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- PRESS RELEASE -

BYSIEWICZ & BLUMENTHAL CRACKDOWN ON OUT-OF-STATE COMPANIES OPERATING ILLEGALLY IN CONNECTICUT

JOINT EFFORT SAVES TAXPAYERS \$1.7 MILLION AND PROTECTS CONSUMERS FROM FRAUD

Hartford: Secretary of the State Susan Bysiewicz and Attorney General Richard Blumenthal held a news conference on Monday June 25th in the Secretary of the State's Office to announce the result of a year-long crackdown on out-of-state companies doing business illegally in Connecticut. Bysiewicz and Blumenthal were joined by the President of the Connecticut Better Business Bureau, as well as a small business owner from Fairfield County.

The joint effort between the Secretary of the State and the Attorney General recovered \$1.7 million in fiscal year 2006/07 from 600 out-of-state companies that failed to register with the state before doing business in Connecticut.

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 44,631 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 business, by specifying where and what manner the company can be served with legal papers.

Secretary Bysiewicz and Attorney General Blumenthal launched their enforcement efforts last year, aggressively pursuing hundreds of delinquent out-of-state businesses and threatening legal action. To the businesses' credit, no legal action has been required and cases have been closed for all but 25 of the 600 companies under investigation. Fines and penalties collected from each business range from \$165 to more than \$20,000. The collections total for FY 2006/07 is more than the total for the previous 6 fiscal years combined.

Bysiewicz and Blumenthal said the enforcement effort will continue to ensure that out-of-state businesses are held accountable:

"As chief business registrar for the State of Connecticut, a central mission of my office is to ensure that businesses play by the rules," said Bysiewicz. "Connecticut companies are put at a competitive disadvantage if their out-of-state competitors don't adhere to the same standards of business. In addition, consumers have a right to know that the businesses they deal with are in good standing and that they have accurate information available should legal action ever be necessary. I will continue to work with the Attorney General to make sure Connecticut's companies and consumers are protected."

Attorney General Blumenthal said, "Any consumer cheated or misled by a business knows that these rules are vital to holding lawbreakers accountable – giving us the legal hook we need to haul them into court or scrutinize compliance. This record recovery should send a strong message to out-of-state businesses: Opportunities carry obligations – and a responsible business assumes both. Proper registration is vital to ensure that a company fulfills any obligations to taxpayers and consumers. This step is also

imperative to protect the registering corporation, in the event that it must seek court action and relief for any reason. My office will continue to vigorously and vigilantly pursue delinquent businesses to protect the consumers and companies alike.”

Paulette Hotton, President of the Connecticut Better Business Bureau; and Stephen Gidley, owner of a small business in Fairfield County also attended the news conference.

Hotton said, “As President of the Connecticut Better Business Bureau, I believe it is essential that the state continue to crackdown on unlawful companies, in order to protect the professional integrity and reputation of exemplary businesses operating within state guidelines. I applaud the Attorney General’s and the Secretary of the State’s efforts to get all companies to play by the same rules and help protect consumers.”

Stephen Gidley, an owner of a home improvement company in Fairfield County, said, “I hope authorities will continue to crack down on companies operating illegally in our state. I think it is important consumers are protected and all companies have a level playing field.”

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