

**Request for Senate Ethics Committee Investigation
and Senate Resolution Censuring
Senate Minority Leader Robert J. Mellow**

February 1, 2010

Senator Charles McIlhinny,
Chairman
Committee on Ethics and Official Conduct
187 Capitol Building
Senate Box 203009
Harrisburg, PA 17120-3009

Dear Senator McIlhinny:

I. Background:

1) On November 18, 2008 **RocktheCapital.org** (“RTC”) formally requested that Senator John Gordner, Chairman of the Senate Ethics Committee (“the Committee”) convene a meeting prior to November 30, 2008 to investigate the behavior and corporate affiliations of Senate Minority Leader Robert J. Mellow (“Mellow” or “Mr. Mellow”) of Lackawanna County.

2) Mr. Mellow refused to voluntarily submit to an Ethics Commission investigation relating to his appointment to the Board of the non-profit Blue Cross of Northeastern Pennsylvania (“Blue Cross”), and its for-profit subsidiary the AllOne Health Group. (“AllOne”) (1)

1 The General Assembly declared in the act of July 10, 1968 (P.L.316, No. 154) - known as the Legislative Code Ethics - “that it is the duty of each member, officer or employee of the legislative branch to earn and honor the trust of every citizen of this Commonwealth by integrity and conduct in all official actions.” According to Senate Resolution No. 165 Session of 1994, “It is the desire of the Senate to curb any tendencies for exploitation of official position, including the position of State senator” (October 6, 1994)

3) Senator Mellow challenged his peers to investigate his actions: “There’s no conflict of interest, and there’s not one person in the Senate who will tell you I compromise my principles to vote for anyone or anything.” (*Morning Call*, July 31, 2008) And, “I don’t view it (the seat) as a conflict of interest,” he added. “I think I’ve done the right thing.” (*Blue Cross confirms Mellow’s duties*, “Times Shamrock,” August 12, 2008)

4) The Pennsylvania Department of Insurance does not make Conflict of Interest determinations.

5) Mr. Mellow received \$25,000 in compensation, and could earn up to \$36,000 annually based on potential bonuses for serving on Blue Cross committees and the AllOne boards. Mr. Mellow will receive \$1,100 each time he attends any of AllOne’s four scheduled meetings or any of the six meetings of the main board’s audit and nominating committees. (2)

6) The purpose of ***RocktheCapital.org’s “Request for an Investigation,”*** is to protect the interests of Pennsylvania tax payers, consumers, and rate payer when public officials’ enter into a transaction or arrangement that benefits their private interest. RTC seeks to ensure that all public officials avoid the appearance of any impropriety in their business dealings, and to ensure the Blue Cross’s not-for-profit status is not jeopardized by an officer or director.

7) On December 16, 2009, Senator John Gordner, Chairman, Committee on Ethics and Official Conduct, notified ***RocktheCapital.org*** that “**Request for an Investigation**” was reviewed by the Committee.

2 “In 2007, the 16 board members for the Hospital Service Association of Northeastern Pennsylvania — the insurer’s official corporate name — earned an average of \$48,380, according to state Insurance Department filings...Mellow’s Blue Cross stipend comes on top of his \$110,350 annual salary as Senate minority leader and \$22,000 per year he said he receives as a longtime member of Old Forge Bank’s board.” (*Blue Cross confirms Mellow’s duties*, “Times-Shamrock,” August 12, 2008)

8) The Committee concluded that the “Request for an Investigation” should be dismissed “without prejudice”, because the Complaint “did not comply with Senate Rule XXXV, Section 3 which requires that a complaint specify the ‘section of the “Legislative Code of Ethics’ or statute, Rule or regulation violated.’”

II. Remedies:

9) ***RocktheCapital.org*** does not believe that any member of the General Assembly is above the law, below the radar or in a position to self administer an ethics’ examination.

10) ***RocktheCapital.org*** respectfully requests that the Senate Committee on Ethics and Official Conduct investigate the behavior and corporate affiliations of Senate Minority Leader Robert J. Mellow in regard to his Blue Cross Board Appointments, and Pensco Financial Services Corporation/Old Forge Bank board seat.

11) ***RocktheCapital.org’s*** requests fall under the jurisdiction of the e Senate Committee on Ethics and Official Conduct.

12) Pennsylvania's Legislative Code of Ethics, 46 P.S. Section 143.3 (6), states:

(6) "Member" shall include a Senator, Representative, officer or employe of the General Assembly or any committee thereof; but not a person employed on a contractual basis or without compensation for a particular project.

12) ***RocktheCapital.org’s*** respectfully submits that Mr. Mellow’s behavior in the enclosed Complaint clearly violated 46 P.S. Section 143.5(a):

(a) No member shall knowingly solicit, accept, or receive any gift or compensation other than that which he is duly entitled from the Commonwealth which is intended to influence the performance of his official duties or which would influence the performance of his official duties nor shall any member solicit, accept, or receive any such gift or compensation for advocating the passage or defeat of any legislation or for doing any act intended to influence the passage or defeat of legislation including, in the case of a Senator or Representative, his vote thereon.

13) ***RocktheCapital.org*** respectfully requests that the Senate Committee on Ethics and Official Conduct:

a) Investigate the behavior and corporate affiliations of Senate Minority Leader Robert J. Mellow in regard to his Blue Cross Board Appointments, and Pensco Financial Services Corporation/Old Forge Bank board seat.

b) Sponsor a Senate resolution admonishing Mr. Mellow modeled on Senate resolution No. 165 Session of 1994 where Mr. Mellow was “admonished” for an “ethics matter” relating to the misappropriation of \$417,692 in Democratic Caucus Funds. (Please refer to Exhibit “A”);

c) Refer the investigation to appropriate civil, regulatory agencies and law enforcement agencies if deemed and appropriate; and,

d) Take whatever actions deemed necessary by the Committee to curtail Mr. Mellow’s unethical behavior.

III. History of Complaint:

- **March 28, 2007:** The Boards of Directors of **Highmark Inc.** (3) and Independence Blue Cross (“IBC”) approved an agreement to combine the two organizations.

The proposed Highmark/Independence Blue Cross merger would form the third largest health insurance company in the country, and would be the largest in Pennsylvania. The new company would control between 53% to 70% percent of the Pennsylvania health delivery market.

- **Late May, 2008:** Blue Cross appointed Mr. Mellow to the Board of Blue Cross of Northeastern Pennsylvania and to AllOne Health Group, but **did not announce the the addition until July 29, 2008.**

Senator Mellow joined his colleague Louis A. DeNaples on both boards.

However, Mr. Mellow told “The Times-Tribune” August 4, 2008 ‘to the best of my knowledge’ he doesn’t sit on AllOne’s board. He said he had never heard of AllOne. The Blue Cross subsidiary advises 1,000 U.S. clients on how to control health care costs and improve workforce productivity...I’ve learned more about it (board compensation and duties) from the newspaper than the company,” Mellow said last week. “I didn’t know about the compensation, and it’s not why I accepted Blue Cross’ invitation to join the board.” (*Blue Cross confirms Mellow’s duties* Times Shamrock, August 12, 2008)

3 Blue Cross of Northeast Pennsylvania and Pittsburgh-based Highmark Inc. consummated a business relationship in April 2005. Highmark invested \$34 million to buy a 40% shares, and acquired Board seat. Highmark appointed administrators who had the control over some important changes in the structure. In 2007 Wilkes-Barre-based Blue Cross moved several insurance plans to co-owned subsidiaries of Highmark. The restructuring was more than half of Blue Cross of Northeast Pennsylvania's 585,000 customers

• **June 5, 2008:** Mr. Mellow registered as a “**participant**” for the proposed Highmark/Independence Blue Cross merger hearing set for July 10, 2008. **He did not apprise** Mr. Robert Brackbill, the Chief, Company Licensing Division from the Insurance Department, that he was on the board of Blue Cross of Northeastern Pennsylvania.

• **July 8, 2008:** The Hon. Robert J. Mellow provided “written comments” strongly supporting the proposed merger, and **announced** “in the interest of full disclosure I was very recently appointed to the board of Blue Cross of Northeastern Pennsylvania.”

Senator Mellow stated, “This merger does not create a market monolith rather it builds upon the competitive business structure that is already functioning...I believe that it’s time for the Department to move forward and approve the merger of Highmark Inc. and IBC so all consumers, employers and the insurance industry can begin to reap the benefits of restructuring.” (Exhibit “B”)

At the time of the Senator Mellow’s comments, Blue Cross of Northeastern PA covered 600,00 consumers and maintained a \$462 million surplus. The Senator stated, “the estimated \$600 million worth of cost savings that will be plunged back and turned into premiums savings for consumer can not be overlooked.” (Senator Mellow, “Written Comments,” p. 2)

• **July 29, 2008: *Senator Mellow Appointed To Board of Hospital Service Association of NEPA***

A Blue Cross press release announced that it was expanding its board to 17 members and added Senator Mellow. Mr. Mellow said, “I am honored to be appointed to this fine board and hope to be a strong and aggressive advocate for helping people obtain affordable and accessible quality care. Our region is poised to become a national leader in the delivery of quality health care services.”

Neither Mellow or Blue Cross offered an explanation as to timing or need for an additional Board member months before the Pennsylvania Insurance Department was set to decide the fate of the proposed Highmark/Independence Blue Cross merger.

In 2007 the cost to compensate 16 board members was \$774,080. (Pa State Insurance Department)

- **July 31, 2008:** Department of State records show that political contributions from Blue Voice, the Blue Cross Political Action Committee, to Mr. Mellow totaled almost \$9,000 since 2002. (“Morning Call,” July 31, 2008)

- **July 31, 2008:** Editorial - “Daily and Sunday Review”

Robert Mellow, D-Blue Cross

State Sen. Robert Mellow holds public office in order to represent the people of his district and the broader commonwealth. His acceptance of a board seat with Blue Cross of Northeastern Pennsylvania is an obvious conflict of interest for the simple reason that the interests of the company are not necessarily those of the people.

To begin with, Blue Cross is a nonprofit state-regulated enterprise. Does Mr. Mellow really believe that regulators at the Insurance Department won't take note of his board membership? Given the department's long history of rolling over for insurers, it doesn't need further incentive in that direction.

Blue Cross claimed that it was interested in Mr. Mellow for his health policy expertise. Does Blue Cross, major health insurer, really lack health policy expertise? It makes health policy, some of which Mr. Mellow should resist in his role as a state legislator. Mr. Mellow's job is to employ any expertise he might have in furtherance of the public interest, not Blue Cross' interest.

Beyond those broad issues, there are specific issues before the Legislature and the executive branch in which Blue Cross has interests....

This is a simple case of a powerful company putting a powerful politician on its board. Mr. Mellow should reserve his power for the public, from whom he derives it and to whom it belongs.

- **August 1, 2008:** The “Citizens’ Voice” reported that Senator Mellow **cleared himself of any Conflict of Interest issues:**

Mellow said he did not contact the State Ethics Commission for input after Blue Cross asked him to serve in late May.

The company announced his appointment Tuesday.

Though lawmakers can ask the commission for advice, it doesn’t comment on potential conflict of interest cases. And the Pennsylvania Insurance Department doesn’t make such determinations.

Mellow said his Blue Cross board service is not a conflict of interest because he will cast his legislative votes as just one senator among 50. Plus, he plans to always put the needs of his constituents first.

- **August 1, 2008:** ***Mellow will not recuse himself from legislative votes involving Blue Cross***

The “Citizens’ Voice” reported that “State Sen. Robert Mellow vowed Thursday **not to recuse himself from legislative votes** involving Blue Cross of Northeastern Pennsylvania despite his new board seat. He also explained how the post will benefit constituents.”

- **August 12, 2008:** ***Blue Cross confirms Mellow’s duties***
“Times Shamrock”

“The Daily Review” reported that Senator Robert Mellow(D-22) “could receive much more from his board position with Blue Cross of Northeastern Pennsylvania than initially announced.”

“Blue Cross spokeswoman Michelle Davidson confirmed Mellow’s duties: Blue Cross revealed he also will serve on two of the main board’s committees, plus the board of for-profit subsidiary AllOne Health Group.”

“In addition, Blue Cross mistakenly identified Mellow’s annual base pay as \$20,000, instead of \$25,000, Davidson said. The \$20,000 figure represents each board member’s 2007 base stipend.”

“Altogether, Mellow could earn \$36,000 annually, factoring in potential bonuses for serving on those committees and the AllOne board.”

When asked why Blue Cross didn't initially release all information on Senator Mellow's duties, Blue Cross spokeswoman Michelle Davidson said it was an "oversight." Davidson added, All members of the insurer's main board are automatically appointed to AllOne's board, and Blue Cross typically announces changes to its main board only, she added....The bottom line, Davidson said, is Blue Cross has nothing to hide. The company's leaders think Mellow's health care knowledge will enhance its board." (*Blue Cross confirms Mellow's duties* Times Shamrock, August 12, 2008)

• **August 4, 2008:** ***Mellow conflict clear, obvious***

“Times Tribune”

“State Sen. Robert Mellow said last week that he wouldn't let his membership on the Blue Cross of Northeastern Pennsylvania Board of Directors deter him from voting on matters that might affect insurance generally or Blue Cross specifically.”

“That surely came as good news to Blue Cross' brain trust, which didn't recruit him in order to not take advantage of his influence in the state Legislature.”

‘I didn't get elected to abstain from votes,’ Mr. Mellow correctly declared last week.’

“True enough. But Mr. Mellow also didn't get elected to accept paid positions on boards of directors of insurers and banks — institutions that are regulated by the executive branch and could well have matters before the Legislature that should be considered in the interest of the commonwealth rather than of the institutions.”

“If there is a vote on a matter involving Blue Cross, Mr. Mellow said, he will notify the Senate clerk and the lieutenant governor, who also is president of the Senate, of his relationship.”

“That, in Harrisburg, is what passes for guarding the public interest.”

“Pennsylvania long has been the land of the amazing coincidence, a place where lawmakers' personal and political interests regularly become entangled with policy.”

“...Mr. Mellow not only should give up the board seats, but introduce legislation that makes it illegal for any lawmaker to accept a seat on the board of any entity that is regulated by the state government.”

• **August 11, 2008:** Mr. Mellow spent the day with select constituents at the “17th Annual Senator Bob Mellow Golf Classic,” Glen Oak Country Club, Clarks Summit, PA: \$75 - Dinner Only, \$350 - Golf Per Person, \$1,000 - Hole Sponsor.

• **August 21, 2008:** ***Blue Cross Files For Rate Increase***

Mr. Mellow’s Testimony on July 8, 2008 predicted “the estimated \$600 million worth of cost savings will be plunged back and turned into premiums savings for consumer can not be overlooked.”

On July 29, in a BCNEPA press release, the Senator Mellow said, “I am honored to be appointed to this fine board and hope to be a strong and aggressive advocate for helping people obtain affordable and accessible quality care.

And the Senator's told the “Citizens’ Voice” on August 1, 2008 “how the [Blue Cross] post will benefit constituents.”

However, neither Mr. Mellow or Blue Cross issued a press release or explanation when Blue Cross filed for another rate increase.

Blue Cross of Northeastern Pennsylvania and Highmark Blue Shield submitted a rate filing (No. 1427-MMNG-1/1/09) to increase the premium rates for the BlueCare Major Medical Plan by approximately 4.9%. This filing will affect approximately 4,800 subscribers and produce additional premium income of about \$.46 million annually. The requested effective date of the change is January 1, 2009.

Blue Cross of Northeastern Pennsylvania and Highmark Blue Shield have also proposed the following benefit changes:

Increase the pharmacy copayments from 3-tier \$10 Generic/\$20 Brand Formulary/\$35 Nonformulary with \$500 deductible to 4-tier \$0 Selected Generic/\$15 Generic/\$30 Brand Formulary/\$50 Nonformulary with \$500 deductible;

[Saturday, September 6, 2008] NOTICES INSURANCE DEPARTMENT
Blue Cross of Northeastern Pennsylvania and Highmark Blue Shield BlueCare Major Medical Plan; Rate Filing [38 Pa.B. 4963]

- **September 15, 2008:** Mr. Mellow spent the day with select constituents at the 17th Annual Senator Bob Mellow Golf Classic Glen Oak Country Club, Clarks Summit, PA: \$75 - Dinner Only, \$350 - Golf Per Person, \$1,000 - Hole Sponsor.

- **January 1, 2009: Rate increase of approximately 4.9%** for the BlueCare Major Medical Plan which affected approximately 4,800 subscribers and produce additional premium income of about \$.46 million annually.

- **January 22, 2009:** Independence Blue Cross and Highmark ended their quest to create the largest health insurance merger in state history. Highmark Blue Cross Blue Shield and Independence Blue Cross have announced that they have withdrawn their applications to merge, citing opposition from the Pennsylvania Insurance Department. The two carriers first submitted merger applications to the Pennsylvania Insurance Department (PID) in April 2007.

State insurance commissioner Joel Ario welcomed the decision to abandon the merger plan. "We were prepared to disapprove this transaction because it would have lessened competition and disadvantaged providers to the detriment of the insurance buying public," Ario said in a press release. "Pennsylvania consumers already face one of the least competitive health insurance marketplaces in the country and this consolidation would have made it worse, resulting in fewer choices for consumers and weaker provider networks for consumers who depend on those networks for access to quality health care."

- **July 14, 2009:** Gene Stilp filed a complaint with the Committee on Ethics and Official Conduct seeking an investigation into Mr. Mellow's past ownership of a Peckville building that houses his office. Mr. Mellow directed more than \$200,000 in state-funded rent payments for his district office to a company co-owned by his then-wife Diane Mellow. Mr. Mellow obtained a 50% ownership stake following the couple's divorce in 2007. The building was sold in September 2008.

• **July 17, 2009:** Pennsylvania's Insurance Commissioner Joel Ario announced that the State Insurance Department has launched a formal investigation into the four non-profit Blue Cross insurers in Pennsylvania – Blue Cross of Northeast Pennsylvania, Capital Blue Cross, Highmark Inc. and Independence Blue Cross – to determine whether they are engaged in anti-unfair competition or trade practices that run counter to state law. The review will focus on whether consumers Pennsylvania could benefit from reduced costs and greater choice of having a more competitive market and public officials. “Pennsylvania market is less competitive compared to other nine member nations for an important indicator,” according to Commissioner Ario.

• **August 12, 2009:** Mr. Mellow spent the day with select constituents at the “18th Annual Senator Bob Mellow Golf Classic,” Elmhurst Country Club, Moscow, PA: \$75 - Dinner Only, \$350 - Golf Per Person, \$1,000 - Hole Sponsor.

• **August 17, 2009:** Blue Cross of Northeastern Pennsylvania filed a rate increase request with the Pennsylvania Department of Insurance impacting about 56,000 existing customers.

- Security 65: Medicare Supplement Plans. 37,000 Subscribers impacted. Requested rate increase is 10% for 1 option and 19.9% for another.

- Blue Care Cooperative: 7,000 subscribers impacted. Requested rate increase 48.9%.

- Special Care: 5,000 subscribers impacted. Requested rate increase 27.0%

- Major Medical: 6,000 subscribers impacted. Requested rate increase 27.0%

- HMO Individual Conversion: 1,000 subscribers impacted. Requested rate increase 27% (with Rx) 12% without.

• **September 16, 2009:** Mr. Mellow spent the day with select constituents at the “18th Annual Senator Bob Mellow Golf Classic,” Glen Oak Country Club, Clarks Summit, PA: \$75 - Dinner Only, \$350 - Golf Per Person, \$1,000 - Hole Sponsor.

November 6, 2009: Mellow Announces New Rules of Ethical Conduct

Senate President Pro Tempore Joe Scarnati (R-25), Senate Majority Leader Dominic Pileggi (R-9), and Senate Democratic Leader Robert Mellow (D-22) today announced that they will jointly introduce a set of Rules of Ethical Conduct for the state Senate.

“Senators and Senate staff will know what conduct is acceptable,” Senator Mellow said. “The new rules are clear, easily understood and meaningful. They provide guidelines that all can follow.”

• **December 16, 2009:** Senator John Gordner, Chairman, Committee on Ethics and Official Conduct, notified ***RocktheCapital.org*** that their “**Request for an Investigation**” was reviewed by the Committee. The Committee concluded that the “Request for an Investigation” should be dismissed “without prejudice”, because the Complaint “did not comply with Senate Rule XXXV, Section 3 which requires that a complaint specify the ‘section of the “Legislative Code of Ethics’ or statute, Rule or regulation violated.”

The letter from the Committee on Ethics and Official Conduct, was dated December 16, 2009; the last day the Senate was in session for the year.

• **December 16, 2009:** Senator John Gordner, Chairman, Committee on Ethics and Official Conduct, notified Gene Stilp that his “**Request for an Investigation**” was reviewed by the Committee. The Committee concluded that the “Request for an Investigation” should be dismissed “without prejudice”, because the Complaint “did not comply with Senate Rule XXXV, Section 3 which requires that a complaint specify the ‘section of the “Legislative Code of Ethics’ or statute, Rule or regulation violated.”

The letter from the Committee on Ethics and Official Conduct, was dated December 16, 2009; the last day the Senate was in session for the year.

• **December 24, 2009:** *Independent ethics reviews*

“Scranton Times”

When the state Senate Committee on Ethics and Official Conduct blithely dismissed two citizens' complaints against Sen. Bob Mellow, it demonstrated why it should go out of business...

Mr. Mellow is engaged in a flagrant conflict of interest by being an elected member of the Senate and a paid board member of a bank and a major insurance company. The narrow interests of those enterprises do not necessarily mesh with the public interest, which Mr. Mellow is supposed to promote.

Activist Eric Epstein filed the complaint in November 2008 and the committee, predictably, sat on it for more than a year before informing Mr. Epstein that it had been dismissed. The reason? The complaint did not cite a specific section of the Senate's ethics rules...

These delays and hoops through which citizens must jump are characteristic of the folly inherent in assigning politicians to rule on the ethical conduct of other politicians.

Ethics complaints against lawmakers should be handled by an independent entity with an interest in ethics rather than politics. The Legislature should spare itself and citizens the charade of ethics inquiries by empowering an independent agency to conduct inquiries and make binding decisions.

- **January 1, 2010:** Rate increases for for 56,000 existing Blue Cross of Northeastern Pennsylvania customers went to effect. (Refer to **August 17, 2009** for specific rate increases).

IV. Other Actions or Investigations:

This “**Request for Senate Ethics Commission Investigation**” is not intended to supplant or replace any applicable state laws governing ethics or Conflicts of Interest.

On July 17, 2009, Pennsylvania's Insurance Commissioner Joel Ario announced that the State Insurance Department has launched a formal investigation into the four non-profit Blue Cross insurers in Pennsylvania – Blue Cross of Northeast Pennsylvania, Capital Blue Cross, Highmark Inc. and Independence Blue Cross – to determine whether they are engaged in anti-unfair competition or trade practices that run counter to state law. The review will focus on whether consumers Pennsylvania could benefit from reduced costs and greater choice of having a more competitive market and public officials. “Pennsylvania market is less competitive compared to other nine member nations for an important indicator,” according to Commissioner Ario.

V. Conclusion:

Given Mr. Mellow’s position in leadership and clear-cut Conflict of Interest relating to his influence and vote on the proposed Highmark and Blue Cross merger, **RocktheCapital.org’s “Request for Senate Ethics Commission Investigation”** is timely, measured, and appropriate.

Senator Mellow should not be allowed to act as prosecutor, judge and profiteer during the investigation and vote on the proposed merger between Blue Cross of Northeastern PA and Highmark Inc. To do nothing would signal that business as usual and “pay to play” are alive and well in the Capitol. (4)

4 Senator Mellow receives \$22,000 as a board member of Old Forge Bank, **and sits on the Senate's Banking and Insurance Committee**. Mr. Mellow was not up for reelection, but on October 29 accepted a \$8,250 campaign contribution from the Pa Bankers’ Public Affairs Committee followed by \$1,000 the next day from Bank of New York MC PAC. (Pa Department of State)

(Continued on the following page...)

1) **RocktheCapital.org** is formally requesting that you convene a Senate Ethics Committee meeting to **investigate the behavior and corporate affiliations of Senate Minority Leader Robert J. Mellow** in regard to the timing, and his refusal to voluntarily submit to an Ethics Commission investigation, relating to his appointment to the Board of the nonprofit Blue Cross of Northeastern Pennsylvania and his appointment to its for-profit subsidiary AllOne Health Group, and Mr. Mellow's Pensco Financial Services Corporation/Old Forge Bank board seat.

2) After conducting due diligence, **RocktheCapital.org** is formally suggesting that the Committee introduce a **Senate resolution admonishing Mr. Mellow** modeled on Senate resolution No. 165 Session of 1994 where Mr. Mellow was "admonished" for an "ethical matter" relating to the misappropriation of \$417,692 in Democratic Caucus Funds.

3) Refer the investigation to **appropriate civil, regulatory agencies** and law enforcement agencies if deemed and appropriate; and,

4) Take whatever actions deemed necessary by the Committee to **curtail Mr. Mellow's unethical behavior.**

4 On December 5, 2008, Pensco Financial Services Corporation Announces Agreement to Acquire Old Forge Bank. On March 25, 2009, Old Forge Bank, announced that its shareholders approved an agreement and plan of merger for Old Forge Bank to merge with and into Penn Security Bank and Trust Company. In addition to shareholder approval, the management teams of both Pensco Financial Services Corporation and Old Forge announced that they have received regulatory approvals for various government agencies including the Pennsylvania Department of Banking. **Mr. Mellow was seated on the Senate's Banking and Insurance Committee during the merger process.**

As a director at Pensco Financial Services Corp., Mr. Mellow receives between \$33,000 and \$49,000 per year depending upon attendance.

The information submitted is true and correct to the best of my information and belief.

Respectfully submitted,

Eric J. Epstein, Coordinator
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Harrisburg, Pennsylvania 17112
Phone: (717)-541-1101
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NOTARY:

PROOF OF SERVICE

I, Eric Joseph Epstein, representing ***RocktheCapital.org***, hereby certify that a copy of the attached and Appendices were, on February 1, 2010 served upon the following persons via First Class Mail:

Service by First Class Mail:

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President *Pro Tempore*
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Senator Richard Allaway,
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Senator Robert J. Mellow, Minority Leader
Former Member of the
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