

## **Contractor Fraud Informational Resource**

### **Is this Information for You?**

This packet was designed for people who have already been harmed by a contractor and would like to take steps to hold the contractor accountable. This packet can also be used to assist those in the construction business as a tool to prevent contractor fraud.

### **What is in this Resource Guide?**

- How to Prevent Contractor Fraud: Top Ten Tips
- State Licensing Board: How to file Complaint and Model Complaint
- Attorney General: How to file Complaint and Complaint Form
- Better Business Bureau: How to file Complaint and Obtain Judgment
- Demand Letter: How to Write a Letter to Contractor and Sample Letters
- Private Attorney: List of Agencies for Attorney Referrals

## **Top Ten Tips to Prevent Contractor Fraud**

### **BEFORE HIRING**

#### **1. Meaningful Bids**

- Never do work without getting *at least* two different bids—the more, the better;
- Remember that you should not accept take-it-or-leave-it deals or high-pressure sales. There are plenty of contractors out there and it will not help you to rush into any agreement or to hand over deposit money without further investigation. No matter how kind or generous a prospective contractor is, there are safeguards that you should take before agreeing to anything or making deposit payment;
- Your contractor should do construction and repair on your house. The contractor is not a loan broker, flood engineer, insurance advisor unless otherwise qualified. If a contractor offers to inflate the damage estimate given by the insurance company in hopes of getting more insurance money—beware. You could be liable for insurance fraud.

#### **2. Complaints & References**

- Call the State Licensing Board, Attorney General's Office, and local Better Business Bureau, numbers below, to check on whether complaints have already been filed against the contractor;
- Talk to your neighbors about whether they have used the contractor;
- Ask the contractor for references from former clients particularly those who live in your neighborhood.

#### **3. Contractor's License**

Licenses of contractors can be checked at the Louisiana State Licensing Board website at: <http://www.lslbc.louisiana.gov/findcontractor.asp>, or by phone at: 1-800-256-1392

#### **4. Evidence of Insurance**

- Ask contractor show evidence of insurance;
- Call the insurance company and verify that they are fully covered.

## **ONCE YOU'VE SELECTED A CONTRACTOR**

### **5. Get All Agreements with Contractor in Writing**

- All agreements with the contractor should be in writing. Do not sign a contract until you understand the document.

Note: If you have to enforce your contract in court, attorney's fees may not be recoverable unless you specify that attorney's fees are recoverable in the agreement. Example: If parties sue for breach of contract or non-performance, attorney's fees are recoverable.

- Get *one* contract that includes:
  - Scope of Work: All work to be done in as much detail as possible
  - Total Price
  - Time to complete the job including short-term deadlines
  - Payment schedule with breakdown of specific work that should be completed by each payment deadline
  - Costs for each phase of the job
  - Signature of you and the contractor.
- Changing Terms of the Contract: If you discover new items that need to be fixed or there is an agreement between you and the contractor to change any terms of the contract including price, *get a new written agreement*.

Note: This new agreement should include the changes to the original agreement *and* the terms of the original agreement still in place.

## **PAYMENT**

### **6. What Should you Pay?**

- 10% of the contract price, or \$1,000, whichever is less, is the amount that should be paid for a down payment;
- Payments should never be in cash;
- Record all payments made—keep your returned check or copy of money order and get payment receipt from contractor;
- Do not continue to pay installments unless you are satisfied with the work already completed.

## **7. When Should You Pay?**

- Pay for work completed when it is actually completed and not before;
- If you are paying in installments, pay only when the work is completed for the installment for which you owe;
- If you do not have payment installments specified in your contract, state that you will pay only when work is completed or on specific dates after work is completed;
- Do not make the last payment until work is completed to your satisfaction

## **RECORD YOUR CONTRACT**

### **8. File: Mortgages & Conveyances Office**

#### **Notice of Contract**

To achieve maximum protection under the law in Louisiana, a homeowner should file a notice of contract with the Mortgages & Conveyances Office of the Parish where the property is located. Contact your local Parish office for specific details.

Generally, the notice should be signed by the property owner and the general contractor and filed with the clerk of court before the contractor begins work. The notice of contract typically contains:

- A description of the property where the construction is to be performed
- An identification of the parties, both the contractor and the person hiring the contractor, and the mailing addresses of the parties involved
- Price of work to be performed or method by which price will be calculated and an estimation of the work to be performed
- A statement of when payment for the work is to be made
- A general description of the work to be done

## **Notice of Termination**

If you filed a “Notice of Contract”, a notice of termination must also be filed with the Mortgages and Conveyances Office once the work is complete, the contractor abandoned the job, or the contractor breached his part of the contract. The notice of termination must identify the property on which the improvement occurred, be signed by the homeowner, and certify that the work has been substantially completed, or that the contractor abandoned the job or breached his contract

## **MAINTAIN COMMUNICATIONS**

### **9. Communication & Written Log**

Discuss issues as they arise with your contractor and keep an eye on the progress of work. Keep a written log of all oral agreements and conversations.

### **10. Maintain File**

For your convenience and so that you will be better prepared to deal with your contractor issues, you should keep a file containing all documents related to your construction job. This should include your contract, dates of payments, copies of checks used to pay the contractor, and any other important information.

## **II. STATE LICENSING BOARD: COMPLAINT**

### **A. Background**

The Louisiana State Licensing Board for Contractors (LSLBC) is a state agency created to assist people dealing with persons and companies engaged in the contractor profession. Their goal is to monitor construction work and ensure that contractors meet with the license requirements of the state of Louisiana.

### **B. Requirements for Your Claim for Licensing Board Investigation**

In order for the Licensing Board to be able to investigate your claim fully, the contractor must either not be properly licensed or have some problem with their state license. Also, if the work performed was for a residential property, the value of the work must be over \$7,500.

## **C. Steps to Filing a Complaint with the Licensing Board**

### **Step 1: Send an Email Complaint**

The State Licensing Board prefers complaints to be sent via email to:

[complaints@lslbc.louisiana.gov](mailto:complaints@lslbc.louisiana.gov)

#### **Or, Mail a Complaint to:**

State Licensing Board for Contractors  
P.O. Box 14419  
Baton Rouge, LA 70898

#### **The complaint should include:**

1. A brief explanation of the work the contractor was to perform
2. An explanation of what the contractor actually has done (if anything)
3. The nature of what the complaint is about, i.e. what the contractor did that is causing you to file a complaint with the Licensing Board
4. All known contact information for the contractor
5. Contact information of the person sending the complaint

### **Step 2: Include Documentation of Contract With Complaint**

Along with the complaint, you should send all relevant documentation surrounding the contractor's work, including

1. Any copies of a contract signed with the contractor
2. Any copies of cancelled checks used to pay the contractor
3. Any written communications between you and the contractor
4. Any insurance information the contractor gave you
5. Any invoices the contractor gave you

If you are mailing the complaint, be sure to mail copies of documents and not the originals. If you are sending the complaint through email, these documents can be scanned and added to the email as attachments

#### **D. Sample Complaint to Licensing Board**

TO: [complaints@lslbc.louisiana.gov](mailto:complaints@lslbc.louisiana.gov)

SUBJECT: Complaint of JOHN DOE against CONTRACTOR XYZ

BODY: State Licensing Board Consumer Protection Department:

On May 11, 2006, I entered into a contract with CONTRACTOR for the remodeling of the interior and exterior of my house. Subsequently, on June 28 of 2006, I entered into another contract with CONTRACTOR for both electrical work and repair of the floors in my house. The damage to my house was a result of Hurricane Katrina. The total value of the services to be performed was \$50,335. I paid \$37,335 to the CONTRACTOR through various deposits. However, only an estimated \$10,000 worth of work was completed on the two contracts. CONTRACTOR failed to replace all of the sheetrock, install interior and exterior doors, install cabinets, install sinks in the kitchen and bathrooms, install carpet or lay tile, replace the roof of the garage, or finish the rewiring the house.

I first contacted CONTRACTOR about his failure to complete the work contracted for in October of 2006. CONTRACTOR agreed with my complaints but requested extra time to finish the job. CONTRACTOR has failed to complete any more work since that time. He has also subsequently stopped responding to any communications from myself, including any sort of response to a demand letter that was sent on my behalf from INSERT NAME of Loyola on April 2 of 2007. CONTRACTOR thus owes me an estimated \$27,335 dollars for his failure to perform the work in a reasonable fashion.

Attached along with this complaint is a copy of the contract used between me and CONTRACTOR, as well as the invoices used between the CONTRACTOR and I, several copies of checks I used for payment, and other written communications between us. All important contact information for both myself and CONTRACTOR is listed at the bottom of this email.

### **III. Attorney General's Office: File Complaint**

#### **A. Background**

One way to alert state authorities of any potential contractor fraud is to file a complaint with the Attorney General's office. According to the Attorney General's website, they will let contractors who have had complaints filed against them know of the complaints in writing and will then mail any response to the homeowner who filed the complaint. The Attorney General's office attempt to mediate disputes between contractors and homeowners.

The Attorney General's office may also contact the District Attorneys office if it looks like the fraud was criminal, and possibly sue the contractor the offense is bad enough or if it's against a contractor whose had a number of complaints against him or her. If you know of others having problems with your contractor, they should also file complaints with the Attorney General's Office.

#### **B. Steps to Filing a Complaint with the Attorney General's Office**

##### **Step 1: Complete Complaint Form**

The Complaint form is located on the web at:

<http://www.ag.state.la.us/Complaint.aspx>

The best way to fill out the form is to bring up the complaint on the Internet, fill out all information, and then print the form; electronic submission is not available. The website instructions explain that you should fill out the form and then mail or fax it to the Attorney General's office.

A blank complaint form is located at the end of this packet. The form asks for basic contact information for yourself and the contractor along with the basic story surrounding your contractor fraud issue. If you do not have access to a computer, you can fill out the attached Form and mail it to the Attorney General's Office.

##### **Step 2: Make Copies of all Documents Relevant to you Complaint**

All relevant documentation of your relationship with the contractor should be sent to the Attorney General's office along with the Complaint form. It is important to make copies of the documents and do not send originals of any document including contracts, receipts, cancelled checks, etc.



Helpful documentation includes:

1. Any copies of a contract signed with the contractor
2. Any copies of cancelled checks used to pay the contractor
3. Any written communications between you and the contractor
4. Any insurance information the contractor gave you
5. Any invoices the contractor gave you

### **Step 3: Send Complaint and Other Documents to Attorney General's Office**

Make a copy of the completed Complaint form and all documents and send,

By Mail:

Office of the Attorney General  
Consumer Protection Section  
P.O. Box 94005  
Baton Rouge, LA 70804-9005

By Fax:

(225) 326-6499

### **Step 4: Wait for A Response**

While the Attorney General instructs the contractor to respond to their office within two weeks, timing of response is uncertain. It may be helpful to call the Attorney General's office to keep updated on the status of your complaint and urge them to follow up. The toll free number to reach the Attorney General's office Consumer Protection branch is:

1-800-351-4889

Below is a copy of the complaint form used by the Attorney General's office.

# CONSUMER COMPLAINT FORM

**Charles C. Foti**  
**Attorney General**  
**Louisiana Department of Justice**  
**Consumer Protection Section**  
**P.O. Box 94005**  
**Baton Rouge, LA 70804**  
**Phone: (800) 351-4889**  
**Fax: (225) 326-6499**

**FOR OFFICE USE ONLY**  
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 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**\* = REQUIRED**

Is this related to Storm?     Yes     No

Are you over the age of 60?     Yes

9/19/2007  
 \*Date

\_\_\_\_\_ \*Full Name of Person Filing Complaint

\*Address: \_\_\_\_\_

\*Home Phone: \_\_\_\_\_ \*Work Phone: \_\_\_\_\_ \*Parish: \_\_\_\_\_

\*City: \_\_\_\_\_ \*State: \_\_\_\_ \*Zip: \_\_\_\_\_

\*Person Complained Against: \_\_\_\_\_

\*Company Complained Against: \_\_\_\_\_

\*Address: \_\_\_\_\_

\*Phone: \_\_\_\_\_ \*Parish/County: \_\_\_\_\_

\*City: \_\_\_\_\_ \*State: \_\_\_\_ \*Zip: \_\_\_\_\_

Name of Salesperson (if known): \_\_\_\_\_

Date of Transaction: \_\_\_\_\_

Description of product or service about which you are complaining. Include brand name, model number and serial number, if possible:

Name of manufacturer (if any): \_\_\_\_\_

Representative of manufacturer contacted (if any). Please include the address and phone number.

Amount of purchase and method of payment: \_\_\_\_\_

If your complaint concerns the advertising of a product or service, indicate when and where it was advertised.

\*Have you contacted the merchant?    Y                      Date: \_\_\_\_\_  
Y/N

**AFTER REVIEWING YOUR COMPLAINT AND THE STEPS YOU HAVE TAKEN TO RESOLVE IT, YOU MAY BE REFERRED TO ANOTHER AGENCY, A PRIVATE ATTORNEY, SMALL CLAIMS COURT OR JUSTICE OF THE PEACE COURT, OR SOME OTHER METHOD OF RESOLVING YOUR COMPLAINT. A COPY OF THIS COMPLAINT MAY BE SENT TO THE BUSINESS COMPLAINED AGAINST.**

\*Using the space provided below, please explain your complaint fully. Please describe the events in the order in which they occurred, using extra paper if necessary. **IMPORTANT:** Enclose copies of all documents relevant to your complaint including advertising material, contracts, warranties, receipts, canceled checks, etc. If your complaint involves a vehicle, please indicate the make, year and vehicle identification number. (1200 character limit)

\*What would satisfy your complaint?

**PLEASE READ THE FOLLOWING CAREFULLY. By submitting this form, you are signifying that you have read and understand the following statements:**

I understand the Attorney General's Office may provide copies of this form and any attachments to the business complained about and other private and public agencies. I authorize the Office of the Attorney General to give copies or any information of the form to anyone deemed necessary by them.

I understand that the Attorney General's office is not my legal representative. I understand that it is recommended that I consult a private attorney. I also understand that I may lose my private right to sue about this matter entirely if I wait too long to do so. I also understand that any action by the Attorney General's office may not result in a refund or other relief for me personally.

I wish to file this complaint with the Attorney General's office. I understand that your office does not conduct litigation for individuals in matters which involve purely private controversies. I am, however, filing this complaint to notify your office of the activities of this party and to seek any other assistance you may be able to render.

\*I understand and agree to all above conditions.

Submit Form

Clear Form

#### **IV. THE BETTER BUSINESS BUREAU**

The Better Business Bureau (BBB) will alert other homeowners that your contractor has had complaints filed against him, and may offer you other recovery options. Contact Information for area Better Business Bureaus is below:

##### **Better Business Bureau of Southeast Louisiana (New Orleans Branch)**

Serving: Jefferson, Orleans, St. Bernard, St. Charles, St. John the Baptist, St. Tammany, Plaquemines, and Washington

Mail: Bettter Buisness Bureau of Southeast Louisiana  
710 Baronne Street, Suite C  
New Orleans, LA 70113  
Phone: 504-581-6222  
Email: [info@neworleans.bbb.org](mailto:info@neworleans.bbb.org):

File an online complaint: <https://odr.bbb.org/odrweb/public/GetStarted.aspx>

Office Hours: 9:00am - 4:00pm, Monday-Friday

##### **Better Business Bureau of Southeast Louisiana (Houma Branch)**

Serving: Lafourche, St. Mary, Terrebone

Mail: 801 Barrow Street Suite 400  
Houma, LA 70360  
Phone: 985-868-3456  
Fax: 985-876-7664  
Email: [info@houma.bbb.org](mailto:info@houma.bbb.org)

Office Hours: 9:00am - 4:00pm, Monday-Friday

##### **Better Business Bureau of South Central Louisiana**

Serving: Ascension, Assumption, East Baton Rouge, East Feliciana, Iberville, Livingston, Pointe Coupee, St. Helena, St. James, Tangipahoa, West Baton Rouge and West Feliciana

Mail: Better Business Bureau  
748 Main St  
Baton Rouge, Louisiana 70802-5526  
Phone: 225-346-5222  
Fax: 225-346-1029  
Email: [info@batonrouge.bbb.org](mailto:info@batonrouge.bbb.org)

Office Hours 9:00 AM - 12:00 Noon and 1:00 PM to 4:00 PM, Monday-Friday

### **Better Business Bureau of Acadiana**

Mail: 4007 West Congress Street Suite B  
Lafayette, Louisiana 70506

Phone: 337-981-3497

Email: info@acadiana.bbb.org

Office Hours 9:00 am - 4:00 pm, Monday-Friday

### **V. Demand Letter to a Contractor**

A demand letter is a letter demanding one person fulfill their agreement to another person, and it is generally sent before any lawsuits are filed. For contractor fraud, the demand letter usually requests either the completion of the work that contractor promised to do, repair of work that was done badly, or a return of payment for services not properly or completely performed.

**Include:** the original terms of the agreement/ contract; how much you've paid; what the contractor did do; what the contractor failed to do; and what you want him to do to solve the problem.

**Mail:** mail the letter by certified mail, and keep a copy of the letter for yourself. By sending it certified, you will either get a receipt showing the contractor received the letter, or will receive the letter back showing that the contractor refused the mail.

It is also helpful to get an estimate from another contractor as to how much it will cost to finish or repair the work. If you cannot afford a contractor's estimate, ask friends and family if they know a contractor that will help you.

This packet contains three sample demand letters: (1) where the contractor performed very little work on the contract; (2) where the work done was poorly but basically finished; and (3) one where the contractor did not finish work agreed to and some of his work was faulty.

Any contractor demand letter will be specific to the facts surrounding the individual job, and the facts in your letter will be different than those in the samples.

**A. Sample Demand Letter: Contractor Performed Almost No Work**

INSERT CONTRACTOR'S ADDRESS

March 13, 2007

RE: 100 Elm Street, New Orleans, Louisiana 70119

Dear CONTRACTOR:

I am writing this letter to recover the \$20,000 you accepted from me as a deposit for work at the above address that you never completed. On March 21, 2006, you entered into a contract with me for the repair and rebuilding work on my home located at 100 Elm Street. The total cost for rebuilding as described in the contract was \$77,000.

I made an initial down payment of \$20,000 on April 10, 2006. In June 2006 you informed me that you had other customers ahead of my house and that work would start in August. With virtually no work initiated and no work completed, on November 29, 2006, I contacted you and made an oral request that you stop working on the house and refund the down payment. However, on December 1, 2006 I received an invoice for the remaining \$57,000. On January 10, 2007, I again, asked for reimbursement, but you refused.

The contract covered the cost of total rebuilding of the house, including [INSERT WORK AGREED TO] Of the work you had been contracted to do, you have only [INSERT WORK DONE], and this work is valueless as it was done poorly and another contractor informed me it would have to be repaired.

Please know that contractors are liable for damages under the Louisiana law for nonperformance, directly resulting from willful failure to do the work they have been contracted and paid to do. La. Civ. Code art. 2762; see Rinaudo v. Treadwell, 32 So. 2d 907, 910 (La. 1947). Furthermore, taking money for contracting work and then not performing is a possible felony in Louisiana, and a crime which is punishable by imprisonment.

I have asked you, orally and in writing, to return the money for the work that you have not performed. Because of your nonperformance, I have already filed complaints about your breach of this contract with the state licensing board, the Better Business Bureau, and the Attorney General's office. If no action is taken, I may have no choice but to sue you in a court of law.

This is a written demand that you refund \$20,000 to me within 30 days of the mailing date of this letter.

**B. Sample Demand Letter: Contractors' Work is Poor Quality**

INSERT CONTRACTOR'S ADDRESS

June 20, 2007

RE: 2020 Highpoint Road , Anytown, LA 70072

Dear CONTRACTOR:

In early March of 2006, you agreed to begin repairs my residence located at 2020 Highpoint Road in Anytown, Louisiana. The contract was for you to replace INSERT, ensure that INSERT and complete various other repairs to the exterior and interior of the house. The work was to begin on March 10, 2006, and was to be finished on May 1 of the same year.

Work began on the house on March 10, however by May 9, more than a week after the initial competition date, I began having trouble with your performance. You failed to respond to my calls and failed to finish the work you contracted to do. When work was performed, it was only for a short time and performed days, weeks, even months apart. There is still much work to be done on the house. The INSERT has not been done in the living room, the molding was not INSERT, doors were not INSERT, shelving and cabinets were not replaced, work was not completed on INSERT, as well as various other work started and not completed, or not started at all.

Moreover, much of the work you did do was done poorly. Another contractor has estimated that it will cost \$INSERT, to re-do the following: INSERT.

Under Louisiana law, in every contract for work or services, it is implicitly agreed that the work will be performed in a workmanlike and professional manner, free from defects attributable to faulty materials or poor workmanship. The quality of work performed on my house clearly does not meet that standard.

Furthermore, the contract you signed with me stated that the work was to be completed by May 1, 2006. As of today, the work is more than thirteen months over due. Contractors are liable for damages, court costs, and attorney's fees under the Louisiana law for nonperformance, directly resulting from willful failure to do the work they have been contracted and paid to do. If within 30 days of the receipt of this letter you do not begin to finish the job in a timely and professional manner, I may have no choice but to file suit against you in a court of law.



### **C. Sample Demand Letter Where Some of the Work was Completed**

INSERT CONTRACTOR'S ADDRESS

March 5, 2007

RE: INSERT ADDRESS, LA 70122

Dear CONTRACTOR:

On October 11, 2006, you and I entered into a contract where you agreed to rewire my house, fix my plumbing, and hang dry wall at my house located at INSERT ADDRESS for \$18,000.00. I paid you a \$5,000.00 deposit on October 11, 2006 for you to begin work on re-wiring her house.

You began by connecting the top, undamaged portion of my house to the electrical meter on my property- and did not re-wire the bottom of my house, as agreed. You then approached me for more money, stating that you had re-wired the house. I indicated that you had not done any work on the bottom of my house and refused to pay more than the \$5,000 I had already given you.

In response, you took out one of two FEMA meter boxes on my property and you drilled two large holes in the external walls of my home. You asked me to examine the property, again claiming to have finished the electrical work. When I examined the property again, I saw that you had dangerously spliced wires and that you had failed to do any work in the kitchen, including failing to replace the dry wall. You again asked for more money and I again refused. I requested that you stop work on my house because I was concerned your inadequate wiring would cause a fire and I also requested that you return my \$5,000 deposit.

Because you did not properly re-wire my home, you have failed to meet the terms of our contract. You have also failed to take the necessary steps to correct the installation defect. Contractors in Louisiana are liable for damages under Louisiana Law for nonperformance directly resulting from willful failure to do the work they have been contracted and paid to do. La. Civ. Code art. 2762; see Rinaudo v. Treadwell, 32 So. 2d 907, 910 (La. 1947). I have asked you orally to complete the re-wiring job on my house if you agreed to do so in a workman like manner.

I have already filed complaints with the Attorney General's office and the State Licensing Board. This letter serves as a written demand that you meet the terms of the contract by appropriately re-wiring my house within 30 days from the date of this letter. Alternatively, you may within the 30 day period, return the \$5,000 I paid for you to re-wire of my home. If you do neither, I may have no choice but to file suit against you in a court of law.

## **VI. Referral Agencies**

If you wish to take your complaint against a contractor to court, these three agencies may be able to refer you to a private attorney.

1. **New Orleans Legal Assistance Corporation**  
1010 Common Street, Suite #1400-A  
New Orleans, LA 70130  
Co-Director: Mark A. Moreau  
Phone: (504) 529-1000
  
2. **Louisiana State Bar Referral Services**  
Local Bar Services:  
Baton Rouge: (225) 344-9926  
Lafayette: (337) 237-4700  
Lake Charles: (337) 436-3308  
New Orleans: (504) 561-8828  
Shreveport: (318) 222-0720
  
3. **The Pro Bono Project**  
615 Baronne Street, Suite #201  
New Orleans, LA 70130  
Director: Rachel Piercey  
Contact Person: Rachel Piercey or Hilda Jarboe  
Phone: (504) 581-4043  
Fax: (504) 566-0518  
[probono@probono-no.org](mailto:probono@probono-no.org)