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SECRETARY OF THE STATE  
CONNECTICUT

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## **MERRILL & JEPSEN COLLECT MORE THAN \$1.3 MILLION IN FINES FROM OUT-OF- STATE COMPANIES OPERATING ILLEGALLY IN CONNECTICUT**

JOINT EFFORT BENEFITS CONSUMERS, FINDS NEARLY 330 COMPANIES IN  
VIOLATION OF REQUIREMENT TO REGISTER DURING FY 2011; PROVIDENCE  
JOURNAL, DAN SERVICES AMONG HIGHEST OFFENDERS

**HARTFORD:** Connecticut Secretary of the State Denise Merrill and Attorney General George Jepsen today announced that during Fiscal Year 2011, a joint effort by their offices resulted in the collection of more than \$1.3 million in fines from out-of-state companies operating in Connecticut without legal authority to transact business. The penalties collected during FY 2011 were paid by nearly 330 out-of-state firms, and represents the highest such figure since 2007, when more than \$1.7 Million in fines were collected.

“It is hard enough for Connecticut businesses to make a profit in this economic climate, without unfair competition from out-of-state companies who fail to register with the state,” said Secretary Merrill, Connecticut’s Chief Business Registrar. “We have heard from Connecticut companies who are being undercut by outside firms who escape accountability by not obtaining a certificate of authority from our office to do business here. This needs to stop. We hope these fines send a deterrent message, as well as improve accountability for Connecticut consumers. Connecticut businesses should also know that we will do whatever we can to ensure fair competition in the marketplace.”

Attorney General George Jepsen agreed, “As Attorney General, it is my responsibility to ensure a level playing-field for all businesses. Each year, many out-of-state businesses choose to violate the law in order to gain unfair advantages. Today, we are sending a message to those businesses. Connecticut is open for businesses that operate honestly and in good faith. We will continue to vigorously enforce the law in order to crack down on unfair competition in the marketplace.”

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 to transact business in Connecticut by registering with the Secretary of the State's Office and paying the statutorily established fee. More than 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 companies 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.

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 2011 this joint effort recovered \$1,313,104.13 in fines from 328 out-of-state companies for violating the statutory requirement to register with the state. As a part of a legal settlement with the Attorney General's office, each of the companies that paid a penalty and continues to transact business in Connecticut is now in full compliance with the law. Fines and penalties collected from each business in FY 2011 range from \$40.00 to more nearly \$27,000. The five largest settlements came from:

1. DAN Services, Inc.	\$26,955.00	NC
2. The Providence Journal Company	\$22,192.50	RI
3. Global Med Technologies, Inc.	\$20,910.00	CO
4. Harris Environmental Systems, Inc.	\$20,842.50	MA
5. Superior Technical Resources, Inc.	\$20,685.00	NY

*(A complete list of companies paying fines is attached)*

Secretary Merrill added, "Through this enforcement action the Attorney General and I are sending a clear message to any company thinking of making a quick buck and operating illegally in Connecticut: we will fine you and we will publicize the name of your business if you try to skirt the law. We have zero tolerance for business practices that take advantage of Connecticut consumers and or businesses who do play by the rules."

Connecticut Better Business Bureau President Paulette Scarpetti, said, "I don't know why any company would choose not to register with the Secretary of the State's Office. There is no reason why any company or individual should be doing business illegally in the State of Connecticut."

Assistant Attorney General Thomas Crean represented the Attorney General in these matters, working with Staff Attorney William Silk from the Secretary of the State's Office.