State of Connecticut ex rel :
Richard Blumenthal :
:
v. :
:
:
B-G Mechanical Services, Inc. : OCTOBER 2006

SETTLEMENT AGREEMENT AND RELEASE

The Office of the Attorney General ("OAG") and B-G Mechanical Services, Inc. ("B-G") hereby stipulate, agree and enter into the following Settlement Agreement and Release (the "Agreement") as follows:

Section I: Preamble

A. B-G Mechanical Services, Inc. ("B-G") is a corporation organized under the laws of Massachusetts, and until December 31, 2005, had its principal place of business in East Windsor, Connecticut.

B. Pursuant to Conn. Gen. Stat. § 35-32, Richard Blumenthal, Attorney General for the State of Connecticut, conducted an antitrust investigation into allegations of bid-rigging and other antitrust violations in the Heating, Ventilation and Air Conditioning (HVAC) industry occurring in Connecticut and elsewhere (the "Investigation").

C. As a result of the Investigation, the OAG has reason to believe that B-G, by and through its officers and employees, violated the Connecticut Antitrust Act, Conn. Gen. Stat. § 35-24, *et seq*. and the Connecticut Unfair Trade Practices Act, Conn. Gen.

Stat. § 42-110a, *et seq*. Specifically, the OAG has reason to believe that a number of bids proffered by B-G during the period from 1998-2004 for HVAC-related sales and services in Connecticut and Massachusetts were rigged and contained false and fraudulent information in violation of Connecticut law (the "HVAC Antitrust Violations and Unfair Trade Practices conduct ").

D. B-G acknowledges that it has reason to believe that its former president and certain of its sales force engaged in the HVAC Antitrust Violations and Unfair Trade Practices conduct and that B-G has and will continue to take the necessary steps to address and eliminate the likelihood of any future HVAC Antitrust Violations and Unfair Trade Practices conduct at B-G.

E. B-G also acknowledges that it failed to register as a mechanical contractor as required by Conn. Gen. Stat. § 20-341t (the "Failure to Register conduct").

Section II: Terms and Conditions

NOW THEREFORE, for and in consideration of the representations in the Preamble set forth above, Section I, supra, and the mutual promises, covenants and obligations set forth below, and for the good and valuable consideration as stated herein, the receipt and sufficiency of which is hereby acknowledged, the OAG and B-G agree as follows:

The Settlement Payments

1. B-G agrees to pay the State of Connecticut the total sum of Two Hundred eighty Thousand dollars ($280,000) in full and final settlement of all allegations and claims

related to the HVAC Antitrust Violations and Unfair Trade Practices conduct and the Failure to Register Conduct (the "Settlement Amount"). The Settlement Amount is comprised of twenty-six thousand dollars ($26,000) in restitution, fourteen thousand dollars ($14,000) for the State's cost of investigation, two hundred thirty-five thousand dollars ($235,000) in civil penalties pursuant to Conn. Gen. Stat. § 35-38, and five thousand dollars ($5,000) as a civil penalty for failure to register as a mechanical contractor. The five thousand dollar civil penalty shall be deposited into the consumer protection enforcement fund in accordance with Section 21a-8a, Connecticut General Statutes. B-G shall make payment of the total Settlement Amount by certified check or bank teller check made payable to "Treasurer of the State of Connecticut" and delivered to Michael Cole, Chief, Antitrust Department, Office of the Attorney General, 55 Elm Street, Hartford, CT 06106, no later than five (5) business days from the Effective Date of this Agreement.

B-G's Assurances

2. B-G commits that it shall not engage or attempt to engage in violations of Conn. Gen. Stat. §§ 35-24 *et seq.* (the Connecticut Antitrust Act), and 42-110a *et seq.* (the Connecticut Unfair Trade Practices Act).

3. B-G shall not directly or indirectly offer or provide any false, fictitious, artificial, or cover bid, quote or proposal, or allocate customers or divide geographic territories among its competitors. Nothing herein shall preclude B-G from offering to provide or providing any bona fide bid, quote or proposal.

4. B-G agrees that it will establish and maintain an antitrust training and education program, completion of which will be required for all officers, executives, and employees of B-G. Within thirty (30) days of the effective date of this Agreement, B-G shall submit to the OAG a draft of the intended training and education program for review and approval prior to implementation.

5. The training and education program shall be designed to cover, at a minimum, compliance with federal and state antitrust and consumer protection laws.

6. B-G has filed a registration form as required by Conn. Gen. Stat. § 20-341t, et seq.

The OAG's Release of B-G

7. Subject to B-G paying all sums required by this Agreement and complying with all obligations set forth in this Agreement, the OAG does hereby fully and finally release B-G, its parent corporation(s), predecessors, successors and assigns from any civil or administrative claim, action, suit or proceeding the OAG has or may have asserted for the HVAC Antitrust Violations and Unfair Trade Practices conduct and the Failure to Register conduct up to and including the Effective Date of this Agreement. The payment of all amounts required by this Agreement fully discharges B-G from any obligation to pay restitution, civil penalties, and costs and expenses of litigation, including attorneys' fees, to the State of Connecticut pursuant to the Connecticut Unfair Trade Practices Act and the Connecticut Antitrust Act, and the Failure to Register conduct (except the requisite filing fees required by Conn. Gen. Stat. § 20-341u).

8. Notwithstanding any other provisions of this Agreement, specifically reserved and excluded from the scope and terms of this Agreement, and from the scope and terms of any release, are any and all of the following:

a. any claims based upon such obligations as are created by this Agreement;

b. any criminal liability of any sort;

c. any liability of any sort under State of Connecticut or federal revenue codes; and

d. any civil or administrative claims against individuals, including current or former directors, officers, employees, agents or shareholders of B-G.

B-G's Release of the OAG

9. B-G fully and finally releases the Office of the Attorney General, its employees, servants, attorneys and agents from any claims (including attorneys fees, costs, and expenses of every kind and however denominated) which B-G has asserted, or could have asserted against the OAG, its employees, servants, attorneys and agents, related to the HVAC Antitrust Violations and Unfair Trade Practices conduct and the OAG's investigation and prosecution thereof.

Notice to Parties

10. Unless otherwise stated in writing subsequent to the Effective Date of this Agreement, all notifications and communications made pursuant to this Agreement shall be submitted to the entities listed below:

a. For the OAG:

Michael Cole, Assistant Attorney General
Chief, Antitrust Department
Office of the Attorney General
55 Elm Street
Hartford, CT 06106
(860) 808-5040
fax (860) 808-5033
Michael.Cole@po.state.ct.us

b. For B-G for all purposes:

Robert J. Cleary, Esq,
Proskauer Rose
1585 Broadway
New York, NY 10036-8299
(212) 969-3340
fax (212) 969-2900
rjcleary@proskauer.com

Andrew K. Williams, Esq.
PPL Corporation
Two North Ninth Street
Allentown, PA 18101
(610) 774-4114
fax (610) 774-6726

Cooperation with the OAG

11. B-G commits that B-G and its parent corporation(s), subsidiaries and affiliates, predecessors, successors and assigns shall fully and promptly cooperate with the OAG with regard to its Investigation, and related proceedings and actions, of any other person, corporation or entity, including but not limited to B-G's current and former employees, concerning Antitrust violations and Unfair trade practices in the HVAC industry. B-G commits that B-G and its parent corporation(s), subsidiaries and affiliates, predecessors, successors and assigns shall use their best efforts to ensure that all its

officers, directors, employees, and agents also fully and promptly cooperate with the OAG in its Investigation and related proceedings and actions.

12. That cooperation shall include without limitation, the following:

(a) B-G shall accept service of subpoena(s) and shall produce pursuant thereto any information and all documents or tangible evidence reasonably requested by the OAG and any compilation or summaries of information or data that the OAG reasonably requests be prepared;

(b) without the necessity of a subpoena, having B-G's officers, directors, employees and agents attend any proceedings at which the presence of any such persons is reasonably requested by the OAG and use its best efforts to have such persons answer any and all inquiries that may be put by the OAG (or any of the OAG's deputies, assistants or agents) to any of them at any proceedings or otherwise ("proceedings" include but are not limited to any meetings, interviews, depositions, hearings, trial or other proceedings);

(c) fully, fairly and truthfully disclosing all information and producing all records and other evidence in its possession relevant to all inquiries reasonably made by the OAG concerning Antitrust or Unfair Trade Practices in the HVAC industry about which B-G has any knowledge or information;

(d) in any event any document is withheld or redacted on grounds of privilege, work-product or other legal doctrine, a written statement shall be submitted to the OAG by B-G indicating:

(i) the type of document;

(ii) the date of the document;

(iii) the author and recipient of the document;

(iv) the general subject matter of the document;

(v) the reason for withholding the document; and

(vi) the number of pages of the document, with their Bates numbers or range of Bates numbers.

The OAG may challenge such claim in any forum of its choice;

(e) Except as provided in paragraph 12 and except communications by and between B-G's parent corporation(s), subsidiaries and affiliates, predecessors, successors and assigns, and respective employees of each, B-G shall not compromise the integrity or the confidentiality of any aspect of the OAG's Investigation, including sharing or disclosing evidence, documents, or other information with others during the course of the Investigation, without the prior written consent of the OAG.

13. Nothing herein shall prevent B-G and its parent corporation(s), subsidiaries and affiliates, predecessors, successors and assigns from providing such evidence to other regulators, or as otherwise required by law.

Miscellaneous Provisions

14. This Agreement is intended to be solely for the benefit of the parties and persons and entities released and except as state herein, the Parties do not by this Agreement

release any claim against any other person or entity. No word, term, phrase or definition in this Agreement is or may be used for the benefit or any person, entity or litigant who is not a signatory to, or released by this Agreement.

15. This Agreement constitutes the complete agreement between the OAG and B-G and may not be amended except by a writing signed by the OAG and B-G.

16. This Agreement shall be equally binding on the successors, transferees and assigns of B-G.

17. Nothing in this Agreement shall relieve B-G of its other obligations under applicable federal, state and local law.

18. Nothing in this Agreement shall be construed to create a waiver of the State of Connecticut's sovereign immunity.

19. This Agreement shall neither create nor affect any rights of persons who are not parties to this Agreement.

20. Except as otherwise provided herein, each party to this Agreement shall bear its own legal and other costs incurred in connection with this matter, including the preparation and performance of this Agreement.

21. This Agreement shall be governed by the laws of the State of Connecticut.

22. The exclusive forum for resolving any disputes under this Agreement shall be the Superior Court of the State of Connecticut.

23. The bold-faced paragraph captions in this Agreement are for convenience only and do not add to, detract from or change the substantive language or terms of this Agreement.

24. The undersigned individuals signing this Agreement on behalf of B-G represent and warrant that they are duly authorized by B-G to execute this Agreement.

25. The undersigned individual signing this Agreement on behalf of the OAG represent that he is signing this Agreement in his official capacity and that he is duly authorized to execute this Agreement.

26. The OAG and B-G agree that should any nonmaterial portion or portions of this Settlement Agreement be found to be void, unenforceable or otherwise invalid by any court of competent jurisdiction after the exhaustion of all rights to appeal, the entire Settlement Agreement shall not be nullified and such invalid portion or portions shall be severed from the remainder of the Settlement Agreement as if they had never been entered into and the remainder of the Settlement Agreement shall be enforced.

27. This Agreement may be executed in counterparts, each of which shall constitute an original and all of which shall be deemed to constitute one and the same Agreement.

28. The Effective Date of this Agreement shall be the date upon which all of the Parties below have executed this Agreement.

IN WITNESS WHEREOF, the OAG and B-G set their hands and seals on the dates set forth below:

The Office of the Attorney General

RICHARD BLUMENTHAL
Attorney General
State of Connecticut

By

_____(Seal) Date: 10/23/06
Michael Cole, Assistant Attorney General
Chief, Antitrust Department
Office of the Attorney General

B-G Mechanical Services, Inc.

By

_____(Seal) Date: 10/20/06
Joseph W. Fagan, Sr., Controller