

COMMONWEALTH of VIRGINIA
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Virginia Post-Disaster Anti-Price Gouging Statute is Now Activated

*Governor Declares State of Emergency in Advance of
Tropical Storm Hanna*

**--Attorney General McDonnell Also Warns Virginians about Post-
Disaster Scams--**

Richmond- Virginia Attorney General Bob McDonnell announced that the Virginia Post-Disaster Anti-Price Gouging Statute is now activated with the issuance of a State of Emergency by Governor Tim Kaine this morning. The Governor issued the State of Emergency in advance of Tropical Storm Hanna, which is expected to impact the Commonwealth this weekend.

The Virginia Post-Disaster Anti-Price Gouging Act, which became law on July 1, 2004, prohibits the charging of "unconscionable" prices for "necessary goods and services" within the affected area during the 30 day period following issuance of a declared state of emergency. The basic test under the statute is whether the price charged for the goods or services "grossly exceeds" the price charged immediately (within 10 days) before the disaster. "Necessary goods and services" includes those goods or services for which demand does, or is likely to, increase as a result of the disaster.

Anyone who suspects price gouging should immediately report this to the Office of Consumer Affairs, which investigates complaints of this nature. The Office of the Attorney General works with Consumer Affairs to prosecute companies guilty of violating the statute. Citizens can contact the Office of Consumer Affairs at:

OFFICE OF CONSUMER AFFAIRS
102 Governor Street

Richmond, Virginia 23219
804-786-2042 or 1-800-552-9963
804-225-2666 (fax)

<http://www.vdacs.state.va.us/index.html>

Or You can Download a Price-Gouging Complaint Form By Visiting:

<http://www.vdacs.virginia.gov/forms-pdf/cp/oca/complaint/pricegouging.pdf>

In addition to the announcement pertaining to the Anti-Price Gouging Statute, Attorney General McDonnell also issued the following tips to help Virginians avoid becoming the victims of other common post-disaster frauds.

DISASTER OFFICIALS

Always request identification from anyone identifying themselves as a “disaster official” or “disaster worker.” Some con artists pose as government officials and claim that a “processing fee” must be paid to secure disaster relief payments or loans. Others have pretended to be safety inspectors who will tell you expensive or unnecessary repairs must be done immediately.

EMPLOYMENT OPPORTUNITIES

Job listings for post-disaster work (such as flood clean-up or repair work) should also be approached with caution. Job “opportunities” that require you to make an advance fee payment before the job starts are not likely to provide actual employment. Additionally, classified ads asking you to call a 900 number for job referrals may be nothing more than an expensive way for someone to read you classified ad job listings while you are being charged for the call.

HOME REPAIRS

Home repair companies will arrive at disaster sites in response to the high demand for their services resulting from widespread property damage. Often disreputable companies hoping to make easy money are among them. They may require you to pay them before doing the work, do a shoddy job, or add extra costs throughout the job. To avoid being taken advantage of in this way, follow these tips:

- Work with contractors you know or local firms with roots in the community.
- Ask people you trust for contractor referrals.
- Ask the contractor for references and check them.
- Get written estimates from several firms.
- Do not do business without a written contract. Be sure that all guarantees, promises, and details are in writing.

- Do not pay large sums in advance and never make final payment until all work is completed to your satisfaction.
- Be extra cautious when a contractor comes to your door soliciting your business, offers you discounts for finding other customers, or “just happens to have” materials left over from a previous job.
- Check out the contractor’s licensing and complaint history with the Virginia Board for Contractors at 804-367-8511, the Virginia Office of Consumer Affairs at 804-786-2042 or 1-800-552-9963 (if calling from outside the Richmond area), and your local Better Business Bureau.

DOOR-TO-DOOR SOLICITATIONS

In addition to home repair services, door-to-door solicitors may offer a variety of products for use after the disaster. Some door-to-door solicitors are not legitimate. Remember these tips when someone comes to your door to sell you something:

- High pressure sales tactics are often a part of fraudulent activity. Do not be hurried or intimidated. The salesperson is at your door uninvited and remains there only at your courtesy.
- Be extra cautious about letting someone into your home. Never let anyone into your home without first asking for identification.
- Under Virginia law, you have three days to cancel sales made at your home if the product or service costs \$25 or more.
- Your right of cancellation may be waived by you in an emergency. Be very cautious about signing a document that waives your right to cancel the sale. Read anything you are asked to sign very carefully.
- If you decide to purchase from or use the services of a door-to-door solicitor, get all information and promises in writing; but remember, without a bricks and mortar business location, it is easy for these individuals to relocate and make it impossible for you to find them should legal recourse become necessary.

INSURANCE CLAIMS

If your home, property, or motor vehicles have been damaged, you may want to contact your insurance company to see if the damage is covered under your insurance policy. Your insurer may send an appraiser to inspect the damage, or they may ask that you take photographs to document the damage, obtain repair estimates, and then forward the photographs and repair estimates for review and processing. These practices are standard and legitimate.

If, for any reason, however, you are concerned about your insurance company’s handling or final determination of your claim, you can contact the State Corporation Commission’s Bureau of Insurance (“Bureau”). The Bureau regulates insurance companies and responds to complaints from consumers. You can reach the Bureau toll-free at 1-877-310-6560, or you can reach the Life and Health Consumer Services Section at 804-371-9691 or the Property and Casualty Consumer Services Section at 804-371-9185.

Information on how to file a complaint can also be obtained at <http://www.scc.virginia.gov/division/boi/webpages/boifilecomplaint.htm>. If you would

like to mail your complaint to the Bureau, you need to fully describe the nature of your complaint and provide photocopies of any relevant documents you may have to: Bureau of Insurance, State Corporation Commission, P.O. Box 1157, Richmond, Virginia 23218.

TELEMARKETING

Emergency situations, and disasters in particular, attract those who engage in telemarketing fraud. Never provide credit card or bank account information over the phone unless you initiated the call and are familiar with the business. Always ask for written information about the product or services being offered. And remember: “If it sounds too good to be true, it probably is.”

CHARITABLE SOLICITATIONS

While there are many legitimate organizations that provide relief to disaster victims, there are those who are willing to collect funds for non-existent charities and pocket the money. Solicitations may come by phone, mail, or in person. Always follow these tips when considering a charitable donation:

- Only give to disaster relief charities you know are reliable.
- Beware of “copy-cat” names that are similar to those of reputable charities but not exactly the same.
- Do not be pressured into giving. Legitimate organizations will not expect you to contribute immediately.
- Ask for written information. Legitimate organizations will give you materials about the charity’s mission, how your donation will be used, and proof that your contribution is tax-deductible.
- Just because a “charity” has a tax identification number does not mean that it is a charitable organization or that your contribution is tax-deductible.
- Ask how much of the donation will go to the program you want to support and how much will go to administrative or fundraising costs. Legitimate charities will be able to give you this information.
- Avoid cash donations. Make checks payable to the charitable organization and not to an individual collecting a donation.
- Verify the charity’s registration with the Virginia Office of Consumer Affairs at 804-786-2042 or 1-800-552-9963 (if calling from outside the Richmond area).

ADVANCE FEE LOANS

If you are seeking a loan quickly – perhaps to rebuild your damaged home or business – beware of loan brokers who promise that you are “guaranteed” a loan if you pay an up-front fee. The fee might be small or as much as several thousand dollars. Legitimate lenders rarely, if ever, “guarantee” a loan before evaluating a person’s creditworthiness. While legitimate lenders may require payment of application fees, appraisal fees, or credit report fees, these fees never are required before the lender is identified and the application process is completed.

Be wary of ads that provide a 900 number but do not disclose the cost of the call. Also, beware of promises that a bad credit history will not keep you from getting a loan.

WATER TREATMENT DEVICES

If you are part of a public water system and are concerned about your water, contact your local water utility department about water safety problems and what to do. For questions about private wells, contact your local health department or the nearest regional office of the state health department. Some firms may try to sell you overpriced or unnecessary water treatment devices or offer to test your water for free and then tell you that your water is contaminated when it is not, in order to induce such purchases.

IDENTITY THEFT

A disaster can result in the loss of your credit cards, bank checks, social security card, and driver's license. All of those documents contain personal and financial identifying information. To prevent someone from using these documents to open up fraudulent credit card accounts in your name, or otherwise steal your financial identify, it is important to report loss of any of those documents as follows:

- Checks and debit/credit cards – your financial institution and credit card issuers.
- Driver's license – Virginia Department of Motor Vehicles in your area.
- Social Security Card – Social Security Administration's Fraud Hotline at 1-800-269-0271.
- Passport – U.S. Passport Agency at 202-647-0518.

You also should alert the three credit bureaus about the loss of your documents. You should request that your account be "flagged" for possible "unauthorized activity" and that you be allowed to attach a "victim's statement" that explains that your documents were lost in a disaster. The numbers for the credit bureaus are:

- Trans Union 1-800-680-7289
- Experian (TRW) 1-888-397-3742
- Equifax 1-800-525-6285

If you suspect unauthorized use of any of your personal and financial identification documents, alert the above contacts, and immediately contact your local police.

REPORTING POST-DISASTER FRAUD

You can report disaster and other consumer fraud to the Office of the Attorney General at the following address and telephone numbers:

OFFICE OF THE ATTORNEY GENERAL
Antitrust and Consumer Litigation Section
900 East Main Street
Richmond, Virginia 23219
804-786-2116 (phone)

804-786-0122 (fax)
consumer@oag.state.va.us

The Virginia Attorney General has authority under state and federal consumer protection statutes to investigate and prosecute consumer fraud; in addition, we are happy to help you find the assistance you need, if we cannot provide it.

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