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SECRETARY OF THE STATE
CONNECTICUT

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**MERRILL & JEPSEN COLLECT \$1.6
MILLION IN PENALTIES FROM COMPANIES
TRANSACTIONING BUSINESS IN CONNECTICUT
WITHOUT LEGAL AUTHORITY**

JOINT EFFORT BENEFITS CONSUMERS, EDUCATES BUSINESSES ON
REQUIREMENT TO REGISTER WITH THE STATE; MORE THAN 312 COMPANIES
PAID PENALTIES FOR VIOLATING THE LAW IN FY 2014

HARTFORD: Connecticut Secretary of the State Denise Merrill and Attorney General George Jepsen today announced that during Fiscal Year 2014, a joint effort by their offices resulted in the collection of more than \$1.6 million in penalties from out-of-state companies operating in Connecticut without legal authority to transact business. The penalties collected during FY 2014 were paid by 312 out-of-state firms. The \$1,621,053.66 in penalties collected during FY 2014 is a nearly 25% percent increase from the total fines collected during the previous fiscal year.

“Here in Connecticut, we strive for fair competition in the market place so that all businesses in the state have a chance to make a profit in this economic climate,” said Secretary Merrill, Connecticut’s Chief Business Registrar. “Whether intentionally or not, out-of state companies that fail to register and obtain a certificate of authority to do business here undercut Connecticut companies and make it difficult to provide accountability for Connecticut consumers. All out-of-state firms should be aware that if they wish to conduct business in the state of Connecticut, they must be registered to do so or they may face penalties. Though many of the companies paying fines self-report that they were not registered with the state, the Attorney General and I hope this enforcement action will encourage those doing business here to be in compliance with the law so they can avoid paying penalties in the future.”

“Often, out-of-state companies are not aware that they must register before conducting business in Connecticut,” Said Attorney General Jepsen. “Registering with the state

provides consumers with a layer of protection and helps ensure that all businesses are operating on a level playing field. Through joint enforcement with the Secretary of the State, it's my hope that we can educate out-of-state companies so that those operating honestly and in good faith – and by far the vast majority of businesses do just that – can transact legally and openly in our state.”

Howard Schwartz, Executive Communications Director for Connecticut Better Business Bureau, said, “Best marketplace practice and the law both dictate that businesses must be registered, licensed and insured. These requirements are designed not only to help maintain a fair marketplace, but also protect consumers.”

Under state law, business corporations, nonstock corporations, limited partnerships, limited liability companies, limited liability partnerships, and statutory trusts formed outside of Connecticut must obtain a certificate of authority from the Secretary of the State’s Office and pay the statutorily established fee before transacting business in Connecticut. Approximately 50,000 of these foreign entities have properly 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. Companies that violate the law face a fine of \$300 for every month the company is transacting business in Connecticut without legal authority. In addition, some business corporations are required to pay the annual license fee required by statute for years they should have been registered with the Secretary of the State’s office. After obtaining a certificate of authority to transact business in Connecticut, out-of-state companies must also file a yearly annual report with the Secretary of the State’s office.

The joint, multi-year enforcement effort between the offices of the Attorney General and Secretary of the State in Connecticut has aggressively pursued thousands of delinquent out-of-state businesses, bringing legal action when necessary. During FY 2014 this joint effort recovered \$1,621,053.66 in fines from 312 out-of-state companies for violating the statutory requirement to register with the state. Penalties collected from each business in FY 2014 range from \$100.00 to \$38,910.00. The five largest settlements came from:

Name of Entity	Amount Collected	State Formed
1.) John Hancock Assignment Company	\$38,910.00	DE
2.) Brown & Brown Insurance of Arizona, Inc.	\$37,650.00	AZ
3.) Richard Dudgeon, Inc.	\$28,322.16	NY
4.) Marshall & Swift/Boeckh, LLC	\$25,560.00	DE
5.) C & C Market Research, Inc.	\$25,320.00	AR

(A complete list of companies paying fines is attached)