

NEWS RELEASE

Luther Strange

Alabama Attorney General



FOR IMMEDIATE RELEASE

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AG STRANGE WARNS AGAINST FRAUD AND PRICE GOUGING WITH ALL ALABAMA COUNTIES UNDER STATE OF EMERGENCY

(MONTGOMERY) – In the wake of yet another series of tornadoes that wreaked havoc in Alabama early this morning, Attorney General Luther Strange pledged that his office will be vigilant in protecting our citizens from those who might exploit this tragedy for illegal profit.

With a State of Emergency officially declared for every county of Alabama, the state's price gouging law now is in effect throughout the state. The Attorney General also reminds citizens to be careful of potential home repair fraud. Tornadoes, severe thunderstorms, hail and straight line winds were reported this morning, with damage in at least seven counties, and the most extensive damage cited in Jefferson and Chilton counties, according to information from the Alabama Emergency Management webpage.

"Our thoughts and prayers are with the many families affected by the storms," said Attorney General Strange. "We are saddened by the loss of life and devastation that our citizens are enduring once again. I urge our citizens to be cautious of those who would prey upon them through crimes such as price gouging and home repair fraud; I warn the criminals that if they do so, they will be punished sternly."

Alabama's price gouging law comes into effect when the Governor has declared a State of Emergency, and it prohibits the "unconscionable pricing" of items for sale or rent. Although what constitutes an unconscionable price is not specifically set forth in state law, a price that is 25 percent or more above the average price charged in the same area within the last 30 days--unless the increase can be attributed to a reasonable cost--is a prima facie case of unconscionable pricing. The penalty is a fine of up to \$1,000 per violation, and those determined to have willfully and continuously violated this law may be prohibited from doing business in Alabama.

As Alabamians begin to rebuild, home repair fraud becomes a real, persistent, and serious problem. A first offense of home repair fraud is a class A misdemeanor, punishable by up to one year imprisonment and fines of up to \$6,000 for each count. Subsequent offenses are a class C felony, punishable by one to 10 years imprisonment and fines of up to \$15,000 for each count.

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Attorney General Strange cautions consumers to be wary and to take the following precautions when hiring someone to make repairs:

- Find out as much as you can about the workers, especially if they make unsolicited contact with you or have come from out-of-town after a natural disaster.
- Contact the Attorney General's Office and the Better Business Bureau to see if any complaints have been filed against the contractor.
- Ask for proof that they are bonded or insured.
- Ask if they are licensed. Regulations vary, but plumbers and electricians must be tested to be licensed by the state. Contractors may be required to have local licenses if they do major work, but those who do small odd jobs may not have to be licensed. You may check with the Alabama Home Builders Licensure Board to see if a contractor is licensed by calling 1-800-304-0853, or by visiting www.hblb.alabama.gov.
- Ask if this particular job requires a permit. Most construction and home repairs of major significance require a permit from the county or city. Do not let them talk you into applying for the permit in your name. If they do not want to be known to local officials, they may be hiding a bad reputation.
- Obtain several written estimates. Beware of estimates that are well below the market price or seem "too good to be true".
- Ask for references. Get names and addresses, and call them.
- Have the contractor prepare a written contract. Make sure it includes the contractor's full name, address, and telephone number; a description of the work to be performed; starting and estimated completion dates; and the total cost.
- NEVER make a full payment up front and do not make final payment until you are satisfied and all subcontractors have been paid. If they tell you more money is needed in advance, be wary. They should be able to pay for supplies or have credit to make necessary purchases until you compensate them afterward.
- Make sure you can contact them. Be wary if they can only give you a pager number, a cell phone number, or a post office box address. Businesses with established addresses may be safer.

Attorney General Strange urges consumers and officials to report any problems of alleged fraud or illegal price gouging to his Office of Consumer Protection by calling toll-free 1-800-392-5658, by writing to 501 Washington Avenue, Montgomery, Alabama, 36130, or through the Attorney General's main web page at www.ago.alabama.gov.