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NH SECURITIES BUREAU SAYS LGC SHOULD RETURN MILLIONS TO CITIES AND TOWNS

Alleges Misuse of Funds

Concord, NH (May 11, 2011) – The New Hampshire Bureau of Securities Regulation is calling on the Local Government Center to return millions it owes to local governments as a result of misuse of taxpayer money. The Bureau has been investigating a complaint against the insurance risk pools operated by LGC.

According to the Bureau, LGC owes cities and towns upwards of \$100 million because it improperly retained surplus taxpayer funds and used other monies skimmed from its health and property liability programs to subsidize its workers compensation pool and a so-called “strategic plan.” Local governments and employees have challenged this skimming.

In addition, the Bureau retained an actuary to review LGC’s level of reserves. The Bureau found that LGC maintained a bloated surplus in 2009 and could have returned between \$20 million and \$40 million to local taxpayers without affecting the financial health of the risk pools.

Earle Wingate, staff attorney for the Bureau, noted that he had approached LGC to discuss these issues. Despite some progress, for many weeks LGC resisted a solution that would have resolved these issues short of litigation, which would only cause further expense for taxpayers. While Wingate would still like these issues resolved without litigation, he notes that LGC recently introduced legislation that would prevent the Bureau from continuing its current investigation. “As a result,” he said, “our attempts to resolve this without litigation have stalled.”

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