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***TESTIMONY OF  
ATTORNEY GENERAL RICHARD BLUMENTHAL  
BEFORE THE GOVERNMENT ADMINISTRATION AND ELECTIONS COMMITTEE  
MARCH 16, 2007***

For three years -- since my investigation began concerning Rowland Administration corruption -- I have advocated a ban on pensions to convicted public officials who violate the public trust. I championed this measure well before any major federal criminal convictions -- even before our legal action to successfully recover funds. From the start, my office's investigation -- done cooperatively with the federal government -- indicated the need for such a measure.

Today, therefore, I appreciate the opportunity to support this concept in Senate Bill 1183, An Act Concerning the Pensions of State Employees or Public Officials Convicted of Fraud or Corruption with the attached amendment. I urge that it be extended to municipal employees, including any public official no matter how high in the hierarchy.

Thirteen states -- Arizona, Florida, Georgia, Illinois, Massachusetts, Michigan, New Jersey, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, and Tennessee -- provide for an administrative or judicial process to reduce or revoke a corrupt state employee's pension.

Faithful to due process, Senate Bill 1183 authorizes a court to reduce or revoke a state pension after the conviction of a state official or employee for a significant crime related to the official's or employee's duties and responsibilities. Among the crimes that trigger a potential loss of pension benefits are embezzlement, felonious theft, bribery, or such other felony involving self-enrichment by the official. The court would determine as part of the sentencing -- only after conviction -- whether to reduce or revoke a state pension. It must consider the severity of the crime, monetary loss to the state, level of public trust in the official's position and impact on an innocent spouse or child.

As recent arrests in New Haven show, and other similar problems around the state confirm, wrongdoing in local government can be a persistent, prevalent problem. As in state government, its costs are more than financial. It robs public trust and credibility, tearing the fabric of our democracy. To deter and discourage local corruption, pension cuts are a powerful weapon.

The proposed legislation needs to be amended, because the present draft would apply only to state officials convicted in state criminal court. The language of Senate Bill 1183 would

not apply to state employees convicted in United States District Court. State legislation cannot bind a federal court. Nor would the proposed legislation authorize revocation or reduction of pensions of municipal officials and employees.

The attached proposed substitute measure would ensure that the state could seek court-ordered pension reduction or revocation involving federal convictions or guilty pleas. Just as in the original draft, the court would review key facts about the convicted state official or employee and his wrongdoing. Finally, the substitute measure would extend the law to municipal pensions.

Some state employee unions have raised legitimate concerns and offered amendments to address them. The State Comptroller has also raised concerns about the applicability of this proposal to qualified domestic relations orders. Conceptually, I concur with these ideas, making pension reductions commensurate with the cost of wrongdoing and creating an exception for state employees who are genuine whistleblowers and for limited circumstances regarding qualified domestic relations orders. I look forward to working with the committee, the State Comptroller and union representatives on appropriate language.

I urge the committee's favorable consideration of Senate Bill 1183 with the following amendment.

**PROPOSED AMENDMENT TO  
Senate Bill 1183, An Act Concerning the Pensions of State Employees or Public Officials  
Convicted of Fraud or Corruption**

Section 1. (NEW) (*Effective from passage*) As used in sections 1 to 3, inclusive, of this act:

- (1) "Public official" means public official, as defined in section 1-79 of the general statutes;
- (2) "State or municipal employee" means state employee, as defined in section 5-154 of the general statutes or any person, whether appointed, elected or under contract, who provides services for a city, town or other political subdivision for which a pension or other retirement benefit is provided; and
- (3) "Crime related to state or municipal office" means any of the following criminal offenses committed by a person while serving as a public official or state or municipal employee:
  - (A) The committing, aiding or abetting of an embezzlement of public funds from the state, municipality or a quasi-public agency;

(B) The committing, aiding or abetting of any felonious theft from the state, municipality or a quasi-public agency;

(C) Bribery in connection with service as a public official or state or municipal employee; or

(D) The committing of any felony by such person who, wilfully and with the intent to defraud, realizes or obtains, or attempts to realize or obtain, a profit, gain or advantage for himself or herself or for some other person, through the use or attempted use of the power, rights, privileges or duties of his or her position as a public official or state or municipal employee.

Sec. 2. (NEW) (*Effective from passage*) (a) If any person is convicted or pleads guilty or nolo contendere to any crime related to state or municipal office in federal or state court, the Attorney General may apply to the superior court for an order to revoke or reduce any retirement or other benefit or payment of any kind to which such person is otherwise entitled under the general statutes for service as a public official or state or municipal employee.

(b) In determining whether the retirement or other benefit or payment shall be revoked or reduced, the court shall consider and make findings on the following factors:

(1) The severity of the crime related to state or municipal office for which the person has been convicted or to which the person has pled guilty or nolo contendere;

(2) The amount of monetary loss suffered by the state, a municipality or a quasi-public agency or by any other person as a result of the crime related to state or municipal office in comparison to the monetary loss of any reduction or suspension of any retirement or other benefit;

(3) The degree of public trust reposed in the person by virtue of the person's position as a public official or state or municipal employee;

(4) if the crime related to state office was part of a fraudulent scheme against the state or municipality, the role of the person in the fraudulent scheme against the state or municipality;

(5) whether such person voluntarily provided information to the state pursuant to section 4-61dd regarding fraud against the state that was connected to the crime related to state office for which such person was convicted and whether such information was provided prior to such person's knowledge of any criminal investigation into the crime related to state office; and

(6) Any such other factors as, in the judgment of the court, justice may require.

(c) If the court determines that a retirement or other benefit or payment of a person should be revoked or reduced, it may, after taking into consideration the financial needs and resources of any innocent spouse, dependents and designated beneficiaries of the person, order that some or all of the revoked or reduced benefit or payment be paid to any such innocent spouse, dependent or beneficiary as justice may require.

(d) If the court determines that the retirement or other benefit or payment of such person should not be revoked or reduced, it shall order that the retirement or other benefit or payment be made to such person.

Sec. 3. (NEW) (*Effective from passage*) (a) Any person whose retirement or other benefits or payments are revoked pursuant to section 2 of this act shall be entitled to a return of his or her contribution paid into the relevant pension fund, without interest.

(b) Notwithstanding the provisions of subsection (a) of this section, no payments in return of contributions shall be made or ordered unless and until the Superior Court determines that the person whose retirement or other benefits or payments have been revoked under section 2 of this act has satisfied in full any judgments or orders rendered by any court of competent jurisdiction for the payment of restitution for losses as a result of the crime related to state or municipal office. If the Superior Court determines that the person whose retirement or other benefits or payments have been revoked under section 2 of this act has failed to satisfy any outstanding judgment or order of restitution rendered by any court of competent jurisdiction, it may order that any funds otherwise due to such person as a return of contribution, or any portion thereof, be paid in satisfaction of the judgment or order.