Documents: O'Garro Was Late On Payments Before State OK'd Second Loan

Hybrid Insurance offices at 30 Lewis St. in Hartford. (The Hartford Courant)

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Earl O'Garro Jr. was late making payments on a state loan that he received to expand his company, Hybrid Insurance Group, months before he was given a second loan from the Department of Economic and Community Development, documents obtained Wednesday by The Courant show.

After O'Garro failed to make payments on time, DECD Deputy Commissioner Ron Angelo instructed agency employees to "get the ball rolling" on a subsequent $3.5 million loan request by O'Garro. The insurance executive said that the money would allow Hybrid to hire an additional 60 employees and relocate to One Financial Plaza in Hartford, a space he claimed that United Technologies Corp. was vacating.

"UTC would take approximately 67 jobs out of the City of Hartford and we would be putting at minimum 73 jobs back," O'Garro wrote in a Feb. 20, 2013, email to Angelo.

One day later, Angelo wrote to DECD employees: "Please reach out to Earl to get the ball rolling on his next project." Reached late Wednesday, Jim Watson, a spokesman for the department, said of Angelo's email: "That

is Ron directing staff to start the due diligence process."

Watson said that Angelo and others at DECD were aware of the late payments on the initial loan when they moved forward with O'Garro's second loan request.

"The department felt Mr. O'Garro's proposed expansion of his business would be of great benefit to Hartford," he said. "At the same time we made it clear to Mr. O'Garro that he needed to be current on his payments as a condition to receiving the second loan — which he was."

O'Garro, 31, who could not be reached for comment, is a target of a federal investigation and at the center of a controversy over a Hartford insurance contract. He has defaulted on two state loans totaling more than $350,000.

He first received a $126,000 loan and grant package through DECD's Small Business Express program in March 2012 to move Hybrid from a Windsor office park to a Hartford building owned by city Treasurer Adam Cloud and his family.

O'Garro's request for $3.5 million was later amended, and he instead received state approval for a second, $500,000 loan last summer to expand his company — just as it was about to collapse. O'Garro obtained the first $250,000 installment on that loan in early August and was in default for non-payment by late October. He never received the second $250,000 installment.

O'Garro owes $106,000 on the first state loan and about $265,000 on the second, according to state default notices.

About a year after Hybrid's relocation to the Clouds' Lewis Street building, O'Garro envisioned moving his business again to the 22nd floor of One Financial Plaza.

O'Garro told Angelo in the February email that he was advised by Tony Camilliere, a lobbyist with the firm Camilliere, Cloud & Kennedy, to contact Angelo about the second loan. Christopher Cloud, Adam Cloud's brother, is a partner in that firm, which had a $30,000 contract to provide lobbying services for Hybrid.

O'Garro also said he was contacting Angelo because Barbara Fernandez, the DECD project manager on the loans, initially told him that he did not qualify for the additional funding that he had requested. Hybrid ultimately stayed at the Lewis Street building.

Emails released to The Courant through a Freedom of Information Act request show that some DECD employees expressed concern over late loan payments from O'Garro in December 2012 and February 2013.

"This is a troubling sign," Fernandez wrote in a March 2013 email.

DECD employees also noted that O'Garro had late loan payments in May and June 2013 — just months before he received the first installment of his second loan.

In July 2013, O'Garro told the state agency there was a "discrepancy" and that he had, in fact, made payments on time that were flagged as being late. "Attached is a notice received on 6-19-2013 which shows we are paid up to date and there is nothing past due or late," he wrote in an email.

Later that day, a DECD employee said in an email that O'Garro had not submitted payments on time.

Records show that O'Garro pressed DECD to receive funding from the second loan quickly. On Aug. 7, he wrote to the agency saying, "I have employees that we've added which I'm unsure as to whether or not we will be able to pay based on this delay." At its peak, Hybrid employed 14 or 15 people, former employees have said.

Fernandez wrote in a subsequent email that the agency would pay Hybrid from a different fund — the Small Business Revolving Loan Fund — to "get them their money faster."

In September, a $1,917 check from O'Garro to DECD was rejected due to insufficient funds, according to documents.

After the check bounced, O'Garro wrote to Fernandez: "We had client checks bounce to us which created the domino effect. ... We will work hard over the next few months to restore your office's faith."

The next month, the state notified O'Garro that he was in default on both loans.

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