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For more information:

Av Harris: (860) 509-6255

Cell: (860) 463-5939

For More Information:

Tara Stapleton: (860) 808-5324

Cell: (860) 930-9679

- PRESS RELEASE -

BYSIEWICZ & BLUMENTHAL INCREASE COLLECTION OF FINES FROM OUT-OF- STATE COMPANIES OPERATING ILLEGALLY IN CONNECTICUT

JOINT EFFORT RECLAIMS MORE THAN \$1.2 MILLION — 15% INCREASE OVER
FY 2008; PROTECTS CONSUMERS FROM FRAUD

Hartford: Secretary of the State Susan Bysiewicz and Attorney General Richard Blumenthal today announced that during Fiscal Year 2009, a joint effort by their offices resulted in the collection of more than \$1.2 million in fines from out-of-state companies doing business illegally in Connecticut. The FY 2009 collections figure represents a 15% increase over collections from FY 2008.

“It is no secret that this is a tough economic climate for Connecticut businesses,” said Secretary Bysiewicz, Connecticut’s Chief Business Registrar. “Unfair competition from out-of-state companies who fail to register their business is the last thing Connecticut entrepreneurs need. We have zero tolerance for those firms who skirt the law. These fines improve accountability for Connecticut consumers and give us a strong deterrent to level the playing field for in-state businesses that are struggling to succeed.”

Connecticut Attorney General Richard Blumenthal said, “These fines are a strong preemptive strike against consumer fraud and unfair competition. Enforcing registration laws enables my office to track down and crack down on out-of-state companies that abuse consumers or break state laws. The \$1.2 million in fines – much larger than last year’s total – shows that no out-of-state company can evade laws that permit us to hold them accountable in court. Business registration is a simple basic requirement for companies -- but key to fighting fraud. Law-abiding Connecticut companies should not have to compete against non-state businesses that flout state law. Out-of-state companies that end-run state law will end up paying fines.”

Under state law, business corporations, nonstock corporations, limited partnerships, limited liability companies, limited liability partnerships, and statutory trusts transacting in Connecticut are required to register with the Secretary of the State's Office and pay the statutorily established fee before they can do business here. There are approximately 47,416 of these foreign entities which have filed with the Secretary of the State's Office.

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 firm by requiring businesses to appoint an agent for service of process in Connecticut to accept legal papers if court action is taken.

Secretary Bysiewicz and Attorney General Blumenthal launched their enforcement efforts in 2007, aggressively pursuing hundreds of delinquent out-of-state businesses and threatening legal action. During FY 2009 their joint effort recovered \$1,201,133.36 in fines from 439 out-of-state companies, a 41% increase in the number of companies cited for violating the statutory requirement to register with the state in FY 2008. Fines and penalties collected from each business range from \$165 to more than \$22,000. The three largest settlements came from:

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| 1. Deloitte Investment Advisors, LLC | \$22,275 | DE |
| 2. G.D. Van Wagenen Financial Services, Inc. | \$15,930 | FL |
| 3. Alliance Healthcare Services, Inc. | \$15,427 | DE |
- (A complete list of companies paying fines is attached)*

Secretary Bysiewicz added, "Through this enforcement action the Attorney General and I were able to find and publicize the names of companies who were operating illegally in Connecticut. We will not stand for companies who want to make a quick buck, taking advantage of Connecticut consumers and businesses who do play by the rules."

Connecticut Better Business Bureau President Paulette Scarpetti, said, "The crackdown on violators is good business both for consumers and Connecticut companies, and the number of fines handed out in recent months is an indication of the depth of the problem. The message to out-of-state, unregistered contractors is clear; if you want to do business in Connecticut, you need to play by the same rules as businesses within the state."

Additionally, Bysiewicz led the drive to increase the fines for unregistered out-of-state businesses from \$165/month to \$300/month, an 82% increase. The measure was passed overwhelmingly by the General Assembly and signed into law last month by the Governor. The new penalties go into effect October 1, 2009. Secretary Bysiewicz estimates the new, tougher penalty will increase compliance with the law and could boost fine collections by an additional \$1,000,000 annually.