



STATE OF CONNECTICUT OFFICE OF STATE ETHICS

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Office of State Ethics Enters into \$15,000 Settlement with a State Contractor Who Used Authority Provided under State Contract to Obtain Financial Gain for Itself and One of Its Employees

Hartford – Virtelligence, Incorporated (“Virtelligence”), a Minnesota-based company, violated Section 1-86e (a) (1) of the Code of Ethics when it used the authority provided under a state contract to obtain financial gain for itself and one of its employees (“employee”). Pursuant to General Statutes § 1-86e (a) (1), no person hired by the state as a consultant or independent contractor shall “[u]se the authority provided to the person under the contract ... to obtain financial gain for the person [.]”

In 2017, Virtelligence was hired by the University of Connecticut Health Center (“UCHC”) as an independent contractor to provide UCHC with information technology consultants to help implement a new electronic medical record system (“contract”). While under contract with UCHC, Virtelligence sought additional financial gain by entering into a commission-based agreement with its employee who was assigned to facilitate the consultant hiring process at UCHC. Under the commission-based agreement, Virtelligence agreed to pay the employee percentage points of the hourly rate paid by UCHC for each Virtelligence consultant who the employee referred to Virtelligence through the hiring process, and/or who was ultimately hired by UCHC. The commission-based agreement incentivized and rewarded the employee’s efforts at UCHC to recruit new employees for Virtelligence and to hire Virtelligence’s consultants at UCHC exclusively, even though the hiring process should have included candidates from several qualified vendors. As a result, eight (8) of Virtelligence’s employees were selected to work at UCHC. Virtelligence’s misuse of authority under the contract ultimately resulted in financial gain for both Virtelligence and its employee.

Under the terms of the Stipulation and Consent Order, Virtelligence agreed to pay a civil penalty of \$15,000 to settle this matter, which included \$5,000 in disgorgement of financial gain.

“Private companies that engage state agencies for provision of services must adhere to the Ethics Code’s conflict of interest provisions in state contracting.” said Executive Director Peter Lewandowski. “Accountability in state contracting is critical to maintaining the integrity of government procurement of goods and services. Misuse of authority provided under a state contract is a serious violation of the law and will be forcefully prosecuted by the Office of State Ethics.”

Virtelligence maintains that commission-based agreements are common in the private sector and that it was not aware that such agreements were prohibited by the Code of Ethics. Further, Virtelligence cooperated with this Office’s investigation.

View: Stipulation and Consent Order: 2020-13

The Connecticut Office of State Ethics mission is to ensure honesty, integrity and accountability in state government through education, interpretation and enforcement of the State of Connecticut Code of Ethics. To contact us please visit our website at www.ct.gov/ethics or call us at (860) 263-2400.