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The second report in a series

## **A Circle of Friends**

*How Gov. Rowland's benefactors gave him and his political allies more than \$390,000 in campaign contributions while fixing up the Rowland family's lakeside get-away – and how their "investments" paid off in state jobs and contracts*

### **Executive Summary**

The chairman of the Connecticut Lottery Corporation furnished Governor John G. Rowland's lakeside cottage with a hot tub. The governor called the hot tub a birthday gift. But, amid revelations that government contractors spent thousands of dollars renovating the governor's Bantam Lake cottage, the "gift" from Paul J. Corey – appointed to his lottery post by the governor — and Corey's wife Christine, Rowland's executive assistant, looks like more than a mere birthday present.

In fact, Rowland's May 24<sup>th</sup> birthday has been a rather lucrative time of year for the embattled governor. An analysis of contributions to the governor's political campaigns shows that the Coreys, along with others linked to a federal corruption investigation, gave at least \$18,770 to the Rowland re-election campaign within days of his 43<sup>rd</sup> birthday in 1997.

But these birthday-time contributions were just a fraction of what donors who helped to renovate and furnish Rowland's summer retreat gave the governor and the Republican organizations most important to his political future.

The same donors who undertook the extraordinarily generous – and apparently illegal – efforts to renovate the Rowland cottage, located on Litchfield's Bantam Lake, raised \$390,728 in support of Rowland's state campaigns and national political ambitions.

The offering of furnishings and extensive renovations to the cottage have been swept up in the ongoing legislative and federal grand jury investigations into corruption at the highest levels of

Connecticut government. As the investigations continue, Common Cause has focused attention on the role of campaign money in the “pay-to-play” game played by the Rowland administration.

From the early days of Rowland’s first gubernatorial campaign in 1994, through his rise to the national stage as chair of the Republican Governors Association in 2001, and until today, the governor has profited from the generosity of a few influential businessmen, lawyers, lobbyists and friends.

Campaign contributions directly to Rowland, from the individuals and their associates linked to the summer cottage and other Rowland controversies, amount to \$237,548. The amount soars to nearly \$400,000 when their donations to the Connecticut Republican Campaign Committee, Rowland’s Lt. Gov. Jodi Rell, the Republican National Committee and Rowland’s friend, then-Texas Gov. George W. Bush, are included.

Rowland’s political patrons have, in turn, landed hundreds of millions of dollars worth of state contracts, high-level political appointments and plum patronage jobs for their friends and family.

### **The corruption trail starts on the campaign trail**

This report — Common Cause of Connecticut’s latest study about the trail of corruption dogging Gov. Rowland — examines the patterns of campaign contributions from a dozen individuals, their immediate family members and associated businesses, all linked publicly to work on the Bantam Lake cottage, and to various business transactions that Rowland profited from over the years.

In the early days of the Bush White House, speculation swirled around whether Rowland was destined for a cabinet post or some other national office. When Rowland ascended to the chairmanship of the Republican Governor’s Association in 2001, his rise seemed assured.

For that reason, Common Cause included in its calculations the donations of unregulated soft money — from the key Rowland supporters to the RNC (and channeled through the Republican Governor’s Association), as well as donations to the Connecticut GOP and the 2000 Bush campaign. Soft money was banned in 2002 by the McCain-Feingold campaign finance reform law.

The findings shed more light on the public cost of Rowland’s “pay-to-play” way of doing the public’s business. Our report also further confirms the troubling fact that apparently *illegal* gifts to Gov. Rowland were accompanied by the *legal* campaign donations that helped advance his political ambitions.

Consider that since 1994:

- Connecticut’s largest road building company, O & G Industries, won \$200 million in state government contracts, in the years since its well-heeled owners, the Oneglia family of Torrington, began giving. The Oneglias and donors connected to the company gave \$136,975 since 1994. O & G Industries — one of the biggest construction companies in the state provided top soil and a stone patio to the governor’s summer cottage.

- Members of the Cocchiola family gave more than \$19,000. Cocchiola Paving has \$500,000 worth of state contracts.
- Cocchiola was a principal in a lucrative business partnership with Rowland and two friends – lawyer Michael H. Cicchetti and the late Robert Capanna, who with their respective family members gave \$25,840 since 1994. Ninety-three percent of the money went directly to Rowland campaigns.
- Three of Rowland’s former and current top staffers – Jo McKenzie, Lawrence Alibozek and Peter Ellef – and their family members gave \$19,357, in addition to paying for a new heating system at their boss’ new summer cottage. Alibozek pleaded guilty to accepting bribes and gold to steer government contracts to the Tomassos’ construction company, TBI Construction.
- Tomasso Brothers, Inc., winners of more than \$100 million in no-bid state contracts, and their family members contributed more than \$100,000 to Rowland’s re-election campaigns.

## **A Cottage Industry**

Federal authorities have cast an ever-widening net in the two-year-old investigation into allegations of bid-rigging and bribery in the Rowland administration. Investigators have focused, in large part, on those involved in an estimated \$30,000 worth of renovations to a summer cottage Rowland purchased in May 1997. The list of individuals and associated businesses connected to the cottage scandal is long, and the names easily recognizable in Connecticut’s political circles.

Rowland bought the four-room cottage on Van Winkle Road, overlooking pristine Bantam Lake, from the White Memorial Foundation, a non-profit nature conservancy that owns much of the surrounding property. He paid \$110,000 for the cottage, with a \$5,000 down-payment on a 25-year, 7.25 percent mortgage held by the foundation. Rowland also agreed to pay the foundation \$3,000-per-year for 25 years to lease the land on which the cottage sits.

The president of the White Memorial Foundation at the time of the sale was Arthur Diedrick, a Rowland supporter and the governor’s appointed chair of the Connecticut Development Authority. Since 1994 Diedrick has contributed \$30,500, with the bulk of the money going to Rowland’s campaigns and to the Connecticut Republican Campaign Committee in the 1998 and 2002 election cycles.

Diedrick’s name surfaced in reports about the federal grand jury probe. Investigators are reportedly looking into a \$10,000 stock investment in Pinnacle Foods by Diedrick’s wife. The investment apparently was made shortly before the food processing company approached Diedrick and CDA about a government-backed economic development loan to set up shop in Connecticut. Pinnacle’s stock price soared after the investment.

## All You Need Are Friends: The First Development Group

One of the first signs of Rowland's cozy financial relationship with three prominent businessmen was in the governor's Annual Statement of Financial Interests, but few people noticed at the time. As recently as 2001, Rowland listed one of his sources of gross income in excess of \$1,000 per year as the First Development Group LLC, a real estate partnership that shared offices with the Cicchetti & Tansley law firm in Waterbury.

Rowland's partners in First Development Group (undisclosed in his Statement of Financial Interests) were longtime friends of the governor and generous donors to his political campaigns: Anthony Cocchiola, owner of Cocchiola Paving Inc., of Watertown, Rowland's former attorney, Michael H. Cicchetti, and the late Robert Capanna. The partners and their families have given a combined \$44,840 to Rowland's political interests over the years.

Cocchiola is the head of Cocchiola Paving. During the flurry of improvements to the Rowland cottage, Cocchiola dispatched company work crews to haul thousands of dollars worth of topsoil to upgrade the gubernatorial summer retreat. Rowland paid for the work six years later, after questions were raised about work to the property.

Since 1994, members of the Cocchiola family have contributed at least \$19,000, with all but \$700 going to Rowland's re-election campaigns. Cocchiola Paving has also won at least \$500,000 -- and, possibly as much as \$1.3 million in contracts, according to media reports -- in state contracts since then..

The Rowland-Cocchiola relationship was perhaps cemented, though, when Cocchiola brought him into the fold of the First Development Group LLC.

The original partners in First Development -- Cocchiola, Capanna and Cicchetti -- already had a 20-year history of making real estate deals in the Waterbury area. But with Rowland on board, the limited liability company set out to buy and develop 24 residential building lots in Naugatuck and Prospect. According to *The New York Times*, the lots went for \$40,000 to \$50,000 each.

Under public pressure to come clean about the partnership, Rowland said he invested \$7,200 in seed money -- less than the \$10,000 or \$11,000 put up by the others. But the governor shared equally in the \$240,000 profits from the project, he said.

While Cocchiola, Cicchetti and Capanna were partners with Rowland in First Development, the three used other partnerships and companies unrelated to Rowland to pursue millions of dollars in contracts from the governor's administration.

Operating as AMR Associates, the three were financed by an \$850,000 loan from the State Department of Economic and Community Development for a land deal in Waterbury, Rowland's hometown. In nearby Prospect, AMR Associates cobbled together a deal involving nearly 200 acres of land they proposed to sell to the town for use as an industrial park.

Rowland, acting as chairman of the State Bond Commission, helped the Prospect project along, voting with other commission members to approve a list of items including \$175,000 for the town to begin the planning phase of the industrial park. If Prospect residents give their final approval this year, the town will buy the land from AMR Associates for about \$3 million, or roughly twice what they paid for it.

\* \* \*

Before they were business partners in First Development, Rowland and Cicchetti had a different relationship. Cicchetti is a longtime friend of the governor who represented Rowland in his bitter divorce from his first wife, Deborah, in 1994. Three years later, Cicchetti handled Rowland's purchase of the Bantam Lake cottage.

Over the years, the name of Cicchetti and his family members appear in campaign contributions to Rowland. Since 1994, they have given \$18,140 to Rowland election campaigns.

Michael H. Cicchetti ultimately landed a prestigious Rowland appointment to the University of Connecticut's board of trustees. When the time came, Rowland also helped others in the Cicchetti family.

A list of state patronage jobs and the alleged sponsors, uncovered by *The Hartford Courant*, identified Cicchetti's children, Michael J. and Kara, as state employees who landed government jobs while their father did business with the governor.

Michael J. began working in the governor's office in 1995, the year before the First Development Group partnership was formed. After Rowland's 1998 campaign, Cicchetti was bumped up to a higher-paying job in the Office of Policy and Management, where his salary tops \$111,000.

Kara Cicchetti worked part-time for the state when the First Development Group was formed. By 1999, she was making about \$39,000 a year working in Rowland's office when she left that office in 2002.

### **Favors Given, Favors Received. O&G Industries**

When Rowland needed a patio installed at the lakeside retreat in Litchfield, who better to turn to than one of the Connecticut's leading construction conglomerate, O & G Industries of Torrington. After all, the company built highways crisscrossing the state, and office complexes housing numerous government agencies.

Perhaps most important, however, O & G Industries and its owners, the Oneglia family, were the sources of at least \$136,975 in political contributions to Rowland's campaigns, to Lt. Gov. Jodi Rell, and to the national and state GOP organizations.

O & G Industries installed a stone patio at the cottage in 1997. A year later, O & G took the lead as developer, general contractor, and mechanical, electrical and plumbing engineer for the \$8 million, 100,000-square-foot John G. Rowland State Government Center in Waterbury.

O & G Industries is one of Connecticut's largest government contractors. Some of the contracts it landed under the Rowland administration include:

- Construction manager for the \$135 million Department of Transportation plan to expand the terminal at Bradley International Airport in Windsor Locks.
- Work on a \$400 million project involving long stretches of highways and 22 bridges and interchanges.
- A \$29 million no-bid contract to build the MacDougall Correctional Institution in 2001.

Now, state and federal officials are looking closely at contracts, as well as such things as 1998 legislation pushed by the Rowland administration that suspended construction of new asphalt plants in Connecticut. The bill, which passed and was signed by Rowland, was criticized by some lawmakers for creating a virtual monopoly of O & G Industries and Tilcon Connecticut -- firms that controlled 27 of the 37 asphalt plants in the state.

### **Happy Birthday, From Paul J and Christine (the Coreys)**

In 1997, a year after attorney Paul J. Corey was named chairman of the Connecticut Lottery Corp., he and his wife, Christine, a longtime aide in Rowland's office, gave the governor and his wife a gift to warm their hearts: a hot tub for use at the Rowland's new summer get-away cottage.

Rowland called the hot tub a birthday present from the Coreys.

They gave a little more, too. Since Rowland took office, the Coreys have contributed \$13,850, of that amount \$3,750 going to the Connecticut Republican Campaign Committee. Of the amount given to Rowland, \$2,450 was contributed in the days around Rowland's birthdays.

After his tenure with lottery office, Corey stepped up to become executive director of the Connecticut Department of Public Utility Control, where he remained until he obtained his law degree in 2000. Corey was quickly taken in by the prominent Hartford firm of Brown Rudnick Berlack Israels, where he specialized in energy and telecommunications issues.

During much of the 1990s and into early 2000, states around the country were grappling with the restructuring of the electric utility industry. New players were entering the energy generation and distribution markets. Among other clients, Brown Rudnick represented the Connecticut Resources Recovery Authority (CRRA) in 2001 when the DPUC considered a plan from the now-bankrupt Enron to build a fuel-cell project, using more than \$200 million in public money.

Enron, which had invested \$5 million in the Connecticut firm that would have manufactured the fuel cells, was to have drawn a \$9 million “management fee” for its role.

Brown Rudnick’s clients at the CRRA wanted Public Utility Control to allow a special conservation surtax fund to pay for part of the project. Corey had been pushing for months to have the DPUC back the funding plan. The fuel-cell project was linked to another controversial, related deal that left the CRRA – and Connecticut taxpayers - \$220 million in the red when Enron filed for bankruptcy protection in 2001. The fuel cell deal was derailed by Enron’s collapse as well in December 2001.

### **Looking Out for Supporters: “Mama” Jo McKenzie**

Jo McKenzie is a longtime confidante of Gov. Rowland and his wife, Patricia. She served as an assistant to the first lady. She is director of the governor’s residence, described as \$80,000-a-year job, and she has important national political connections as a member of the Republican National Committee.

McKenzie has contributed modestly — \$8,507 — to Rowland and Rell campaigns. But she has taken on other key responsibilities, outside of directing affairs at the governor’s residence.

She performed and coordinated work on the Rowland summer cottage. Her name has appeared in connection to patronage jobs bestowed on various political supporters of Rowland.

Those jobs include: Anthony Cerasulo, a Waterbury man who was paid a salary of \$57,286 for a job at the Department of Consumer Protection; former Republican State Chairman Fred Biebel, who was hired in 1995 and is now at the state labor department in a job paying more than \$66,000; and her nephew, Mark McKenzie, who landed a job making \$42,000 at the Connecticut Correctional Institute in Niantic.

McKenzie was subpoenaed to appear before the federal grand jury investigating the administration.

### **The other gift givers**

**Peter N. Ellef** — Around the state capitol, “Mama Jo” McKenzie was thought to be the political mentor of Peter N. Ellef, Gov. Rowland’s co-chief of staff from 1997 to 2002. On September 30<sup>th</sup> of the year Ellef was hired by Rowland, he contributed \$2,500 to Rowland’s re-election campaign. Over the years, Ellef contributed a total of \$6,250. But he also contributed to the purchase of the heating system at the Rowland cottage in 1999, and helped provide stepping stones for the front of the cottage. Ellef was ousted apparently because of his role in the failed \$220 million deal involving the Connecticut Resources Recovery Authority and Enron. Ellef had been CRRA chairman and, prior to that, served as a commissioner of the Connecticut Department of Economic and Community Development. Last year, news hit that Ellef was at the center of a federal investigation into bribery and kickbacks in exchange for state government contracts.

**Lawrence Alibozek** — Before they joined Rowland’s administration, Ellef and Lawrence Alibozek worked together at Cigna Corp. Under Rowland, they were reunited. Alibozek was deputy chief of staff from 1997 to 1999. Alibozek – who helped pay for the Rowland cottage heating system and gave \$4,250 to his boss’ campaigns – pleaded guilty in 2003 to taking gold and cash in exchange for steering state contracts to Tomasso Brothers, Inc. The gold was found buried in his backyard.

**Delahunty Inc.** — This is the family business of the top Department of Public Works official Patrick J. Delahunty of Southington. Delahunty and his family members gave \$18,127. Of that amount, \$1,410 went to Rell; and \$1,500 to the state GOP. The family business supplied the labor to install a cathedral ceiling to the Rowland cottage in the summer of 1997.

**Patrick Baker & Sons** — Longtime Rowland friend Brian Baker and Patrick Baker gave \$7,129 to Rowland campaign efforts. The Patrick Baker & Sons firm was general contractor on the Bantam Lake cottage renovations. They supervised the interior renovations, including a kitchen and a cathedral ceiling during the summer of 1997.

**Astro Electric** — The owner of Astro Electric is Ron Shortell of Waterbury. Shortell’s firm performed a major electrical upgrade to the Rowland cottage in the summer of 1997. Shortell contributed \$3,250 to Rowland campaigns.

**Maurice Fabiani** — Fabiani runs Waterbury Face Homes Inc. in Waterbury. He helped perform or coordinate work on the Rowland cottage, the governor has said. Fabiani and his wife, Deborah, have given Rowland \$6,600.

**The Tomassos** — The Tomassos control several construction companies and related businesses. Over the years, Tomasso company executives and their families have given \$107,100 to the combination of Rowland, Rell, the state and national Republican committees and the Bush campaign. But it was Tomassos more than \$100 million in state contracts that attracted the interest of investigators after learning that Tomasso companies did exterior work at Rowland’s cottage in 1999. For more information on political contributions made by Tomasso executives and subcontractors associated with the three no-bid state contracts under federal investigations, read Common Cause’s January report “The Rowland Corruption Trail Begins On the Campaign Trail” at [www.commoncause-ct.org](http://www.commoncause-ct.org).

## **Conclusion**

The focus of the federal grand jury investigating corruption at the highest levels of Connecticut government appears to be the illegal gifts to Rowland, largely in the form of renovations to his Bantam Lake cottage.

The governor appears to have turned a blind eye to ethical standards. He ignored the law, and, above all broke the sacred trust between public officials and the people who elect them to high office.

That Gov. Rowland was able to do so much damage in so little time is astonishing. But the value of the apparently *illegal* gifts to the governor pales in comparison to the amount of money that flowed through the *legal* system of campaign contributions.

The targeted analysis of contributions undertaken here shows that a mere handful of Rowland supporters involved in the cottage scandal have pumped nearly \$400,000 into the re-election campaigns of the governor and Lt. Gov. Rell, and into the coffers of GOP organizations that stood to impact Rowland's future in national politics.

The investigation will run its course, and Rowland may be forced to pay for his misdeeds. But the greater question for Connecticut voters and lawmakers is whether they will allow the current system of campaign financing – arguably little more than legalized bribery – to continue.

## **Methodology**

### ***Campaign Contribution Data***

Connecticut law requires that state candidates, candidate committees and political committees register with the Connecticut Secretary of the State's office and that they file periodic reports, detailing contributions received and expenditures.

Campaign contribution data from Rowland's 1994 campaign comes from an analysis conducted by Connecticut Common Cause. Founded in 1972, Connecticut Common Cause is a nonpartisan citizen's lobby group that works to promote open, honest and accountable government.

The Connecticut Common Cause study analyzed all monetary contributions of \$250 or more received by gubernatorial candidates from individuals and political action committees from candidate reports filed through December of 1994 (89 percent of all contributions). The reports were obtained from the Connecticut Secretary of the State's office.

Connecticut law in 1994 required candidates to report the occupation and employer of all contributors who give over \$1,000. Below that threshold, disclosure was not required. However, all three major party candidates requested this information from donors and voluntarily disclosed it on their publicly filed reports.

The 1998 campaign finance data was obtained by the National Institute on Money in State Politics (NIMSP) from reports they obtained from the Connecticut Secretary of the State's office. NIMSP is a nonpartisan, nonprofit organization in Helena, Mont.

The 2002 campaign finance data was obtained from the Connecticut Secretary of the State's office. Connecticut financial disclosure information and information on contributions to the state and national Republican party and Pres. Bush's 2000 campaign were obtained through the Center for Responsive Politics

## **Acknowledgements**

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**Table 1: Contributions by year and campaign (1994 to 2002)**

Contributor	1994	1995-98				1999-2002					Total
	Rowland	Rowland	Reil	CT. GOP	RNC	Rowland	Reil	CT. GOP	RNC	Bush	
Anthony Cocchiola	7250.00	\$5,550	\$700	\$0	\$0	\$5,500	\$0	\$0	\$0	\$0	\$19,000
<i>First Development Group*</i>	\$4,670	\$10,470	\$700	\$0	\$0	\$9,000	\$0	\$0	\$0	\$1,000	\$25,840
O&G Industries	\$19,500	\$17,250	\$1,000	\$5,000	\$0	\$41,250	\$2,475	\$15,500	\$25,000	\$10,000	\$136,975
Paul and Christine Corey	\$0	\$5,000	\$250	\$0	\$0	\$4,500	\$350	\$3,750	\$0	\$0	\$13,850
Tomassos	\$3,750	\$22,250	\$10,750	\$5,000	\$0	\$27,250	\$10,000	\$23,100	\$1,000	\$4,000	\$107,100
Arthur Diedrick	\$5,000	\$1,750	\$1,500	\$3,500	\$0	\$2,500	\$250	\$15,000	\$0	\$1,000	\$30,500
Jo McKenzie	\$1,412	\$2,500	\$845	\$0	\$0	\$2,250	\$500	\$0	\$0	\$1,000	\$8,507
P.J. Delahunty	\$3,917	\$4,800	\$785	\$1,000	\$0	\$5,500	\$625	\$500	\$0	\$1,000	\$18,127
Patrick Baker & Sons	\$2,600	\$3,029	\$0	\$0	\$0	\$1,500	\$0	\$0	\$0	\$0	\$7,129
Astro Electric	\$2,000	\$1,250	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,250
Lawrence Alibozek	\$0	\$2,500	\$350	\$0	\$0	\$1,750	\$0	\$0	\$0	\$0	\$4,600
Peter Ellef	\$0	\$2,750	\$250	\$0	\$0	\$750	\$500	\$2,000	\$0	\$0	\$6,250
Maurice Fabiani	\$1,000	\$5,500	\$3,000	\$0	\$0	\$100	\$0	\$0	\$0	\$0	\$9,600

Amounts include contributions made by family members

**TOTAL: \$390,728**

\* Contributions from Michael Cicchetti and Robert Capanna

**Table 2: Total contributions by recipient from 1994 to 2002**

Recipient	Totals
Rowland	\$237,548
Reil	\$34,830
CT GOP	\$74,350
RNC	\$26,000
Bush	\$18,000
	<b>\$390,728</b>