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Lesloyd F. Alleyne / Journal Inquirer



What better place to turn for tasty treats to enjoy before the beginning of Lent than New Orleans, home to America's greatest Mardi Gras celebration?
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'Treated like a piggy bank'

Sister asks court to take property away from Enfield tobacco farmer Stephen Jarmoc

By Marcus Hatfield
Journal Inquirer

ENFIELD — When Edwin Jarmoc was signing off on millions of dollars in loans, he thought the properties that money would buy were going to the family tobacco business he operated with his son, Stephen.

In reality, the properties he borrowed \$3.5 million to buy in 2005 — Enfield farmland that had been owned by the Lego corporation and farmer Henry Maturo — would be owned entirely by his son.

He seemed to have no idea that he had just agreed to pay for properties he'd never own when he excitedly announced the deal to his daughter, Laura Jarmoc.

"We bought Maturo!" he told her.

That, anyway, is Laura's version of the story. She says that her brother, the tobacco farmer and former state legislator, defrauded their father by rewriting his



EDWIN JARMOG
... died in 2009.

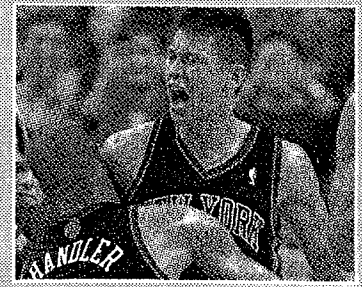
will and arranging those massive real estate deals while their father, who was suffering from dementia, did not or could not understand what was happening.

Stephen hid the extent of what he has called their father's "purported mental health issues," Laura says. Edwin had shown signs of memory problems for years, but he wasn't diagnosed with dementia until November 2004 — three months after he signed the new will. Stephen didn't reveal that diagnosis until Enfield Probate Court compelled him to disclose his father's medical records.

That is the basis of an ongoing court battle between the two siblings, Edwin's only children. Edwin died in 2009 and, a year later, Laura contested her father's will, saying that it was the product of Stephen's fraud and that it disproportionately favors her brother.

■ SEE JARMOG / PAGE 3

SPORTS

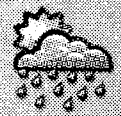


Knicks win 4th-quarter thriller

Jeremy Lin may be leading his team to playoffs. He scored points and 11 assists against the Raptors.
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THURSDAY'S WEATHER

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RAIN AND DRIZZLE
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BIG West Virginia
Brian Coyne, Editor

Journal Inquirer

East Windsor

Siblings locked in brutal battle over father's legacy

■ JARMOC
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The documents filed in the probate case pending in Enfield and those filed in a pair of related civil lawsuits pending in Hartford Superior Court provide the information contained in this story.

From the beginning, Stephen has denied any wrongdoing. His father knew exactly what was happening when he signed his will and when he agreed to the land deals, he said. The new will left Stephen with a larger share of his father's estate.

But Stephen, after all, had stayed in Enfield to manage the family farm while Laura moved to New Hampshire. He and his wife, Karen Jarmoc, had also taken care of his father since Edwin's wife and Stephen and Laura's mother, Eleanor, died in 1998.

And, he said, he concealed nothing about his father's mental health from his sister, who is a doctor.

Edwin's 2004 will replaced an earlier one that would have left his assets to his wife. The revision was necessary, Stephen and Edwin's lawyer said, in order to fairly split Edwin's assets given the more complicated nature of the various businesses related to the family farm. A simple 50-50 split between the siblings wouldn't work if Stephen was to retain control over the farm.

'They're estate property'

Laura's lawyers are now asking the court to transfer ownership of several properties owned by Stephen and Karen to Edwin's estate until the dispute is settled. Those properties include the cou-

59th House District. Stephen served from 1992 to 2006 before Karen took over. She served until 2010, when she made a failed bid to unseat Republican John A. Kissel in the 7th Senate District.

Over the past several years, Stephen has largely stayed out of the public eye, though Karen is still a local fixture. She's a member of the Connecticut Airport Authority Board, the executive director of the Connecticut Coalition Against Domestic Violence, and she chairs the boards of the Asnuntuck Community College Foundation and the United Way of North Central Connecticut. She also writes a column for a local weekly newspaper.

But Laura paints a different picture of the couple, their record of public service notwithstanding. Her brother, she says, withdrew large sums of money from the business to fund a "luxurious lifestyle" while their father exhausted his life savings and lived in "a run-down house in desperate need of repair, with millions of dollars in co-borrowed debt a constant worry."

Before then, Edwin tended not to borrow too much though, like many farmers, he would borrow a "substantially smaller amount" to cover his expenses for the season until the harvest. Just two weeks before co-signing for the millions of borrowed dollars, Edwin's cumulative outstanding loan balance to Farm Credit East was \$100.

In the years following his wife's death, Edwin had "difficulty taking care of basic life tasks." He "subsisted on an unhealthy diet of ice cream and other non-nutritious foods," and on one occasion, utility bills to his home were discon-



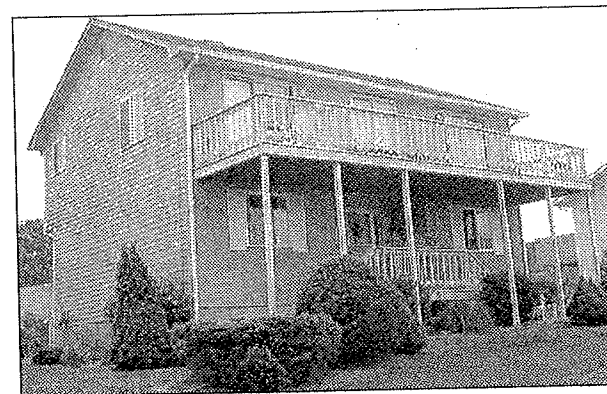
LAURA JARMOC



STEPHEN JARMOC



KAREN JARMOC



Stephen and Karen Jarmoc's beach house in Narragansett, R.I.

that Edwin and Stephen both played roles in "Jarmoc Tobacco LLC" and "Jarmoc Real Estate LLC." Stephen formed a third company, "Jarmoc Leaf Tobacco LLC," in 2010, a year after his father's death.

Four of the 18 properties belong

them to avoid any new mortgages on the property, which they bought in 2003 for \$425,000.

And, bank records show, Stephen was using the family business to pay himself hundreds of thousands of dollars in rent for the use of some of the properties for which the

family's lifestyle."

In the early 2000s, Edwin told Laura and her husband, Joseph Eggleston, that although he and his son were supposedly in a partnership, "Edwin was borrowing all the funds necessary for the operation of the business and Stephen was retaining most of the profits."

'I am the farm'

After Edwin died, Laura asked Stephen about the family farm operation, and Stephen denied that there had been any partnership with his father.

"I am the farm," he said.

For years, Stephen withdrew sums of money that far exceeded those taken by his father. In 2002, Stephen withdrew \$644,449 from his capital account while his father withdrew only \$48,459. The next year, he took almost \$500,000 while his father withdrew just over \$127,000.

In 2004, he withdrew almost \$2.5 million — overdrawing his account by more than \$1.6 million — while his father withdrew only \$66,000. At the time of Edwin's death, Stephen had a negative balance in his capital account exceeding \$3.4 million.

There were also wide disparities in the shares of profits Stephen and his father took from the company, which at times were vastly different from their respective capital contributions to the business. Tax records show that in 2003, for example, Stephen's percentage of profit sharing was 5 percent, yet he contributed only 1 percent of the company's capital.

Eventually, Farm Credit East began to question the company's financial and real estate transactions. In 2006, an internal memo questioned the difference in the rights to profits between father

'They're estate property'

Laura's lawyers are now asking the court to transfer ownership of several properties owned by Stephen and Karen to Edwin's estate until the dispute is settled. Those properties include the couple's School Street home.

A. Paul Spinella, Laura's Hartford-based lawyer, said that because Stephen and Karen used Edwin's assets and credit to buy those properties, "we're saying they're estate property." The probate court will rule on Laura's motion at an April 10 hearing. In the meantime, according to Enfield land records, Laura has placed liens on Stephen and Karen's Enfield properties.

Stephen's lawyer, Edward Heath of the Hartford law firm Robinson & Cole, has said his client flatly denies his sister's allegations.

"He did not defraud, mislead, abuse, or in any other way act improperly toward his late father, and he looks forward to the opportunity to confront and defeat those baseless and offensive allegations," Heath wrote in a Jan. 18 letter to the court.

Stephen had acted as executor of his father's estate but was removed in June 2011 by Probate Judge O. James Purnell. In his ruling, Purnell wrote that there were "serious flaws in the performance of his fiduciary duties" and that Stephen would be required to "immediately account for his doings" as executor of the estate.

A prominent family

The name "Jarmoc" is well known in Enfield. Edwin and Stephen operated a successful family tobacco farm for decades before Edwin's death, and Stephen and Karen both served as state legislators, representing Enfield in the

Credit East was \$100.

In the years following his wife's death, Edwin had "difficulty taking care of basic life tasks." He "subsisted on an unhealthy diet of ice cream and other non-nutritious foods," and on one occasion, utility services to his home were disconnected for nonpayment even though he had the money to cover his bills.

'Treated like a piggy bank'

Meanwhile, Laura said, in Stephen's hands the family business was "treated like a piggy bank."

"Rather than care for his father in the waning years of his life," her brother "saw and seized an opportunity to exploit his father's frailty in his late 70s and early 80s."

He convinced Edwin to "secure millions of dollars in real estate purchase loans and extensive multi-million-dollar capital account lines of credit, all of which were contrary to Edwin's lifelong history of conservative financing practices, solely in order to enrich Stephen."

While Stephen was managing the family tobacco business at a loss, "he wrote himself checks of hundreds of thousands of dollars each year from the business to fund a luxurious lifestyle of country club memberships, winter ski villas, a summer beach house, exclusive vacation properties, private schooling for his children, and other extravagant expenses."

The only Enfield property in Stephen's name is his 33 School St. home, which he owns with his wife. However, a pair of limited liability companies, or LLCs, related to the family tobacco farm own 18 other properties.

The business is split up among four different LLCs. State records show

that Edwin and Stephen both played roles in "Jarmoc Tobacco LLC" and "Jarmoc Real Estate LLC." Stephen formed a third company, "Jarmoc Leaf Tobacco LLC," in 2010, a year after his father's death.

Four of the 18 properties belong to Jarmoc Real Estate. The other 14 belong to "Jarmoc Farms LLC," which Stephen organized in 1998.

Deception alleged

Stephen formed that company without his father's knowledge, Laura said, and in doing so he "deceptively took on the name of Edwin's lifelong business" and used the company as a land-holding entity to acquire real estate.

"Jarmoc Farms" was the name Edwin used for the tobacco business he had operated for years. And the company's logo, which appeared on signs and letterhead, was "substantially identical" to that of the family farm, the only difference being the appearance of the letters "LLC" in a typeface much smaller than the rest of the logo.

So, when he co-signed for the \$3.5 million in loans from Farm Credit East for the purchase of the Lego and Maturo farms, "Edwin could be forgiven for believing that a sale to Jarmoc Farms LLC was a sale to Jarmoc Farms, i.e. himself." But it wasn't. The family business, under the name Jarmoc Tobacco, was paying the mortgage, but the properties belonged only to Stephen.

Stephen used the money from his "borrowing spree" to mortgage all the properties he owned as well as those owned by his father and his wife. The "notable exception" was the Narragansett, R.I., beach house he and his wife owned — allowing

them to avoid any new mortgages on the property, which they bought in 2003 for \$425,000.

And, bank records show, Stephen was using the family business to pay himself hundreds of thousands of dollars in rent for the use of some of those same properties for which the business was already paying the bank.

Jarmoc Tobacco also paid the mortgages for properties it did not use. The Lego farm wasn't acquired to expand the tobacco business, but instead was held for its value as real estate, though Laura acknowledges that Stephen "may have farmed a portion of the property from time to time."

'Lopsided distribution'

By denying his father any ownership of the Lego and Maturo farms, Stephen was cutting his sister out as well. Because the properties weren't in Edwin's name, they weren't part of the estate, which meant that Laura wouldn't get the 50 percent share of them to which she felt she was entitled.

After all, even the contested 2004 will would have granted her half of the "residue" of the estate, which would include any properties her father bought after the will was executed.

The land deal, as structured, created a "severely lopsided distribution, fueling Stephen Jarmoc's own real estate speculation with millions from the estate while severely diminishing the amount left in the estate for Laura and Stephen to share equally."

In addition to the real estate deals, Stephen also used his father's credit to take out large credit lines. For years he "took out handsome distributions and cash advances from the business to support his

percent of the company's capital.

Eventually, Farm Credit East began to question the company's financial and real estate transactions. In 2006, an internal bank memo questioned the difference in the rights to profits between father and son: "How does one go from 50/50 business to 90/10 owned operating LLC?" it said.

Company's dealings scrutinized

In 2008, a loan officer worried, in an email to Karen, about the eroding value of the company.

Stephen was drawing hundreds of thousands of dollars more than budgeted from the business, Jason Hoagland, the officer, wrote. At the same time, the business' earnings were not sufficient to support the spending, so the bank was "in essence, funding these expenses via the line of credit" and this was "eroding the equity and net worth of the business further."

Edwin's financial records "reveal a widower with an exceptionally frugal lifestyle" who appeared to be living off his savings.

In June 2009, just before he died, Laura said she visited her father. He told her he wanted to give her daughter, Lindsay — his granddaughter — a gift for her junior high graduation "but was afraid to give her a check for \$50 because Edwin feared he had no money left."

According to his tax returns, Edwin received \$2.25 million in income from 1997 through 2005, but there's no record of where that money went.

By the time he died, Edwin's personal bank account balance had dwindled to approximately \$5,000.