

# 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:

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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.

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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.