s Campaign third-party contractor, Campaign Finance Officers (“CFO”) of Providence, RI. Notice was taken of a \$2,000 “loan” payment to Wells Fargo on August 16, 2011 for which there was no accompanying invoice. No additional loan payments were observed. It was also noted that payments to Anthem Dental and Anthem BCBS did not include supporting documentation identifying the individuals covered by those policies.