

Contractor Fraud and the RREM Program

For many people in the RREM program, problems with contractors are preventing them from completing their projects. Often times, the contractor is slow in finishing the work or the work is not done well. In those cases, people can file a complaint with the Division of Consumer Affairs or sue the contractor in court.

For those contractors who are committing a criminal act, the homeowner MAY be entitled to additional money from RREM under the Fraud Policy. The purpose of this policy is to assist people in returning back to their homes and completing their projects. In order for someone to fit into this policy, he or she must complete the following actions.

1. File a complaint with the Division of Consumer Affairs. For Ocean County, the website is www.co.ocean.nj.us/consumer. For all other counties, the website is www.state.nj.us/dca. You can either file online or print out the form and send it in. Remember that the damages you are seeking may not be the entire price of the project, but what it will cost to fix any problems and finish what was left undone.

With the complaint, make sure to include:

- a. Cancelled checks (these can be obtained from your bank), not just a print out of your bank account
 - b. Copy of contract(s) with any addendums or additions
 - c. Copy of any correspondence such as letters, text messages, and emails
 - d. Color pictures of work left undone or done incorrectly
 - e. Any estimates to finish or repair the home
 - f. Copy of any letters, sent regular and certified mail, asking builder to complete the work that remains or fix the work that is not done correctly
 - g. Any permits or inspections completed on the home
2. File a police report with your local police department. Please make sure to include all of the evidence listed above.
 - a. Atlantic
 - i. Pleasantville (609) 641-6100
 - ii. Atlantic City (609) 347-5766
 - iii. Egg Harbor Township (609) 927-5200
 - iv. Ventnor (609) 822-2101
 - v. Margate (609) 822-1151
 - b. Ocean
 - i. Toms River (732) 349-0150
 - ii. Little Egg Harbor (609) 296-3666
 - iii. Tuckerton (609) 296-9416
 - iv. Berkeley (732) 341-1132

- v. Brick (732) 477-8300
 - vi. Seaside Heights (732) 793-1800
 - c. Cape May
 - i. Cape May (609) 884-9500
 - ii. Ocean City (609) 399-9111
 - iii. Wildwood (609) 522-0222
 - d. Monmouth
 - i. Port Monmouth (732)615-2100
 - ii. Union Beach (732) 264-0313
- 3. Contact the RREM Constituent Services Department at 609-292-3750. When you contact them, let them know you want to open a fraud claim with them. It is important they are kept up to date about your complaint so they can keep track of the complaints against contractors. They will need the following to open a claim:
 - a. Business and personal name of contractor
 - b. Copy of Division of Consumer Affairs complaint
 - c. Copy of police report filed
 - d. Name and contact of detective in charge of case
- 4. RREM will also need:
 - a. Copy of contract with invoices that outline the fraudulent issues
 - b. Exact dollar amount you are alleging the contractor took
 - c. Copy of the front and back of checks for the entire contract to date. Please try and separate, if possible, those items that you are alleging are part of the fraud.
- 5. Contact your RREM Project Manager to let him or her know you are opening a fraud complaint and the cause for any delay in your project. Also, make sure the PM doesn't issue any additional funds to contractor.
- 6. Once a charging document is issued by the police or prosecutor noting they are pursuing the case, that document needs to be sent to RREM. RREM will not actively look out for it, so it is your responsibility to make sure it gets to Constituent Services.
- 7. Once RREM has a charging document, they will schedule a visit to your home. They will determine the amount of work that has been done on your home, based on their calculations. They will then determine if you are entitled to any additional money to complete your project. If so, you will sign a new grant amendment.
- 8. If you are eligible for this policy, and if you receive any of the fraudulent money in the future through civil, administrative and/or criminal action , you will need to return that money to RREM.

9. If the police determine the case is only a “contractor dispute” or if you have any questions, please contact an attorney to discuss your options. At this time, there are three legal organizations providing free legal assistance to Superstorm Sandy survivors:
 - a. Volunteer Lawyers for Justice: 973-645-1955
 - b. Community Health Law Project: 856-858-9500 (Ocean, Cape May, and Atlantic County); 732-380-1012 (Monmouth County)
 - c. Legal Services of New Jersey: 888-222-5765

TIPS at this time....

1. RREM will not come out to inspect the home until there is a charging document. It is extremely important to stay in contact with the police to determine if they can charge the contractor.
2. If you do additional work in the home before RREM inspects the home, RREM will not reimburse for the additional money you pay out of pocket to repair your home. Therefore, you have to decide whether you want to continue working on your home and risk possibly missing out on some additional funds, or if you want to wait to see if a charging document will be issued.
3. Even if you receive a charging document, if you have received a final CO for your home, RREM will not issue additional funds.
4. Make sure you take colored pictures of your home and keep a copy for yourself. You may need to show them to RREM in the future.
5. While you are waiting for a charging document, you can start to look for other contractors to complete the home. However, since you do not know if RREM will be issuing additional money, and therefore do not know how much money you have for your project, you should not sign any new contracts before RREM makes their determination.
6. If you can get the funds to complete your project either through an SBA or other loan, private funds, etc., you may decide to do so to continue the project. If a charging document is issued before the house is complete, then you may be eligible for some additional fraud funding depending on how much work remains.
7. Each case is very different and each municipality treats these cases differently. Therefore, whether the police charge a contractor is up to the local police and the county prosecutor. Each homeowner will have to decide if he or she wants to wait for a charging document to continue with his or her case. If the local police decide to charge a contractor, but the prosecutor decides not to pursue it, the homeowner may still be eligible for the fraud policy.

8. It does not matter how much a charging document is for. RREM will make its own determination about how much additional funding may be available.
9. If the homeowner has already gone to court or arbitration regarding this issue, then RREM will not be issuing more money from the fraud policy.
10. Just because a contractor was charged with defrauding someone else does not automatically mean that another homeowner who also had that contractor can benefit from the fraud policy. Each homeowner needs to complete the steps above to get into the policy.
11. If a contractor is charged by the Division of Consumer Affairs for multiple cases, and a particular homeowner is not part of that original charge, the homeowner should make sure he or she files a claim with the DCA. The DCA may be able to amend the charge to add additional people.