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**TESTIMONY OF
ATTORNEY GENERAL RICHARD BLUMENTHAL
BEFORE THE GOVERNMENT ADMINISTRATION AND ELECTIONS COMMITTEE
MARCH 16, 2007**

I appreciate the opportunity to support Senate Bill 1428, An Act Concerning Fraud Against the State.

This measure would enable the state to recover substantial taxpayer funds and penalties from corrupt contractors. When the state is a victim of wrongdoing in state contracts, it presently has very limited authority against the contractor.

My office has sought successfully to recover losses to the state in fraud matters, but the current law fails to provide truly effective civil remedies to deter fraudulent activity. Under the whistleblower law, there is no provision for the recovery of damages or civil penalties. We need to toughen our laws enabling recovery of money obtained illegally and other harm done by corrupt contractors.

Using the Connecticut Unfair Trade Practices Act, I have sued William A. Tomasso, Tomasso Brothers Construction Company, Tomasso Brothers, Inc., Tunxis Management, Inc., former Rowland Deputy Chief of Staff Lawrence Alibozek, former Department of Children and Families Commissioner Kristine D. Ragaglia and former Department of Public Works Commissioner Theodore Anson, Peter Ellef, his son Peter N. Ellef II, and the younger Ellef's company, LF Design, LLC.

To date, I have recovered substantial amounts for the state's general fund from Peter Ellef, William Tomasso, Ellef's son, Peter N. Ellef II, as well as Tomasso Brothers, Inc., Tomasso Brothers Construction Company, Inc., Tomasso-owned Tunxis Management Company, Inc., and LF Design, LLC, owned by the younger Ellef. My civil lawsuits against the other defendants continue.

As successful as these lawsuits have been, the state should have clear authority to recover damages and penalties against those who engage in fraud against the state's taxpayers.

This legislation is based on a federal law that was originally passed during the Civil War in response to evidence of widespread contracting fraud against the United States Government. The federal false claims act also allows a private citizen to bring an action against any person

who defrauds the federal government and retain between 15% and 25% of the damages awarded to the federal government. It has helped recover more than \$10 billion since 1986.

Passage of Senate Bill 1428 will enable the state to more effectively deter those who seek to defraud the state while recovering potentially millions of dollars in fraudulent payments.

Twelve states -- California, Florida, Illinois, the District of Columbia, Nevada, Hawaii, Delaware, Massachusetts, Tennessee, Virginia, Montana and Indiana -- have adopted false claims acts similar to the federal law.

Congress recently adopted an incentive for states to adopt a state version of the federal false claims act in the 2006 Deficit Reduction Act. Section 6023 of that act provides that states like Connecticut adopting the federal version of a false claims act may retain 60% of any Medicaid fraud recovery. Under current law, Connecticut retains 50% of such recovery with the federal government retaining the other 50% because Medicaid costs are equally shared between Connecticut and federal government.

The attached proposed amendment meets the criteria in the Deficit Reduction Act to qualify Connecticut to receive 60% of any Medicaid fraud recovery.

I urge the committee's favorable consideration of Senate Bill 1428.