

SENATE, No. 3191

STATE OF NEW JERSEY

218th LEGISLATURE

INTRODUCED NOVEMBER 26, 2018

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

Senator BOB ANDRZEJCZAK

District 1 (Atlantic, Cape May and Cumberland)

Co-Sponsored by:

Senators Van Drew, Brown, Connors and O'Scanlon

SYNOPSIS

Concerns reimbursements to Superstorm Sandy-impacted homeowners subjected to contractor fraud.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 11/15/2019)

1 AN ACT concerning contractor fraud following Superstorm Sandy,
2 and supplementing Title 52 of the Revised Statutes.

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4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. a. The commissioner shall permit the distribution of fraud-
8 response funding to an applicant if the applicant demonstrates to the
9 department that the applicant has been the subject of fraud or theft
10 by deception, committed by a RREM or LMI program contractor, in
11 connection with a RREM or LMI program contract to complete
12 work on the applicant's house. The department shall distribute
13 fraud-response funding regardless of whether an applicant presents
14 a charging document, so long as the applicant is able to present
15 alternative documentation sufficient to demonstrate that the fraud or
16 theft by deception occurred.

17 b. The commissioner shall consult the Division of Consumer
18 Affairs in the Department of Law and Public Safety to develop
19 appropriate standards for determining whether fraud or theft by
20 deception has occurred, and what documents are relevant in that
21 determination.

22 c. An applicant shall not be entitled to a fraud-response
23 funding award if any portion of the award would amount to a
24 duplicative benefit or would otherwise violate the "Robert T.
25 Stafford Disaster Relief and Emergency Assistance Act," (42
26 U.S.C. s.5155), or another provision of federal law.

27 d. As used in this section:

28 "Applicant" means a RREM or LMI program beneficiary who
29 applies for fraud-response funding.

30 "Charging document" means a document produced by the
31 Division of Consumer Affairs in the Department of Law and Public
32 Safety, indicating that the applicant's contractor has been charged
33 with a crime involving fraud or theft by deception.

34 "Commissioner" means the Commissioner of Community
35 Affairs.

36 "Department" means the Department of Community Affairs.

37 "Fraud-response funding" means funding allocated by the federal
38 government, which may be allocated to reimburse an applicant, who
39 has been defrauded by a RREM or LMI program contractor.

40 "RREM or LMI program" means the Reconstruction,
41 Rehabilitation, Elevation, and Mitigation Program or the Low-to-
42 Moderate Income Homeowners Rebuilding Program, established by
43 the department for the purpose of distributing federal funding
44 allocated towards recovery from Superstorm Sandy.

45
46 2. This act shall take effect immediately, but shall remain
47 inoperative until the first day of the second month next following
48 enactment.

STATEMENT

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3 This bill concerns reimbursement payments to Superstorm
4 Sandy-impacted homeowners subjected to contractor fraud. Far too
5 many families and individuals whose homes were damaged by
6 Superstorm Sandy were also subjected to a second injury as the
7 result of fraud committed by their contractors. The Department of
8 Community Affairs (“DCA”) has made funding available, through
9 the federal Department of Housing and Urban Development, to
10 reimburse these households. In order to qualify for funding, the bill
11 requires an applicant to present a document produced by the
12 Division of Consumer Affairs, indicating that the applicant’s
13 contractor has been charged with a crime involving fraud or theft by
14 deception. This document has proven burdensome to obtain for
15 many who have been defrauded by their contractors.

16 This bill establishes an alternative method for applicants to
17 substantiate contractor fraud and theft by deception. The bill
18 requires DCA to distribute fraud-response funding regardless of
19 whether an applicant presents a charging document, so long as the
20 applicant is able to present alternative documentation sufficient to
21 demonstrate that the fraud or theft by deception has occurred. This
22 policy only concerns contract work in relation to the
23 Reconstruction, Rehabilitation, Elevation, and Mitigation Program
24 or the Low-to-Moderate Income Homeowners Rebuilding Program,
25 as established by DCA to distribute federal funding allocated
26 towards recovery from Superstorm Sandy. The bill directs DCA to
27 consult the Division of Consumer Affairs to develop appropriate
28 standards for determining whether fraud or theft by deception has
29 occurred, and what documents are relevant in that determination.