

# Several dealerships in Dartmouth to pay \$1 million in unemployment benefit scheme

Colonial Automotive Group, Inc. (Colonial) has agreed to pay \$1 million in penalties to settle claims that it took advantage of state unemployment benefits during the COVID-19 pandemic, Attorney General Maura Healey announced today. Following the state's mandated closure of car dealership showrooms during the public health crisis, the company encouraged furloughed employees to apply for benefits through the state Department of Unemployment Assistance (DUA), and then requested that those employees continue to work without pay.

"Colonial Automotive planned and carried out an illegal scheme to cheat our unemployment system and avoid paying its workers in order to maximize its profits during the COVID-19 crisis," AG Healey said. "This is a brazen attempt at exploiting workers and the state's unemployment system, and we will take action against those who defraud our state agencies and try to steal taxpayer dollars."

The assurance of discontinuance, filed Thursday in Suffolk Superior Court, settles allegations that Colonial violated the Massachusetts False Claims Act when it furloughed the majority of its sales employees at its 16 car dealerships throughout the state, encouraged them to apply for unemployment benefits, and then asked them to perform certain aspects of their jobs despite being furloughed and despite collecting state benefits from DUA. The AG's Office alleges the company directed its furloughed employees to perform various jobs including calling prospective sales leads, setting appointments with prospective

customers, delivering cars to customers, and finalizing sales, and it did not pay these employees' salaries for the work they performed during this period.

The AG's Office alleges that in the months following the state ordered closure of the dealership's showrooms, the company sold approximately 366 cars in April and approximately 455 cars in May that were attributed to employees who were on furlough and collecting unemployment benefits at the time of the sales.

Under the terms of the assurance of discontinuance, Colonial will pay \$1 million that will go to the state's general fund. The company will also enact policies and procedures to ensure that furloughed employees do not perform any functions related to their job or Colonial's business and, in any instance where furloughed employees do perform these duties, the company will compensate them in accordance with state employment regulations. Colonial is also required to amend any prior inaccuracies in its Employment and Wage Detail Reports filed with DUA.

Colonial's 16 car dealerships include Colonial Cadillac of Woburn, Colonial Chevrolet of Acton, Colonial South Chevrolet Dartmouth, Colonial West Chevrolet Fitchburg, Colonial Chrysler Jeep Dodge Ram Hudson, Colonial South Jeep Dodge Ram Dartmouth, Colonial Ford of Plymouth, Colonial Ford of Marlborough, Colonial Honda of Dartmouth, North End Mazda of Lunenburg, Colonial Nissan of Medford, Cityside Subaru of Belmont, North End Subaru of Lunenburg, Colonial Volkswagen of Westborough, Colonial Volkswagen of Medford, and Wellesley Volkswagen.

During the public health crisis, AG Healey's Office has been focused on protecting the state, workers, and consumers from fraud related to the COVID-19 pandemic. In November, the AG's False Claims Division reached a \$550,000 agreement with a Maryland-based company for marketing and selling to the

Massachusetts Bay Transportation Authority a product it falsely claimed was an effective hand sanitizer alternative to prevent the spread of COVID-19.

The Colonial matter was handled by Assistant Attorney General Sean Hildenbrandt of AG Healey's False Claims Division, with assistance from False Claims Division Chief Amy Crafts as well as the Program Integrity Unit of the DUA.

The False Claims Division was created by AG Healey in 2015 to safeguard public funds and promote integrity and accountability in public contracting. AG Healey urges anyone with information about suspected fraud or abuse relating to state or municipal contracts or funds to contact the False Claims Division's tip line at 617-963-2600