

SENATE, No. 753

STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Senator VIN GOPAL

District 11 (Monmouth)

Co-Sponsored by:

Senators Brown, Connors and O'Scanlon

SYNOPSIS

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

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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

3
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 a government agency notifies
9 the department, in writing, that there is reasonable cause to believe
10 that a RREM or LMI program contractor has engaged in conduct in
11 violation of the New Jersey consumer fraud act, P.L.1960, c.39
12 (C.56:8-1 et seq.), or regulations promulgated thereto, in connection
13 with a RREM or LMI program contract to complete work on the
14 applicant's house. The department shall distribute fraud-response
15 funding regardless of whether an applicant presents a charging
16 document, so long as the government agency has provided written
17 notification pursuant to this subsection.

18 b. The commissioner shall consult the Division of Consumer
19 Affairs in the Department of Law and Public Safety to develop an
20 appropriate process for a government agency to submit written
21 notification pursuant to subsection a. of this section.

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 alleging that the
31 applicant's contractor has been charged with fraud or theft by
32 deception in connection with a RREM or LMI program contract to
33 complete work on the applicant's house, which shall include, but
34 not be limited to, an arrest warrant, a criminal complaint, an
35 accusation signed by a prosecuting attorney, or an indictment.

36 "Commissioner" means the Commissioner of Community
37 Affairs.

38 "Department" means the Department of Community Affairs.

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

42 "Government agency" means the Division of Consumer Affairs
43 in the Department of Law and Public Safety, the Office of the
44 Attorney General, a county prosecutor's office, a State, county or
45 municipal law enforcement agency, a federal law enforcement
46 agency, or any other government law enforcement authority.

47 "RREM or LMI program" means the Reconstruction,
48 Rehabilitation, Elevation, and Mitigation Program or the Low-to-

1 Moderate Income Homeowners Rebuilding Program, established by
2 the department for the purpose of distributing federal funding
3 allocated towards recovery from Superstorm Sandy.
4

5 2. This act shall take effect immediately, but shall remain
6 inoperative until the first day of the second month next following
7 enactment.
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9

10 STATEMENT 11

12 The bill requires the Department of Community Affairs (DCA)
13 to provide fraud-response funding to certain Superstorm Sandy-
14 impacted homeowners who experienced contractor fraud.

15 The DCA administers the Reconstruction, Rehabilitation,
16 Elevation, and Mitigation Program (RREM) and the Low-to-
17 Moderate Income Homeowners Rebuilding Program (LMI), both of
18 which provide federal Community Development Block Grant-
19 Disaster Recovery (CDBG-DR) funds to help homeowners
20 impacted by Superstorm Sandy complete home rehabilitation and
21 reconstruction projects. The DCA also provides additional CDBG-
22 DR funding to certain RREM and LMI beneficiaries who
23 experienced contractor fraud. Currently, a RREM or LMI
24 beneficiary may only qualify for fraud-response funding after
25 providing a charging document to the Sandy Recovery Division in
26 the DCA.

27 The bill requires the DCA to provide a RREM or LMI
28 beneficiary with fraud-response funding if a government agency
29 provided written notice to the DCA indicating that there is
30 reasonable cause to believe that a RREM or LMI program
31 contractor violated the New Jersey consumer fraud act, P.L.1960,
32 c.39 (C.56:8-1 et seq.), or any regulation promulgated thereto, in
33 connection with work conducted pursuant to either program. The
34 DCA would be required to develop a process, in consultation with
35 the Division of Consumer Affairs in the Department of Law and
36 Public Safety, through which a government agency may submit the
37 written notification. The bill also provides that a RREM or LMI
38 beneficiary would not be entitled to fraud-response funding if any
39 portion of the funding award would constitute a duplicative benefit,
40 or otherwise violate federal law.

41 The bill defines a “government agency” as the Division of
42 Consumer Affairs; the Office of the Attorney General; a county
43 prosecutor’s office; a State, county, or municipal law enforcement
44 agency; a federal law enforcement agency; or other government law
45 enforcement authority.