



Dannel P. Malloy

GOVERNOR
STATE OF CONNECTICUT

April 7, 2016

Senator Cathy Osten
Legislative Office Building, Room 2100
Hartford, CT 06106

Representative Bill Aman
Legislative Office Building, Room 4200
Hartford, CT 06106

Senator Art Linares
Legislative Office Building, Room 3400
Hartford, CT 06106

Senator Tony Guglielmo
Legislative Office Building, Room 3400
Hartford, CT 06106

Representative Philip J. Miller
Legislative Office Building, Room 4011
Hartford, CT 06106

Representative Kelly Luxenberg
Legislative Office Building, Room 4028
Hartford, CT 06106

Dear Distinguished Members of the General Assembly,

I write in response to your letter dated March 18, 2016, concerning crumbling foundations in northeastern Connecticut. Home ownership is one of the most significant financial investments a person can make, so I take this issue very seriously and sympathize with the trauma this situation has caused affected homeowners.

As you know, in August of 2015, I directed the Department of Consumer Protection (DCP) in conjunction with the Office of the Attorney General to thoroughly investigate this matter. I asked Lt. Governor Wyman to personally oversee this process and she has been diligent in keeping all parties well informed, while she keeps the investigation on track.

The focus of DCP's investigation is to determine if grounds exist to initiate legal action under the Connecticut Unfair Trade Practices Act (CUTPA) against one or more entities for problems relating to the manufacture, sale or installation of concrete foundations in Eastern Connecticut. While it is still too early to determine whether the investigation will enable the state to pursue and recover on a CUTPA claim, the investigation will provide further information that will better inform any potential response to this issue. The investigation should conclude by the end of fall 2016. I understand that this wait may be difficult for affected homeowners, but please understand that this is a normal timeframe for an investigation of this complex nature, which includes molecular analysis of samples from affected homes. But rest assured, it will conclude on time.

For a full update on the investigation, I have attached a letter sent from Commissioner Harris to the affected homeowners of Connecticut who have filed a complaint with DCP.

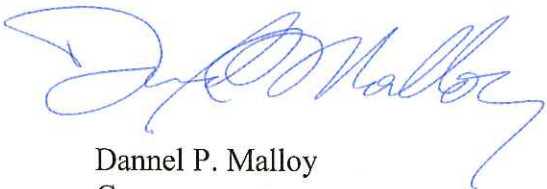
At this time, DCP has only received complaints regarding residential foundations; there have been no complaints related to failing septic tanks or spilling dams. If you are aware of individuals with information in this regard, I ask you to encourage them to submit a formal complaint with DCP so that we can investigate it.

When the investigation concludes, we expect to have a more complete explanation of both the root cause of this problem, as well as more detailed information about detection and remediation options. In the meantime, I have directed the Division of Emergency Management and Homeland Security (DEMHS) to contact the Federal Emergency Management Agency (FEMA) and the Small Business Administration (SBA) to see if there is any program that might provide some additional assistance to these homeowners. There are a number of prerequisites and thresholds that must be met before FEMA disaster assistance becomes available, including meeting the definition of a major disaster. Under the Stafford Act, a major disaster is defined as "any natural catastrophe (including any hurricane, tornado, storm, high water, wind driven water, tidal wave, tsunami, earthquake, volcanic eruption, landslide, mudslide, snowstorm, or drought), or, regardless of cause, any fire, flood, or explosion ..." 44 CFR Section 206.2(a)(17).

As we know from our recent natural disasters, if this event qualifies as a Stafford Act event, the State must then demonstrate to FEMA a certain amount of uninsured damage in order to qualify for FEMA's Individual Assistance (IA) disaster grant program (for individual homeowners.) For the IA Program to apply, the Code of Federal Regulations states that, "there is no set threshold for recommending Individual Assistance, but the following averages may provide useful to States..." FEMA considers Connecticut to be a medium-sized state, and the average estimated number of homes suffering uninsured major damage or totally destroyed under the FEMA IA Program for a medium state is 582. 44 CFR Section 206.48(b)(6). Although this is only an average, and a lesser number of homes may meet the FEMA requirements, each home must have suffered "major damage" as that term is used by FEMA, meaning that the home has been deemed uninhabitable without repair, and the damage must be uninsured.

Lt. Governor Wyman and I will continue to monitor the ongoing investigation and will continue to work with the offices of Senator Blumenthal, Senator Murphy, Representative Courtney, Representative Larson, members of the General Assembly and municipal officials. I ask that in your conversations with affected homeowners who have not submitted a formal complaint with DCP, that you please encourage them to do so. The more information gathered in the course of the investigation, the better informed we will all be at its conclusion. If you have any questions or concerns, please contact my office.

Sincerely,



Dannel P. Malloy
Governor

cc: The Honorable Nancy S. Wyman, Lt. Governor

The Honorable George Jepsen, Attorney General
The Honorable Richard Blumenthal, U.S. Senator
The Honorable Christopher Murphy, U.S. Senator
The Honorable John B. Larson, U.S. Representative
The Honorable Joe Courtney, U.S. Representative
Jonathan Harris, Commissioner of Consumer Protection
William P. Shea, Deputy Commissioner of Emergency Management and Homeland
Security