

Press Releases

April 13, 2015

MADIGAN WARNS HOMEOWNERS TO BE ON ALERT FOR HOME REPAIR SCAMS

Attorney General Files Lawsuits Against Scam Artists in Chicago & Downstate Following Last Week's Tornadoes in Northern, Central Illinois

Chicago — Following last week's tornadoes, Attorney General Lisa Madigan today warned northern and central Illinois residents to be on alert for home repair con artists looking to exploit homeowners and local businesses needing repairs due to storm-related damage. In conjunction with her alert, the Attorney General filed four lawsuits against fraudulent home repair and supply businesses that previously cheated homeowners in suburban Chicago and central Illinois out of more than \$220,000.

Madigan said these cases should serve as a warning to Illinois residents who may be targeted by home repair scammers who quickly move into communities hit hard by storms to take advantage of people with damage to their homes. Madigan noted that these "storm chasers" use the opportunity to pressure people into making impulsive, and often expensive, decisions about cleanup and construction work.

Investigators with Madigan's office will be looking into complaints about contractors operating in the recently impacted areas. The Attorney General's office will be overseeing a registration process for any contractor that is seeking access to either the Rochelle or Fairdale storm site. Contractors must register at a check-in point located in the Emergency Management Assistance Team trailer in the west parking lot of the Rochelle Township High School, 1401 Flagg Rd. Contractors should enter the parking lot via North 20th Street at Flagg Road. The check-in point opens at 9 a.m. daily.

Madigan encouraged local residents and business owners to call local law enforcement agencies and her office's <u>Consumer Fraud Hotline</u> (1-800-386-5438) to report any suspicious activity.

"The communities hit by these tornadoes face a long recovery process," Madigan said. "During this challenging time, I encourage area residents to be cautious and on alert for scammers trying to take advantage of people in need of assistance."

Madigan filed the lawsuits earlier today in Cook and Macoupin counties, alleging the companies required homeowners to pay large deposits upfront and failed to complete work – and in some cases, even begin repairs. Madigan said in some instances, the companies did operate as "storm chasers," targeting communities after severe storms to take advantage of homeowners struggling with repairs.

"In some of these cases, homeowners are faced with the possibility of liens being placed on their homes all because they put their trust in the wrong people," Madigan said. "Do your research before you hand over any money by first making sure you are hiring a reputable company. Be wary of anyone who knocks on your door offering services and make sure you obtain written copies of all contracts and warrantees."

Madigan filed lawsuits against the following defendants:

- Ultimate Roofing, Ultimate Roofing and Remodeling and owner Jerry Yeager, based in Granite City, for requiring homeowners to pay several thousands of dollars in deposits, only to provide poor workmanship if any work was done at all. The lawsuit also alleges Yeager did not provide customers with documentation of warrantees and contracts, and did not reimburse subcontractors for their work.
- **1st Choice Exteriors Inc. and Bill R. Frias**, an unlicensed Addison public adjuster, for defrauding homeowners out of insurance adjustments following storms. The lawsuit states that after promising homeowners free home inspections and offering to meet with insurance adjusters, the company demanded insurance proceeds without doing any repair work or

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providing refunds. The lawsuit also alleges that workers further damaged consumers' homes in an effort to drive up insurance proceeds.

- Above Grade Construction LLC and William Boerger, located in East Dundee, for targeting homeowners recovering from storm damage. The lawsuit alleges the company took insurance checks and other forms of payment from homeowners, though workers did not complete the work as promised. Even though consumers paid for work in full, subcontractors were not paid, leaving some homeowners now facing liens.
- Click Marketing Inc., In Stock Cabinets Inc., Shop RTA Cabinets Inc., World Class Commerce Inc. and Frank LaMark, Jr., based in Franklin Park, for charging customers for cabinets they never received. According to the lawsuit, consumers purchasing cabinets online or in stores were required to pay up front. The lawsuit says the promised cabinets were never shipped, and consumers did not receive refunds.

Madigan is asking the courts to permanently ban the defendants from conducting home repairs in Illinois, cancel any pending contracts with homeowners and obtain restitution for affected consumers. The lawsuits also seek to impose civil penalties based on violations of the Illinois Consumer Fraud and Deceptive Business Practices Act and the Illinois Home Repair and Remodeling Act.

Madigan offered the following tips to help protect families and businesses from dishonest contractors:

- Be wary of contractors who go door to door to offer repair services. Ask for recommendations from people you know and trust and, whenever possible, use established local contractors.
- Call the Attorney General's <u>Consumer Fraud Hotline</u> to check out a contractor and to learn if any complaints have been filed against a particular business.
- Even if there is a need to act quickly, shop around for the best deal. Get written estimates from multiple contractors, and don't be rushed into a deal.
- Get all of the terms of a contract in writing, and obtain a copy of the signed contract.
- Never make full payment until all the work has been completed to your satisfaction.
- Never pay in cash.
- Be aware that you have the right to cancel a contract within three business days if you signed it based on the contractor's visit to your home.
- In the case of disaster repair, you have an additional right to cancel. If your insurance carrier denies coverage, you have the right to cancel the contract within five days of when your insurance carrier denies your coverage.
- Ask to see required state and local permits and licenses. Insurance adjusters and roofers must be licensed by state agencies. If the contractor does not have a required license, or if the name on the license doesn't match the name on the contractor's business card or truck, that should raise a red flag.

Madigan also reminded consumers that the Illinois Home Repair and Remodeling Act requires contractors to furnish customers with written contracts for any repair or remodeling work costing more than \$1,000. A contract must be signed by both the customer and the contractor. The law also requires contractors to carry at least minimum amounts of insurance for property damage, bodily injury and improper home repair. Contractors also must provide consumers with an informational pamphlet entitled "Home Repair: Know Your Consumer Rights."

Madigan urged homeowners to contact her Consumer Fraud Hotlines to report being victimized by a home repair scheme or to learn tips for finding a reputable contractor:

1-800-386-5438 (Chicago) 1-800-243-0618 (Springfield) 1-800-243-0607 (Carbondale)

Assistant Attorneys General Joseph Pham, Oscar Piña, Kimberly Slider and Deborah Sterling-Scott are handling the cases for Madigan's Consumer Fraud Bureau.

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