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OFFICE OF THE ATTORNEY GENERAL
CONNECTICUT INSURANCE DEPARTMENT



THOMAS B. LEONARDI
COMMISSIONER

**STATE REACHES \$1.7 MILLION SETTLEMENT WITH BROKER
OVER ALLEGED ILLEGAL BILLING AND CONCEALED COMMISSIONS**

For immediate release

FRIDAY OCT. 28, 2011

HARTFORD -- Connecticut Insurance Commissioner Thomas B. Leonardi and Attorney General George Jepsen today announced a \$1.7 million settlement with a Massachusetts-based insurance broker over allegations that the company misrepresented and concealed fees and commissions, ultimately overcharging a Connecticut client millions of dollars over several years.

The state alleged that William Gallagher Associates, Inc., (WGA) violated the state's Unfair Insurance Practices Act and Unfair Trade Practices Act in its dealings with Milford Power Company, LLC. Under the terms of the agreement, the company did not admit wrongdoing but will pay the state \$100,000 in civil penalties and forfeit \$1.6 million to be deposited in the state's General Fund.

The Connecticut agreement follows a nearly \$4 million settlement in 2007 between the company and Massachusetts authorities over similar allegations. That settlement provided restitution for WGA clients, including Milford Power.

"Deceptive business practices will not be tolerated in Connecticut. Clients deserve honest answers and good faith dealings when they trust others with their money," Commissioner Leonardi said. "Any company or individual who violates that trust will be held accountable."

Attorney General Jepsen said, "The conduct in this case was particularly egregious, warranting a separate prosecution and settlement in Connecticut. The company knew that it was violating Connecticut law while engaging in this conduct and took steps not only to hide it from its clients, but also from the state. Under this agreement, WGA will forfeit nearly all of the unlawfully obtained overcharges not already returned."

The state claimed that WGA concealed certain fees and commissions, issued dummy invoices, altered original policies and kept two sets of books to conceal the practice. State officials said the questionable bookkeeping and billing practices dated back to 2002, resulting in Milford Power allegedly being overcharged more than \$2 million.

The state also alleged that when the Insurance Department asked the company in 2004 about inappropriate solicitation activities occurring within the company, WGA "did not respond completely and accurately" to the Department's inquiry.

The case was investigated by Connecticut Insurance Department Counsel Anthony Caporale and Assistant Attorney General Joseph Nielsen, with direction by Assistant Attorney General Michael Cole, Chief of the Antitrust Department. The Attorney General and Commissioner Leonardi also acknowledged the Department of Consumer Protection for its cooperation and assistance.

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