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Sandy’s Aftermath:

New Jersey’s Fight Against Price Gouging, Charity Scams, and Other Post-Storm Frauds

Steve C. Lee, Acting Director
New Jersey Division of Consumer Affairs
April 24, 2015
SANDY CAUSES WIDESPREAD HAVOC
Superstorm Sandy in N.J.

The Storm Approaches New Jersey:

**Saturday, October 27, 2012:** Governor Christie declares State of Emergency in New Jersey

**Sunday, October 28, 2012:** President Obama signs emergency disaster declaration for New Jersey

**Monday, October 29, 2012:** Superstorm Sandy makes landfall in New Jersey
New Jersey statistics:

- **116,000** persons under mandatory evacuation
- **346,000** homes, housing units damaged or destroyed
- **2.4 Million** households, countless businesses lost power
- At least **38** Sandy-related deaths
- Damage in New Jersey estimated at **$36.8 Billion**
Immediately after landfall:

Sandy shut down our “Consumer Service Center” hotline, phones and electricity – leaving consumers unable to contact us.

We worked with Governor’s Office, news media to promote “temporary hotline” (individual cell numbers).

Received 2,000 consumer complaints of price gouging; quickly mobilized investigators, deputy attorneys general to respond.
Post-Hurricane Sandy Alleged Price Gouging Examples
Charities and Non-Profits

Charities enforcement:

Dozens of unregistered charitable organizations began soliciting in New Jersey, purportedly for Sandy victims.

The Division investigated – and contacted the groups to warn and guide them into compliance with our Charities Registration and Investigation Act.
Hurricane Sandy Relief Foundation (HSRF):

Defendants registered 110 web domain names related to “Sandy/Relief,” used coding to ensure top result in Google searches for Sandy charities.

HSRF website and its principals raised more than $300,000 while allegedly misleading the public:

Diverted donated funds to personal accounts; falsely claimed donations were tax-deductible; operated an unregistered charity.
SUPERSTORM SANDY RECONSTRUCTION

"WE ARE GOING TO BE HERE UNTIL THE REBUILDING IS COMPLETE."
— PRESIDENT BARACK OBAMA, NOVEMBER 15, 2012

Register Now CLICK HERE
“Superstorm Sandy Reconstruction Summit”:

FL resident with outstanding judgments, unpaid debts resulting from post-disaster “conferences” in other states (e.g. Hurricane Katrina, Gulf Coast oil spill)

“Sandy Summit” website, created the day of Sandy’s landfall, included the Presidential seal and promise of “top leaders” at a summit in Trenton, N.J.

Raised $12,500 in registration/sponsorship fees for N.J. event
For Immediate Release:
July 22, 2013

Office of The Attorney General
John J. Hoffman, Acting Attorney General
Division of Consumer Affairs
Eric J. Carper, Director
Division of Criminal Justice
Eli Hernandez, Director

"Statewide Sandy Fraud Working Group" Announces Criminal and Civil Actions Against Unregistered Home Improvement Contractors, Following Investigation Using Storm-Damaged House in Monmouth County

NEWARK — Acting Attorney General John J. Hoffman today announced that eight unregistered home improvement contractors who came to a Monmouth County home damaged by Superstorm Sandy, and submitted estimates to undercover investigators to perform repairs, have been criminally charged or civilly cited for allegedly violating the State’s Home Improvement Contractors’ Registration Act.
The Division anticipated an influx of unregistered home improvement contractors – and an uptick in consumer complaints.

We sent investigators to the hardest-hit areas. They informed more than 1,000 contractors about our registration laws.

During the four months post-Sandy, more than 4,000 contractors applied for registration – a 119 percent increase.

Since 2014: Notices of Violation demanding $2.49 Million in restitution and penalties from 161 contractors.
Four More Individuals Charged With Filing False Applications for Superstorm Sandy Relief Funds

Sixteen people have been charged since March

WASHINGTON, D.C. - Acting Attorney General Tony West announced today that four additional individuals were charged yesterday with filing fraudulent applications for federal relief funds related to Superstorm Sandy. Since March, the attorney general's Office has filed criminal charges against 16 people for allegedly engaging in this type of fraud, including the four individuals charged today.
The New Jersey Division of Criminal Justice, along with the Division of Consumer Affairs, leads the Attorney General’s “Statewide Sandy Fraud Working Group”.

Criminal matters include:

- Con artist, "Red Cross volunteer" impersonator who scammed victims out of $55,000
- Operator of auto dealership, MVC employee who used fraudulent titles to sell flood-damaged vehicles
- Criminal charges against 27 individuals who allegedly filed false applications for federal Sandy relief funds
Lessons Learned

Develop your emergency plan:

*How will the public reach you* if the phones go down?

*(Our solution: Individual cell numbers as emergency backup)*

How will you *flood of urgent consumer complaints/enforcement needs* – with your infrastructure compromised?

*(Investigators cross-trained and ready to enter the field; deputy attorneys general ready with subpoenas)*
Lessons Learned

Develop your follow-through plan:

Proactively anticipate **future/emerging concerns** as the recovery period progresses

*(From price gouging to charities, HICs, other evolving matters)*

Expect a **long-term commitment**

*(Contractors in Sandy-affected areas will remain an ongoing concern)*

Revise and review your plan, to prepare for the next emergency
Contact Information

Steve C. Lee - Acting Director
New Jersey Division of Consumer Affairs

973-504-6320
www.NJConsumerAffairs.gov