

RETURN DATE: NOVEMBER 21, 2006

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|-------------------------------------|---|-------------------|
| STATE OF CONNECTICUT                | : | SUPERIOR COURT    |
|                                     | : |                   |
| VS.                                 | : | J. D. OF HARTFORD |
|                                     | : | AT HARTFORD       |
| JOHN J. HAGGETT, GEORGE PELLETIER,  | : |                   |
| FRANCIS J. FALLON, LINK MECHANICAL  | : |                   |
| SERVICES, INC., CHRISTOPHER LINK,   | : |                   |
| INDUSTRIAL STEEL & BOILER SERVICES, | : |                   |
| INC., and WILLIAM O'NEIL.           | : | OCTOBER 23, 2006  |

**COMPLAINT**

This is an action by Richard Blumenthal, Attorney General, State of Connecticut, pursuant to the Connecticut Antitrust Act, Conn. Gen. Stat. § 35-24 *et seq.*, to secure damages, civil penalties and appropriate injunctive relief flowing from unlawful bid rigging schemes engaged in by the defendants in the heating, ventilation and air-conditioning (“HVAC”) industry as more fully set forth below. This action is also brought at the request of Edwin R. Rodriguez, Commissioner of the Department of Consumer Protection for the State of Connecticut, pursuant to Connecticut General Statute Section 42-110m of the Connecticut Unfair Trade Practices Act, and seeks damages, civil penalties and appropriate equitable relief from the unlawful bid rigging and deceptive bidding schemes engaged in by the defendants in the HVAC industry.

This action seeks redress for a scheme perpetrated in the State of Connecticut and elsewhere by a number of companies and their employees to rig bids and/or submit fraudulent

bids for HVAC work performed on behalf of certain state and municipal entities, and private companies. In essence, the scheme, which took place beginning at least as early as 1997 and continued through the fall of 2004, was conceived, directed and supervised by the former president of B-G Mechanical Services, Inc., (B-G) an HVAC service company whose office and principal place of business during the time period of this Complaint was located in East Windsor, Connecticut.

The HVAC contracts at issue were awarded pursuant to a bidding process that required the submission of competitive bids by B-G and other HVAC companies. In order for B-G to ensure it was the successful bidder on many of these contracts, B-G's president initiated a plan whereby he and his staff created false bids on competitors' letterhead and submitted them along with B-G's bid or, at other times during the term of the conspiracy, orchestrated the submission of "cover" bids by B-G's competitors after dictating the prices those companies should bid for the contracts. Under either scenario, from the perspective of the purchaser, there was the appearance of competition when, in fact, there was none.

In pursuing these and other corrupt and illegal business practices, the defendants violated the Connecticut Antitrust Act, §§ 35-26 *et seq.* as well as the Connecticut Unfair Trade Practices Act, §§ 42-110m, *et seq.*

## I. THE PARTIES

1. Plaintiff, State of Connecticut, ("State") represented by Richard Blumenthal, Attorney General of the State of Connecticut, brings this action pursuant to the Connecticut Antitrust Act, Conn. Gen. Stat. §§ 35-24 *et seq.* and, at the request of Edwin R. Rodriguez, Commissioner of

Consumer Protection for the State of Connecticut, pursuant to Conn. Gen. Stat. § 42-110m of the Connecticut Unfair Trade Practices Act (CUTPA), Conn. Gen. Stat. §§ 42-110a *et seq.*

2. Pursuant to Conn. Gen. Stat. §§ 35-33 and 42-110m, jurisdiction over this action rests with the Superior Court for the State of Connecticut.

3. Pursuant to Conn. Gen. Stat. §§ 35-32(a) and (c) and § 35-35, Richard Blumenthal, Attorney General of the State of Connecticut, brings this action on behalf of the State of Connecticut and the People of the State of Connecticut for violations of the Connecticut Antitrust Act, and as *parens patriae* on behalf of persons residing in the State of Connecticut who were damaged by the defendants' conduct as alleged above and for damages sustained by the general economy of the State of Connecticut and its political subdivisions.

4. The State has an interest in the economic health and well-being of those who reside or transact business within its boundaries. The State also has an interest in incurring the presence of an honest marketplace in which economic activity is conducted in a competitive manner for the benefit of consumers and other marketplace participants – without collusion, fraud or deception.

5. Non-party B-G is a mechanical contracting company providing HVAC services, including preventive maintenance service contracts to consumers located in the State of Connecticut and the Commonwealth of Massachusetts. B-G's current place of business is 12 Second Avenue, in Chicopee, Massachusetts. During the time period covered in this Complaint, B-G transacted business from its offices and principal place of business located in East Windsor, Connecticut.

6. Defendant John Haggett, also known as Jack Haggett (“Haggett”), was employed by B-G from approximately October 5, 1992 to October 7, 2004. Defendant Haggett was terminated from B-G as the result of an internal investigation into allegations of bid-rigging. At the time of his termination, Defendant Haggett was President of B-G and was authorized to directly supervise all sales employees and office staff.

7. At all times relevant hereto, Defendant George Pelletier (“Pelletier”) has been an employee at B-G and has served as B-G’s Service Manager.

8. Defendant Francis J. Fallon (“Fallon”) was a sales engineer with B-G from approximately May 17, 1999 to May 16, 2002 when he left B-G’s employment to work for a competitor of B-G. He was subsequently reemployed by B-G on or about February 28, 2005 and is currently an employee of B-G as a sales engineer.

9. At all times relevant hereto, the Defendant Link Mechanical Services, Inc. (“LMS”) is a mechanical contractor providing light commercial and residential HVAC services, to customers located in the State of Connecticut, and operating from its offices and principal place of business in New Britain, Connecticut.

10. At all times relevant hereto, the Defendant Chris Link (“Link”) is the President of Defendant LMS and was authorized to prepare bids for services to be performed and execute service contracts on behalf of Defendant LMS.

11. At all times relevant hereto, the Defendant Industrial Steel and Boiler Services, Inc. (“ISB”) is a closely held Massachusetts corporation with its principal place of business in Massachusetts and doing business throughout New England, including the State of Connecticut,

specializing in commercial and industrial boiler repairs, valve repairs, steel fabrication and heat exchangers.

12. At all times relevant hereto, the Defendant William O'Neil ("O'Neil") is the 49% owner and President of Defendant ISB and was authorized to prepare bids for services to be performed and execute service contracts on behalf of Defendant ISB.

13. Whenever reference is made in this Complaint to any representation, act or transaction of Defendants LMS, ISB or any other legal or commercial entity, such allegation shall be deemed to mean that their principals, officers, directors, employees, agents or representatives, while acting within their actual or apparent authority, whether they were acting on their own behalf or for their own benefit, did or authorized such representations on behalf of Defendants LMS, ISB or such other legal or commercial entity.

## **II. THE BID-RIGGING SCHEMES**

14. From on or about January 1, 1997 up to and through September 2004, B-G, by and through Haggett and other B-G employees, conceived and implemented a business practice of providing additional bids from B-G's competitors in addition to B-G's own bid, to its customers who required multiple bids for their HVAC service procurement process.

15. Although these additional bids were purportedly competitive bids from B-G's competitors, the additional bids were actually "cover bids" for B-G's bid (the "cover bids"), and were always set at a price higher than B-G's bid. The underlying purpose of the scheme was to make B-G appear to be the low bidder by ensuring the purchaser received additional, purportedly

competitive bids thereby appearing to engage in the legitimate bidding process for HVAC contracts.

16. Defendant Haggett's and B-G's practice of providing cover bids created the illusion of a competitive bidding process where there was none. The appearance of a competitive process, and thus the success of the scheme, was accomplished in one of two ways:

- a) In order to obtain and provide some of the cover bids, Defendant Haggett and B-G sales staff drafted and created the cover bids at B-G's office. For example, B-G used its computers to create bid forms and proposals by duplicating competitors' letterhead.
- b) In other instances, Defendant Haggett and B-G sales staff contacted B-G's competitors, including Defendants LMS and ISB, and asked them to prepare the cover bids to submit to B-G's customers or obtained authorization for B-G to prepare the cover bid in the competitor's name. The competitors were told what B-G intended to bid and what the cover bid requirements were, including what the competitors' price should be. The bids were then either delivered directly to the customer, or sent to B-G to deliver the bids to the customer.

17. Defendant LMS, by and through its president and owner Defendant Chris Link, agreed to permit B-G to submit cover bids in the name of Defendant LMS.

18. Defendant ISB, by and through its part-owner and president Defendant Bill O'Neil, agreed to submit cover bids to B-G's customers.

19. The majority of the cover bids were for Contract Maintenance Agreements ("CMAs"). Usually for a year's duration, a CMA typically is a preventive maintenance agreement whereby

an HVAC company agrees to a set number of service calls to conduct routine maintenance for a set price. The value of a CMA to a HVAC company is that invariably the customer uses the vendor who is awarded the CMA for all its repair work (and often any new equipment installations) during the term of the contract. This “pull through” value of the service contracts is usually greater than the fixed cost of the annual CMA contract.

20. Other cover bids concerned bids, proposals or quotes for repairs or new installations of HVAC equipment.

21. As a matter of common business practice, Defendant Haggett instructed, directed and supervised B-G sales staff to offer and provide cover bids to those B-G customers who were required or preferred to obtain multiple bids prior to the award of a contract for HVAC services. Following Defendant Haggett’s direction and instruction, other B-G sales personnel, including Defendant Fallon and Defendant Pelletier, followed this practice.

22. The Defendants’ cover bid schemes involved at least six B-G sales staff (including Defendant Haggett) plus clerical staff; at least two of B-G’s competitors, including Defendant LMS and Defendant ISB, and occurred over a period of at least six years and, upon information and belief, involved at least five customers for a total of at least fifteen rigged or falsified bids. The specific bids that were rigged and/or falsified are set forth below.

**A. THE VERNON WASTE WATER POLLUTION CONTROL AUTHORITY**

23. The Vernon Waste Water Pollution Control Authority (“the Authority”) is a municipal sewer authority established pursuant to Conn. Gen. Stat. § 7-246 and Ordinance #101 and was

adopted by the Board of Representatives for the Town of Vernon on November 16, 1976. The Authority's offices and principal place of business are located in Vernon, Connecticut.

24. The Authority, through its Board, is delegated with the power and authority to manage and ensure the effective supervision, management, control, operation and maintenance of a community sewerage system for the Town of Vernon and surrounding municipalities which discharge sewage through its systems.

25. As a matter of policy and practice, the Authority typically seeks at least three bids prior to the award of a contract for goods or services with a value under \$10,000. For goods and services valued over \$10,000, the Authority typically utilizes a sealed public bid process.

26. From 1998 through 2004, B-G provided cover bids to the Authority in order to obtain contracts with the Authority for HVAC CMAs. In some years, B-G submitted its own bid and created and submitted bids using its competitors' letterhead or bid proposal forms. In those instances Defendant Haggett, or one of his staff at his direction and with his approval, forged his competitor's signature on the bids. In other years, B-G conspired with other vendors, including Defendants LMS and ISB, to provide the cover bids. In all cases, B-G was always the low bidder and therefore obtained those contracts ultimately awarded.

27. In addition to the preventive maintenance services performed for the Authority pursuant to the awarded CMA contract, B-G also performed substantial amounts of HVAC services on a "time-and-materials" basis. The "pull through" revenue that B-G earned for HVAC services performed for the Authority on a time-and-materials basis was substantially more than the face value of the award of the rigged and falsified CMA contracts.



1. **The Vernon 1998-1999 CMA**

28. Prior to February 1998, B-G's sister corporation, B-G Mechanical Contractors, Inc. performed HVAC renovation work at the Authority's water pollution control plant.

29. At the conclusion of the renovations, B-G Mechanical Contractors, Inc. recommended that the Authority contact its sister corporation, B-G, for the preventive maintenance services on the HVAC systems at the plant.

30. Faced with the Authority's three-bid requirement, and at Defendant Haggett's direction, a B-G sales representative offered to provide the Authority with not only B-G's bid for a CMA but also to obtain two additional "competitive" bids from B-G's competitors. The Director of the Authority believed that the additional bids B-G obtained and submitted to the Authority would be legitimate, competitive bids from other HVAC vendors.

31. On or about February 11, 1998, B-G, by and through its sales representative, provided the Authority not only its own bid for a CMA, but also two additional bids from other HVAC vendors. The bids provided to the Authority by B-G for the year 1998-1999 CMA contained:

- a) A bid proposal from B-G, dated February 11, 1998 in the amount of \$8,892.
- b) A bid proposal purportedly from Ductco, LLC dated March 27, 1998 in the amount of \$10,200.
- c) A bid proposal from Defendant LMS, dated February 12, 1998 in the amount of \$10,600.

32. B-G was awarded the contract for the 1998-1999 CMA as the lowest bidder.

33. As a sheet metal specialist, Ductco LLC did not typically perform or offer preventive maintenance services such as would be required by the Vernon CMA.

34. Ductco LLC has no record of the 1998-99 Vernon bid.

35. Upon information and belief, B-G contacted Defendant Link at Defendant LMS and either directed Defendants Link and LMS to submit a cover bid to the Authority for the 1998-1999 CMA or obtained Defendant LMS's and Defendant Link's consent to submit a cover bid to the Authority for the 1998-1999 CMA.

36. The 1998-99 Vernon CMA was simply extended to the fiscal year 1999-2000, without additional bids being sought or provided.

## **2. The Vernon 2000-2001 CMA**

37. For the 2000-2001 fiscal year, Defendant Fallon, at Defendant Haggett's direction, offered to provide the Authority not only with B-G's bid for the CMA, but also with two additional competitive bids from other HVAC vendors.

38. On or about June 30, 2000, Defendant Fallon, with Defendant Haggett's authorization, prepared B-G's bid to the Authority for the 2000-2001 CMA.

39. Upon information and belief, at or about the time Defendant Fallon prepared B-G's bid, and acting under Defendant Haggett's direction, Defendant Fallon communicated with Allied Mechanical and YESCo employees and either directed an employee at Allied Mechanical and YESCo to submit cover bids to the Authority for the 2000-2001 CMA or obtained Allied Mechanical's and YESCo's consent to submit a cover bid to the Authority for the 2000-2001 Vernon CMA contract.

40. During the period of late June, 2000 through late July, 2000, the Authority received the following bids for the year 2000-2001 CMA:

- a) A bid proposal from B-G prepared and executed by Defendant Fallon dated June 30, 2000 in the amount of \$9,158.
- b) A bid proposal from Allied Mechanical, purportedly executed by Richard Wade dated July 24, 2000 in the amount of \$14,189.
- c) A bid proposal from YESCo, purportedly executed by its sales engineer, Robert Broaderick dated July 26, 2000 in the amount of \$12,290.

41. B-G was awarded the 2000-2001 Vernon CMA contract as the lowest bidder.

**3. The Vernon 2001-2002 CMA**

42. For the 2001-2002 fiscal year, Defendant Fallon, at Defendant Haggett's direction, offered to provide the Authority not only with B-G's bid for the CMA, but also with two additional competitive bids from other HVAC vendors.

43. On or about June 12, 2001, Defendant Fallon, with Defendant Haggett's authorization, prepared B-G's bid to the Authority for the 2001-2002 CMA.

44. Upon information and belief, at or about the time Defendant Fallon prepared B-G's bid, and acting under Defendant Haggett's direction, Defendant Fallon communicated with Allied Mechanical and YESCo employees and either directed an employee at Allied Mechanical and YESCo to submit cover bids to the Authority for the 2000-2001 CMA or obtained Allied Mechanical's and YESCo's consent to submit a cover bid to the Authority for the 2000-2001 Vernon CMA contract.

45. On or about June 12 through June 18, 2001, the Authority received the following bids for the year 2001-2002 CMA:

- a) A bid proposal from B-G prepared and executed by Defendant Fallon dated June 12, 2001 in the amount of \$9,458.
- b) A bid proposal from Allied Mechanical, purportedly executed by Richard Wade dated June 15, 2001 in the amount of \$11,290.
- c) A bid proposal from YESCo, purportedly executed by its sales engineer, Robert Broaderick dated June 18, 2001 in the amount of \$12,250.

46. B-G was awarded the 2001-2002 Vernon CMA contract as the lowest bidder.

#### **4. The Vernon 2002-2003 CMA**

47. For the 2002-2003 fiscal year, a B-G employee, at Defendant Haggett's direction, offered to provide the Authority not only with B-G's bid for the CMA, but also with two additional competitive bids from other HVAC vendors.

48. Upon information and belief, on or about June, 2002, Defendant Haggett participated in a telephone conversation with Defendant Link and requested his approval for B-G to create and submit a cover bid from Defendant LMS for the Authority's 2002-2003 CMA. As a result of the discussion and after receiving Defendant Link's consent, Defendant Haggett directed a B-G salesman to prepare and submit a bid for Defendant LMS to "cover" the bid submitted by B-G.

49. Upon further information and belief, Defendant Haggett directed a second B-G employee to contact Defendant O'Neil for the purpose of creating a second cover bid for the Authority's 2002-2003 CMA.

50. Upon information and belief, on or about June 10, 2002, a B-G employee sent a fax to Defendant O'Neil's attention at Defendant ISB with specific information related to the work to be performed for the Authority's 2002-2003 CMA, including the price Defendant ISB should bid to cover B-G's bid.

51. On or about June 11, 2002, Defendant ISB faxed a bid proposal prepared and executed by Defendant O'Neil in the amount of \$13,650 to the Authority.

52. On or about June 8 through June 11, 2002 the Authority received the following bids for the year 2002-2003 CMA:

- a) A bid proposal from B-G dated June 10, 2002 in the amount of \$9,200.
- b) A bid proposal from Defendant ISB and executed by Defendant O'Neil and dated June 11, 2002 in the amount of \$13,650.
- c) A bid proposal purportedly from Defendant LMS, and purportedly prepared by Defendant Link as President dated June 8, 2002 in the amount of \$12,855.

53. In order to ensure the Authority was receiving competitive bids for work performed under the CMA, the Director of the Authority also directly solicited a bid from Nutmeg Mechanical Services, Inc. Although the Vice President of Nutmeg came to the Vernon treatment plant for an inspection, he opted not to submit a quote for HVAC maintenance services.

54. B-G was awarded the 2002-2003 Vernon CMA contract as the lowest bidder.

**5. The Vernon 2003-2004 CMA**

55. For the 2003-2004 fiscal year, a B-G employee, at Defendant Haggett's direction, offered to provide the Authority not only with B-G's bid for the CMA, but also with two additional competitive bids from other HVAC vendors.

56. Upon information and belief, a B-G employee communicated B-G's price and terms for B-G's bid to Defendant O'Neil, and requested that he prepare and submit a bid for Defendant ISB to the Authority to cover the bid submitted by B-G.

57. Upon information and belief, Defendant Haggett and another B-G employee discussed with and arranged for Defendant Link to create a cover bid in the amount of \$12,720 for the Authority for the fiscal year 2003-2004. Thereafter, on June 26, 2003, an employee of Defendant LMS faxed a bid for Defendant LMS directly to the Authority in the amount of \$12,720 for the fiscal year 2003-2004 CMA.

58. On or about June 23 through July 1, 2003, the Authority received the following bids for the year 2003-2004 CMA:

- a) A bid proposal from B-G, dated June 23, 2003 in the amount of \$9,476.
- b) A bid proposal from Defendant ISB and executed by Defendant O'Neil as President, dated July 1, 2003 in the amount of \$13,650.
- c) A bid proposal from Defendant LMS, dated June 25, 2003 in the amount of \$12,720.

59. B-G was awarded the 2003-2004 CMA contract as the lowest bidder.

**6. The Vernon 2004-2005 CMA**

60. For the 2004-2005 fiscal year, a B-G employee, at Defendant Haggett's direction, offered to provide the Authority not only with B-G's bid for the CMA, but also with two additional competitive bids from other HVAC vendors.

61. On or about June 17, 2004, Defendant Haggett created a bid using the name of Ductco LLC. Ductco LLC is a company that specializes in the fabrication and installation of ductwork and does not perform preventive maintenance on HVAC systems. Upon information and belief Defendant Haggett forged the signature of Ductco LLC's principal and submitted the bid to the Authority in order to cover B-G's bid.

62. On or about July 14, 2004 Defendant Haggett instructed Defendant Pelletier to obtain a cover bid for the Authority's 2004-2005 CMA from Defendant ISB. Defendant Pelletier informed Defendant O'Neil of the price B-G intended to bid and requested Defendant O'Neil submit a bid to the Authority with a price that was higher than B-G's in order to cover B-G's bid.

63. On or about June 15 through July 14, 2004, the Authority received the following bids for the year 2004-2005 CMA:

- a) A bid proposal from B-G dated June 15, 2004 in the amount of \$9,800.
- b) A bid proposal purporting to be from Ductco LLC, dated June 17, 2004 in the amount of \$14,275.
- c) A bid proposal from Defendant ISB dated July 14, 2004 in the amount of \$15,750.

64. B-G was awarded the contract for the 2004-2005 Vernon CMA as the lowest bidder.

**B. SOUTH HADLEY, MASSACHUSETTS PUBLIC SCHOOL SYSTEM**

65. The South Hadley Public School System (“South Hadley”) is located in South Hadley, Massachusetts.

66. During the time period covered by this Complaint, South Hadley had a policy requiring at least three competitive bids prior to the award of any contract over \$5,000.

67. During the time period August 2001 through and including June 2003, B-G, through Defendant Haggett and certain of its employees, engaged in a scheme with Defendant Link and Defendant O’Neil to rig bids for CMAs for South Hadley. As a result of the scheme, B-G was the successful bidder for HVAC CMAs for the fiscal years 2002, 2003 and 2004 for South Hadley. In addition, as a result of being awarded the CMAs, B-G was successful in obtaining additional HVAC-related work from South Hadley on a “time-and-materials” basis.

**1. The South Hadley 2002 CMA**

68. On or about August 23, 2001, a B-G employee, at Defendant Haggett’s direction, offered to provide South Hadley with B-G’s bid for the CMA and two additional competitive bids from other HVAC vendors.

69. Upon information and belief, Defendant Haggett and a B-G salesman either directed Defendant Link to submit a cover bid to South Hadley for the 2002 CMA or obtained Defendant Link’s consent to submit a cover bid to South Hadley for the 2002 CMA.

70. Upon information and belief, a B-G employee communicated B-G’s price and terms for B-G’s bid to South Hadley to Defendant O’Neil, and requested that he prepare and submit a bid for Defendant ISB to cover the bid submitted by B-G for the 2002 South Hadley CMA.



71. On or about August 23, 2001 through September 7, 2001, South Hadley received the following bids for the year 2002 CMA:

- a) A bid proposal from B-G dated August 23, 2001 in the amount of \$6,989.
- b) A bid proposal from Defendant ISB, dated September 7, 2001 and signed by Defendant O'Neil in the amount of \$7,850.
- c) A bid proposal from Defendant LMS and purportedly prepared by an employee of Defendant LMS dated August 30, 2001 in the amount of \$10,855.

72. B-G was awarded the contract for the CMA for fiscal year 2002 as the lowest bidder.

## **2. The South Hadley 2003 CMA**

73. On or about July 8, 2002, a B-G employee, at Defendant Haggett's direction, offered to provide South Hadley with B-G's bid for the CMA and two additional competitive bids from other HVAC vendors.

74. Upon information and belief, Defendant Haggett and a B-G salesman either directed Defendant Link to submit a cover bid to South Hadley for the 2003 CMA or obtained Defendant Link's consent to submit a cover bid to South Hadley for the 2003 CMA.

75. Upon information and belief, a B-G employee communicated B-G's price and terms for B-G's bid for South Hadley to Defendant O'Neil, and requested that he prepare and submit a bid for Defendant ISB to cover the bid submitted by B-G for the 2003 South Hadley CMA.

76. On or about June 28, 2002 through July 15, 2002, South Hadley received the following bids for the year 2003 CMA:

- a) A bid proposal from B-G dated July 8, 2002 in the amount of \$6,989.

b) A bid proposal from Defendant ISB dated July 15, 2002 and signed by Defendant O'Neil in the amount of \$7,850.

c) A bid proposal from Defendant LMS and purportedly prepared by Defendant Link dated June 28, 2002 in the amount of \$10,499.

77. B-G was awarded the contract for the CMA for fiscal year 2003 as the lowest bidder.

### **3. The South Hadley 2004 CMA**

78. On or about June 23, 2003, South Hadley faxed a request for proposal for a CMA for fiscal year 2004 to B-G, Defendant ISB and Bay State Boiler.

79. On or about June 24, 2003 a B-G employee prepared and submitted a bid on behalf of B-G to South Hadley for the CMA. B-G's bid was for \$4,999.

80. Upon information and belief, on June 25, 2003, a B-G employee communicated B-G's price and terms for B-G's bid for South Hadley to Defendant O'Neil, and requested that he prepare and submit a bid for Defendant ISB to cover the bid submitted by B-G for the 2004 South Hadley CMA.

81. On June 27, 2003, Defendant ISB faxed its bid for the CMA to South Hadley. Defendant ISB's bid was for \$6,500.

82. No other HVAC vendors submitted a bid for the 2004 South Hadley CMA.

83. B-G was awarded the contract for the CMA for fiscal year 2004 as the lowest bidder.

### **C. NEW BOSTON MANAGEMENT**

84. New Boston Management Services, Inc. ("New Boston") is a Massachusetts corporation that provides property management services for properties located in the State of Connecticut. In

the Fall of 2002, New Boston sought bids for some repairs needed for property it managed at 100 Pearl Street, Hartford, CT.

85. On or about September 19, 2002, a B-G employee prepared and faxed a quote to New Boston for the requested work: the replacement of a four inch steam butterfly and four inch gate valve. B-G's bid was for \$3,585.

86. In order to improve the odds of B-G obtaining the contract award, a B-G employee familiar with the company's scheme to rig bids with its competitors or prepare false bids using its competitor's letterhead or bid forms, prepared a bid using a competitor's proposal form.

87. Upon information and belief, the B-G employee filled out a blank form proposal for Defendant LMS, which was maintained by B-G on its shared computer drive.

88. Thereafter, on or about September 24, 2002, the B-G employee, with Defendant Haggett's knowledge and authorization, submitted a "signed" proposal on Defendant LMS's proposal form to replace the four inch high pressure steam butterfly and gate valve for New Boston. The bid was in the amount of \$4,365.00.

89. As a result of B-G's scheme, New Boston believed it had obtained two competitive bids from two different HVAC vendors. Ultimately, however, New Boston decided to not award the work to any vendor.

#### **D. CONNECTICUT TRANSIT**

90. Connecticut Transit ("CTTransit") is the trade name used by the State of Connecticut Department of Transportation under which it operates the public bus transportation system for the State.

91. CTTransit, through its management company H.N.S. Management Company, operates and maintains facilities in the State of Connecticut, including property located at Leibert Road in Hartford, Connecticut.

92. H.N.S. Management Company had a written procurement policy of requiring three bids for any work over \$1,000.00 to be performed at said facility.

93. From 1997 through 2004, B-G (through and by Defendant Haggett) engaged in a scheme designed to ensure it was the winning bidder on HVAC related repairs and installation contracts let by CTTransit.

1. **The 1997 CT Transit bid**

94. In January, 1997, CTTransit initiated the process to seek out competitive bids for the repair of an existing hydraulic pipe system.

95. In order to improve the odds of B-G obtaining the contract, and upon information and belief, Defendant Haggett or an B-G employee under his direction prepared and/or obtained cover bids using the letterhead and/or proposal forms for two companies that B-G routinely used as subcontractors, Williams Quality Air and The Kelley Company.

96. Upon information and belief, Defendant Haggett either directed Williams Quality Air and The Kelley Company to submit cover bids to CTTransit or obtained Williams Quality Air's and The Kelley Company's consent to submit a cover bid to CTTransit for the repair of the hydraulic pipe system.

97. On or about January 9 through January 23, 1997, CTTransit received the following bids for the repair of the hydraulic pipe system:

- a) A bid from B-G prepared and executed by Defendant Haggett dated January 9, 1996(sic) in the amount of \$30,761.
- b) A bid from Williams Quality Air purportedly prepared and executed by its owner, dated January 23, 1997 in the amount of \$34,800.
- c) A bid from The Kelley Company purportedly prepared and executed by its president, dated January 18, 1997 in the amount of \$38,520.

98. As the lowest bidder, B-G was awarded the contract for the repair of the hydraulic system.

## **2. The Second 1997 CTTransit bid**

99. In August, 1997, CTTransit initiated the process to seek out competitive bids for exhaust system work required to be performed in a room used by CTTransit's drivers.

100. In order to improve the odds of B-G obtaining the contract, and upon information and belief, Defendant Haggett or an B-G employee under his direction prepared and/or obtained cover bids using the letterhead and/or proposal forms for Williams Quality Air and The Kelley Company.

101. Upon information and belief, Defendant Haggett either directed Williams Quality Air and The Kelley Company to submit cover bids to CTTransit or obtained Williams Quality Air's and The Kelley Company's consent for B-G to submit a cover bid in their company's name to CTTransit for the exhaust system work.

102. On or about August 12 through August 21, 1997, CTTransit received the following bids for modifications to the exhaust system:

- a) A bid from B-G prepared and executed by Defendant Haggett dated August 21, 1997 in the amount of \$5,850.
- b) A bid from Williams Quality Air purportedly prepared and executed by its owner, dated August 15, 1997 in the amount of \$7,100.
- c) A bid from The Kelley Company purportedly prepared and executed by its president, dated August 12, 1997 in the amount of \$6,906.

103. As the lowest bidder, B-G was awarded the contract for the repair of the hydraulic system.

### **3. The 1998 CTTransit Bid**

104. In March, 1998, CTTransit initiated the process to seek out competitive bids for the purchase and installation of an extension on the diesel generator exhaust stack in the Hartford, Connecticut facility.

105. In order to improve the odds of B-G obtaining the contract, and upon information and belief, Defendant Haggett or an B-G employee under his direction prepared and/or obtained cover bids using the letterhead and/or proposal forms for The Kelley Company and Defendant LMS.

106. By March, 1998, The Kelley Company was no longer doing business in Connecticut and its former president was employed by Defendant LMS.

107. Upon information and belief, Defendant Haggett and Defendant Link agreed that if B-G was awarded the contract for the diesel generator exhaust stack, B-G would use Defendant LMS as a subcontractor for certain of the work.

108. Pursuant to Defendant Haggett's and Defendant Link's agreement, Defendant LMS initially submitted a subcontract price of \$1,600 to B-G for the work it would perform on the diesel generator exhaust stack. Defendant Haggett, however, required Defendant LMS to pay him a \$1,000 "commission" in exchange for the subcontract. Thereafter, Defendant LMS submitted a new subcontract price of \$2,600 to B-G.

109. On or about March 2 through March 5, 1998, CTTransit received the following bids for the work on the diesel generator exhaust stack:

- a) A bid from B-G prepared and executed by Defendant Haggett dated March 3, 1998 in the amount of \$5,107.
- b) A bid purportedly from Defendant LMS and purportedly executed by Defendant Link, dated March 2, 1998, in the amount of \$6,800.
- c) A bid from purportedly from The Kelley Company purportedly prepared and executed by its president, dated March 5, 1998 in the amount of \$7,609.

110. As the lowest bidder, B-G was awarded the contract for the diesel generator exhaust stack.

111. Subsequent to B-G being awarded the contract, B-G paid Defendant LMS \$2,600 for the subcontract work it performed for B-G. Thereafter, in accordance with Defendant Link's agreement with Defendant Haggett, Defendant LMS paid Defendant Haggett a \$1,000 commission.

**4. The 2004 CTTransit Bid**

112. In June, 2004, CTTransit initiated the process to seek competitive bids for the installation of a 1,000 gallon double wall storage tank.

113. In order to improve the odds of B-G obtaining the contract, and upon information and belief, Defendant Haggett or a B-G employee under his direction prepared a cover bid using the letterhead and/or proposal form for Ductco LLC. Ductco LLC's President is Peter Molin.

114. Despite the fact that Ductco LLC was not licensed in the State of Connecticut to perform the work requested by CTTransit, Defendant Haggett nevertheless created a Ductco LLC bid in the amount of \$17,845. Defendant Haggett signed the bid using the name of Ductco LLC's president, but misspelled Peter Molin's name as "Mullin". Thereafter, Defendant Haggett submitted the Ductco LLC bid to CTTransit.

115. On or about June 21, 2004, Defendant Haggett, on behalf of B-G, provided a written bid for the double wall storage tank to CTTransit in the amount of \$14,672.

116. In order to comply with the three-bid policy for work performed at CTTransit's facility, Defendant Haggett instructed a B-G employee to contact Defendant O'Neil to obtain a third bid to cover B-G's bid to CTTransit.

117. On June 30, 2004, Defendant Haggett sent an internal e-mail to the B-G employee that attached a proposal with all the relevant information necessary for Defendant ISB to prepare a bid to CTTransit for the double wall storage tank contract. The proposal included a recommended price of \$16,275. The B-G employee complied with Defendant Haggett's instructions and provided the information to Defendant O'Neil.



118. On or about July 1, 2004, Defendant O'Neil prepared and executed a proposal for Defendant ISB in the amount of \$16,275 for the double wall storage tank and mailed it to CTTransit.

119. CTTransit believed it received three competitive bids for the contract for the double wall storage tank. Ultimately, however, CTTransit decided not to award the contract.

E. **THE STATE OF CONNECTICUT'S PROPERTY AT 21 GRAND STREET**

120. DeMarco Management Corporation, formerly known as DeMarco, Miles & Murphy ("DMM"), is a property management firm having its principal office and place of business in Hartford, Connecticut.

121. DMM was hired by the State of Connecticut's Department of Public Works ("DPW") to manage state owned property located at 21 Grand Street, Hartford, Connecticut.

122. As an agent for the state, DMM was required to follow the procurement rules promulgated by the State of Connecticut for the property at 21 Grand Street. As a general matter, contracts for goods and services for less than \$10,000 must have at least three bids, and contracts for more than \$10,000 must go out for public bid.

123. After learning that DMM intended to obtain bids for HVAC-related work for the 21 Grand Street property, a B-G employee, at Defendant Haggett's direction, offered to provide DMM with a bid proposal from B-G and two additional competitive bids from B-G's competitors. DMM believed that the additional bids B-G intended to secure for the HVAC work to be performed at 21 Grand Street would be legitimate, competitive bids.

124. On or about March 14, 2003, Defendant Haggett communicated with Defendant Link about procuring a bid to cover B-G's bid for the full service HVAC contract for the property located at 21 Grand Street.

125. Defendant Link agreed to provide the cover bid and, on March 14, 2003, a full service HVAC bid prepared and executed by Defendant Link on behalf of Defendant LMS was faxed to B-G. The bid faxed to B-G was dated March 14, 2003 and was in the amount of \$27,000.

126. To comply with DMM's need for three bids, on or about March 21, 2003, a B-G employee contacted Defendant O'Neil and requested that he submit a bid to DMM to cover B-G's bid for the HVAC work at 21 Grand Street. The B-G employee faxed Defendant LMS's bid to Defendant ISB and wrote on the bid "\*Bill O'Neil can you be at \$26,400. Thanks". A true and accurate copy of the fax is attached to this complaint as Exhibit A and incorporated herein.

127. On or about February 27 through March 26, 2003, DMM received the following bids for the HVAC work let out for 21 Grand Street:

- a) A bid from B-G, dated February 27, 2003 in the amount of \$21,850.
- b) A bid from Defendant LMS and executed by Defendant Link, dated March 14, 2003 in the amount of \$27,000.
- c) A bid from Defendant ISB and executed by Defendant O'Neil, dated March 26, 2003 in the amount of \$26,400.

128. DMM believed it received three competitive bids for the HVAC work let out for 21 Grand Street. Ultimately, however, the DPW decided not to award the contract at that time.

### III. CAUSES OF ACTION

#### **FIRST COUNT: Breach of Connecticut Antitrust Act (Conn. Gen. Stat. § 35-32 et seq.)**

1–128. Paragraphs 1 through 128 of the Complaint are hereby repeated and realleged as Paragraphs 1 through 128 of the First Count as if fully set forth herein.

129. The Defendants entered into contracts and agreements and engaged in a corrupt, unfair, and anticompetitive conspiracies to submit or cause to be submitted collusive, fraudulent, non-competitive, and rigged bids for the provision of HVAC goods and services.

130. The Defendants entered into contracts and agreements and engaged in a corrupt, unfair, and anti-competitive conspiracies causing the HVAC companies to refrain from submitting genuine, competitive bids for the provision of HVAC goods and services.

131. The Defendants' unlawful conspiracy had the purpose or effect, or the tendency or capacity, to unreasonably restrain and injure competition by:

- a) Artificially increasing the price of HVAC services;
- b) Providing the illusion of competition where none existed;
- c) Providing B-G with an unfair advantage over other HVAC mechanical contractors who might not have bid on projects or entered the market if the Defendants were not acting in collusion; and
- d) Denying persons in Connecticut and elsewhere access to a free and open competitive market for HVAC services.

132. The Defendants' actions as alleged herein have caused loss and damage, and threaten to continue to cause loss and damage, to the State of Connecticut, persons residing in the State of

Connecticut and elsewhere, and to the general welfare and economy of the State of Connecticut and its political subdivisions.

133. The Defendants' actions as alleged herein violate Conn. Gen. Stat. § 35-26 and § 35-28 because the illegal agreements were entered into or effectuated within the State of Connecticut and have the purpose and or the effect of unreasonably restraining trade and commerce within the State of Connecticut and Commonwealth of Massachusetts.

**SECOND COUNT: Breach of the Connecticut Unfair Trade Practices Act  
(Conn. Gen. Stat. Sec. 42-110a et seq.)**

1-133. Paragraphs 1 through 133 of the Complaint are hereby repeated and re-alleged as Paragraphs 1 through 133 of the Second Count as if fully set forth herein.

134. At all times relevant to this Complaint B-G was engaged in the trade or commerce of the HVAC related services in the State of Connecticut.

135. By engaging in the acts and practices alleged herein, Defendants made or caused to be made, directly or indirectly, explicitly or by implication, representations which are material, reasonably interpreted, false and likely to mislead, including, but not limited to, the following:

- a) That the bids that B-G submitted on its behalf for the sale of HVAC contracts were valid and competitive, when, in fact, they were not;
- b) That B-G quotes and bids were compiled unilaterally and genuinely and not as the result of collusion with Defendant LMS and Defendant ISB, or other unnamed co-conspirators when, in fact, they were; and

c) That the bids B-G employees created and submitted using Defendant LMS, Defendant ISB and other companies' letterhead and proposal forms were prepared by employees of such vendors and were valid and competitive, when, in fact, they were not; and

d) That the bids submitted by Defendant LMS and Defendant ISB for the award of HVAC contracts were valid and competitive, when, in fact, they were not.

136. Defendants' acts and practices alleged herein are oppressive or unscrupulous and violated the public policy of the State of Connecticut when they rigged and falsified bids for HVAC services for contracts directed to Connecticut consumers and others.

137. Defendants' acts and practices alleged herein are oppressive or unscrupulous and violated the public policy of the State of Connecticut when they forged the signatures of principals of B-G's competitors on bids for HVAC services for contracts directed to Connecticut consumers.

138. Defendants' course of wrongful conduct alleged herein violates the public policy of the State of Connecticut which prohibits schemes that have the purpose and the effect of fixing, controlling or maintaining prices, rates, quotations or fees for the provision of HVAC services to both intrastate and interstate customers.

139. Defendants' course of wrongful conduct alleged herein violates the public policy of the State of Connecticut which prohibits contracts, combinations, or conspiracies, in restraint of trade or commerce in the provision of HVAC services.

140. Defendant's acts and practices as alleged herein have been and are unethical, oppressive and unscrupulous, and caused injury.

141. Defendants entered into contracts and agreements and engaged in deceptive and unfair conspiracies that had a purpose and effect to tortuously interfere with another's business expectancy.

142. The Defendants' misrepresentations, as alleged herein, have been and are material, false, and likely to mislead and, therefore, constitute deceptive acts or practices in violation of Conn. Gen. Stat. § 42-110b(a).

143. Defendants knew or should have known that their conduct alleged herein violated Conn. Gen. Stat. § 42-110b.

144. Defendants' acts or practices alleged herein constitute unfair or deceptive acts or practices in violation of Conn. Gen. Stat. § 42-110b.

**THIRD COUNT: LMS Failure to Register as a Mechanical Contractor (Conn. Gen. Stat. § 20-341t)**

1-11. Paragraphs 1 through 11 of the complaint are hereby repeated and re-alleged as Paragraphs 1 through 11 of the Third Count as if fully set forth herein.

12. LMS hires more than ten persons licensed to perform HVAC work in accordance with Chapter 393 of the Conn. Gen. Statutes.

13. LMS has failed to obtain a Mechanical Contractors Registration, as required by Conn. Gen. Stat. § 20-341t.

14. LMS has violated C.G.S. § 20-341t.

15. The Commissioner of Consumer Protection has requested the Attorney General to apply in the name of the State of Connecticut to the Superior Court for an injunction regarding LMS' failure to register as a mechanical contractor.

16. Pursuant to C.G.S. § 20-341x, the State seeks a temporary and permanent restraining order and injunction requiring LMS to comply with Chapter 393b (Conn. Gen. Stat. § 20-341s – 20-341bb, inclusive).

**DEMAND FOR RELIEF**

**WHEREFORE**, the State of Connecticut requests the following relief:

1. A finding that the Defendants have engaged in trade or commerce;
2. A finding that the Defendants had entered into a contract, combination or conspiracy in Connecticut to unlawfully fix, control or maintain prices, rates, quotations, or fees in the provision of HVAC services, for intrastate and interstate customers.
3. A finding that by the acts alleged herein the Defendants engaged in the unfair and unreasonable restraint of trade or commerce in violation of the Connecticut Antitrust Act;
4. A finding that by the acts alleged herein the Defendants engaged in unfair and deceptive acts and practices in the course of trade or commerce within the State of Connecticut in violation of the Connecticut Unfair Trade Practices Act;
5. An injunction pursuant to Conn. Gen. Stat. §§ 35-32(a) and 35-34 enjoining the Defendants from engaging in any acts that violated the Connecticut Antitrust Act, including, but not limited to, the corrupt, unfair, and anticompetitive acts alleged herein;

6. An injunction pursuant to Conn. Gen. Stat. § 42-110m enjoining the Defendants from engaging in any acts that violate the Connecticut Unfair Trade Practices Act, including, but not limited to, the unfair and deceptive acts and practices acts herein;
7. An order pursuant to Conn. Gen. Stat. § 42-110m directing the Defendants to pay restitution;
8. Treble damages pursuant to Conn. Gen. Stat. § 35-35;
9. An order pursuant to Conn. Gen. Stat. § 42-110m directing the Defendants to disgorge all revenues, profits, and gains achieved in whole or in part through the unfair and/or deceptive conduct.
10. An order pursuant to Conn. Gen. Stat. § 42-110o directing the Defendants to pay a civil penalty of \$5,000 for each and every willful violation of the Connecticut Unfair Trade Practices Act;
11. Civil penalties of up to \$250,000 each for Defendant ISB and Defendant LMS pursuant to Conn. Gen. Stat. § 35-38 for each and every violation of the Connecticut Antitrust Act;
12. Civil penalties of up to \$25,000 for each individual Defendant pursuant to Conn. Gen. Stat. § 35-38 for each and every violation of the Connecticut Antitrust Act;
13. An order pursuant to Conn. Gen. Stat. § 42-110m directing the Defendants to pay reasonable attorneys' fees and costs to the State of Connecticut;
14. An injunction pursuant to Conn. Gen. Stat. § 20-341x(b) enjoining Defendant LMS from violating any provision of Conn. Gen. Stat. §§ 20-341s to 20-341bb inclusive;
15. Reasonable Attorneys' fees and costs pursuant to Conn. Gen. Stat. § 35-35; and



16. Such other relief as the Court deems just and equitable.

**PLAINTIFF  
STATE OF CONNECTICUT**



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RICHARD BLUMENTHAL  
ATTORNEY GENERAL

BY:



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Michael E. Cole, Juris # 417145  
Chief, Antitrust Department  
Clare E. Kindall, Juris # 415004  
Antonia Conti, Juris #420510  
Assistants Attorneys General  
Antitrust Department  
55 Elm Street, P.O. Box 120  
Hartford, CT 06141-0120  
Tel.: 860/808-5040  
Fax: 860/808-5033

RETURN DATE: NOVEMBER 21, 2006

|                                     |   |                   |
|-------------------------------------|---|-------------------|
| STATE OF CONNECTICUT                | : | SUPERIOR COURT    |
|                                     | : |                   |
| VS.                                 | : | J. D. OF HARTFORD |
|                                     | : | AT HARTFORD       |
|                                     | : |                   |
| JOHN J. HAGGETT, GEORGE PELLETIER,  | : |                   |
| FRANCIS J. FALLON, LINK MECHANICAL  | : |                   |
| SERVICES, INC., CHRISTOPHER LINK,   | : |                   |
| INDUSTRIAL STEEL & BOILER SERVICES, | : |                   |
| INC., and WILLIAM O'NEIL.           | : | OCTOBER 23, 2006  |

**AMOUNT IN DEMAND**

The amount, legal interest or property in demand is \$15,000.00 or more, exclusive of interest and costs.

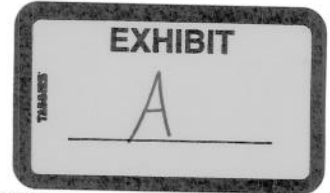
**PLAINTIFF  
STATE OF CONNECTICUT**

BY:



Michael E. Cole, Juris #417145  
Chief, Antitrust Department  
Clare E. Kindall, Juris # 415004  
Antonia Conti, Juris #420510  
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55 Elm Street, P.O. Box 120  
Hartford, CT 06141-0120  
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B-G MECHANICAL SUC



DATE TIME TO/FROM MODE MIN/SEC PGS CMD# STATUS  
20 03/21 08:56 4135320119 EC--S 00'41" 001 133 OK

03/14/2003 15:36 8602298013

PAGE 01

# LINK MECHANICAL SERVICES, INC.

P.O. BOX 364  
NEW BRITAIN, CT. 06050-0364

Toll free: 1-877-441-LINK (5465)  
(860)826-5880

Fax (860)229-8013

# PROPOSAL

CT License # 387433

PAGE 1 OF 1 PAGES

|  |                        |  |                                |      |
|--|------------------------|--|--------------------------------|------|
| BILLING NAME<br>Demarco, Miles & Murphy  |                        | DATE<br>3/14/03                        | JOB SITE NAME<br>SAME          | DATE |
| ADDRESS 1:<br>21 Grand Street  |                        | ADDRESS:                               |                                |      |
| ADDRESS 2:   |                        | CITY, STATE AND ZIP CODE:              |                                |      |
| CITY, STATE AND ZIP CODE<br>Hartford, CT   |                        | SPECIAL INFORMATION<br>POC: Nick Champ |                                |      |
| PHONE #  | WORK #<br>860-566-4116 | FAX #                                  | CELL/BEEP/PA #<br>860-566-4116 |      |
| We hereby submit specifications and estimates for:   |                        |  |                                |      |
| CONTRACT MAINTENANCE AGREEMENT: (Quarterly site visits)  |                        |  |                                |      |
| Quantity 26 - Trane heat pumps, Model #BAY96X4527A   |                        |  |                                |      |
| Quantity 24 - Trane condensers, split, roof top  |                        |  |                                |      |
| Quantity 2 - Make up air units   |                        |  |                                |      |
| Quantity 3 - Sanyo Air conditioners, split, roof top   |                        |  |                                |      |
| <i>* BILL O'NEIL CAN YOU BG</i>  |                        |  |                                |      |
| <i>AT \$26,400.00</i>  |                        |  |                                |      |
| <i>THANKS</i>  |                        |  |                                |      |
| <b>*ALL labor, material, applicable tax &amp; permit fee included*</b>                           |                        |  |                                |      |
| <b>** Link Mechanical Services, Inc will provide a 1 year warranty on all labor. **</b>          |                        |  |                                |      |
| <b>*** Please sign one copy of the proposal and return to Link Mechanical Services, Inc. ***</b> |                        |  |                                |      |

WE PROPOSE hereby to furnish material and labor - complete in accordance with these specifications, for the sum of:  
Twenty Seven Thousand Dollars 00/100 dollars (\$ 27,000.00 ).

to be billed quarterly

All material is guaranteed to be as specified. All work to be completed in a workmanlike manner according to standard practices. Any alteration or deviation from above specifications involving extra costs will be executed only upon written orders, and will become an extra charge over and above the estimate. All agreements contingent upon strikes, accidents or delays beyond our control. Owner to carry fire, tornado, and other necessary insurance. Our workers are fully covered by covered by workman's compensation insurance.

Authorized Signature

NOTE: This proposal may be withdrawn by us if not accepted within 30 days.

ACCEPTANCE OF PROPOSAL: The prices, specifications and conditions are satisfactory and are hereby accepted. You are authorized to do the work as specified. Payment will be made as outlined above.

Signature \_\_\_\_\_ Date \_\_\_\_\_ Signature \_\_\_\_\_ Date \_\_\_\_\_

*\$26,400.00*