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- PRESS RELEASE -

## **BYSIEWICZ & BLUMENTHAL PROPOSE 82% INCREASE IN FINES FOR OUT-OF- STATE COMPANIES OPERATING ILLEGALLY IN CONNECTICUT**

### **JOINT EFFORT BY SECRETARY OF THE STATE, ATTORNEY GENERAL TO PROVIDE TOUGHER DETERRENT AGAINST FRAUD, LEVEL PLAYING FIELD FOR CT BUSINESSES**

**Hartford:** Secretary of the State Susan Bysiewicz and Attorney General Richard Blumenthal, joined by Paulette Scarpetti, President of the Connecticut Better Business Bureau, today proposed nearly doubling the penalty on out-of-state companies doing business illegally in Connecticut. The proposal, contained in House Bill # 6640, would increase the monthly fine for any foreign corporation doing business in Connecticut without registering with the Secretary of the State's Office to \$300/month. Currently, the fine is \$165/month.

“As our state’s chief business registrar, I have pledged to do whatever I can to make sure all companies doing business in Connecticut play by the rules,” said Secretary Bysiewicz. “In the last two years my office, working with the Attorney General’s office, has collected nearly \$3 million in fines from out-of-state companies who fail to register their business. This practice is illegal and gives out-of-state companies an unfair competitive advantage over Connecticut firms, many of them are small businesses, who play by the rules and follow the law. The 82% increase in fines we are proposing will level the playing field for Connecticut businesses, provide consumers with a greater protection against fraud, and in these tight budget times could result in the generation of nearly \$1,000,000 in additional revenue for taxpayers every year.”

Connecticut Attorney General Richard Blumenthal said, "Increasing fines is a preemptive strike against consumer fraud -- sending a powerful message that Connecticut has zero tolerance for firms that fail to register. Hiking penalties can enhance deterrence and double the \$1 million-plus a year the state collects in fines. Rogue, unregistered companies raise costs for all. Companies failing to register impede my office from holding lawbreakers accountable. Our cooperative crackdown produces money and protects consumers -- and imposes a level playing field."

Under state law, corporations, limited liability partnerships, non-stock corporations, stock corporations, and statutory trusts doing business in Connecticut are required to register with the Secretary of the State's Office and pay the statutorily established fee before they can transact business here. There are approximately 47,416 of these foreign entities which have filed with the Secretary of the State's Office. The joint effort between the Secretary of the State and the Attorney General recovered \$1.7 million during fiscal year 2007 in fines from 600 companies who failed to register and an additional \$1.036 million during FY 2008 in fines from 310 out-of-state companies.

The requirement to obtain authority to do business exists to protect domestic organizations from unfair competition and place domestic and foreign organizations on an equal footing. The law also protects consumers with a grievance against an out-of-state business, by specifying where and what manner the company can be served with legal papers.

Connecticut Better Business Bureau President, Paulette Scarpetti, said, "Connecticut Better Business Bureau sees this legislation as a win-win proposition for consumers and Connecticut businesses. Out-of-state, unlicensed contractors need to be held accountable by paying serious fines when not adhering to the same standards as in-state companies with proper licensing."

Secretary Bysiewicz added, "We believe this penalty increase sends the strong message that if you are doing business illegally in Connecticut, we will find you, and we will make you pay. We have zero tolerance, especially in these tough economic times, for companies who want to make a quick buck and take advantage of Connecticut consumers and the business community that does play by the rules. It is my hope that raising the penalty will act as a deterrent against those who might try to avoid their responsibilities under the law. We also estimate this will motivate a lot of companies to come into compliance before the new higher fine takes effect."

The Judiciary Committee of the Connecticut General Assembly, chaired by State Senator Andrew MacDonald and State Representative Michael Lawlor, is scheduled to hear House Bill # 6640 on Wednesday March 11, 2009 at 12:00 p.m. in room 2C of the Legislative Office Building in Hartford.