



September 19, 2013

CONSUMER ALERT:
Fraudulent Flood Contractors

Consumers need to be aware and smart as they contract for repairs from flood damage. Opportunistic scam artists come out of the woodwork at times like these, passing themselves off as roofers or home improvement contractors, utility representatives and fundraisers collecting for flood-related charities. Police call them gypsy or storm chaser scams.

Some of these con artists travel in small groups to disaster sites across the country, preying on distraught victims of those disasters. Some of them commit fraud by posing as contractors, taking money up front for repairs that are never done. Others commit theft and burglary. Often these scammers target the elderly.

Keep these tips in mind as you arrange to have flood damage repaired:

- Be wary of door-to-door solicitations for repair work or anything else. Some consumers have reported being contacted by people claiming to represent Xcel Energy, but the company says that its employees rarely contact clients. If someone comes to your door claiming to represent Xcel, call 800-895-4999 to verify this. Also beware of door-to-door charity solicitations.
- You want the work done as soon as possible, but take the time to get at least three written estimates from contractors before hiring one to repair flood damage. Also ask contractors to show you proof that they carry liability insurance and are registered with the state of Colorado. You can check licenses at the Colorado Department of Regulatory Agencies: <https://www.colorado.gov/dora/licensing/Lookup/LicenseLookup.aspx>
- You also can ask the contractor for their business corporate identification number and check that it matches with the number in the Secretary of State's database: <http://www.sos.state.co.us/biz/BusinessEntityCriteriaExt.do>
- Never do business with a contractor who only has a post office box number and cannot provide you with a street address.
- Take time to review contracts before signing them. Contracts for home improvements costing more than \$500 must be in writing. Home-improvement contracts must include a description of the work to be done, a start and completion date for the work and a total price for the job. The contract also must disclose the legal and business address of the contractor. All warranties and guarantees must be in writing. Materials and products

used in the job should be contained in the contract, including names of specific products, if applicable.

- Never pay more than one-third of the quoted price for a home-improvement project. Legitimate businesses expect a partial payment upon signing a contract, another installment halfway through the project and the final payment upon completion. Never pay the full amount up front or pay the final amount until you are satisfied with the work.

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