



*Connecticut* **Business & Industry** Association

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**Connecticut Business & Industry Association  
Judiciary Committee  
Legislative Office Building  
Hartford, Connecticut  
March 19, 2008**

Senator McDonald, Representative Lawlor and members of the Judiciary Committee, on behalf of the Connecticut Business & Industry Association (“CBIA”) and its members, thank you for the opportunity to submit comments on **HB 5923**, *AAC Fraud Against the State*.

CBIA is opposed to the adoption of a stringent state False Claims Act. Such acts are easily abused in unintended ways. For example, if Connecticut enacts a state False Claims Act, state contracts might be more expensive because there will be a lack of competition due to fewer bidders and actual bidders will have to incorporate the potential cost of meritless False Claims actions into their bids. Additionally, current state contractors might be forced out of business based on meritless False Claims Acts which, in turn, could cost jobs.

CBIA does not support contractors that submit false claims to the government. However, adopting a state False Claims Act will have unintended consequences. For example, the incentive for abuse poses a real danger to even the most scrupulous business. Established and reputable businesses with a history of providing quality work could be subject to unfounded claims.

Additionally, companies making long-term commitments will likely avoid markets where False Claims Act abuse creates insurmountable exposure to prolonged investigations and litigation, public humiliation and possible suspension and debarment from government contracting.

The unintended consequences of a state False Claims Act will unfairly place a significant burden on legitimate businesses. Connecticut already has a reformed statutory scheme for investigations and civil actions by the Attorney General and investigations and hearings by the Office of State Ethics. Additionally, sanctions for defrauding the state and penalties for criminal fraud under the jurisdiction of the Chief States Attorney are also available.

For the aforementioned reasons, the General Assembly should not adopt a strict state False Claims Act.