



# AVOIDING CONTRACTOR FRAUD

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## **Don't be a victim.**

The best way to avoid scams, fraud, and other problems with contractors is to be proactive from the very beginning. If you neglect to take precautions during the hiring process, you may end up hiring a contractor who doesn't complete the job, fails to do it well, or worse, takes the money and runs.

We created this guide to help you avoid those situations, outlining the necessary steps, questions, and documents you need to safeguard your money, property, and sanity.

However, if you have already been a victim of contractor fraud or need additional information, please contact our Consumer Protection Hotline at 1-800-351-4889.

# LOUISIANA LAW

## THE BASICS

- ONLY hire licensed and insured contractors
- Do not make oral agreements
- Always have all contracts in writing

## CHECK A CONTRACTOR LICENSE:

You can verify a contractor's license and/or registration number by contacting the **Louisiana Contractor Board** at **1-800-256-1392** or by visiting [www.lslbc.louisiana.gov](http://www.lslbc.louisiana.gov).

## PROJECTS THAT REQUIRE A STATE REGISTRATION:

Home improvement projects on existing residential structures with a value exceeding \$7,500 but not in excess of \$75,000. This registration does not cover swimming pools.

PROJECTS THAT REQUIRE A STATE LICENSE:

**A Commercial license is required for:**

- Commercial projects with a value of \$50,000 or more
- Electrical/Mechanical/Plumbing projects exceeding \$10,000
- Hazardous Material projects with a value of \$1 or more

**A Residential license is required for:**

- Residential new construction exceeding \$75,000 of any residential structure
- Home Improvement projects on existing residential structures exceeding \$75,000

**A Mold Remediation license is required for:**

- Mold remediation projects with a value of \$7,500 or more

# TOP 10 RED FLAGS

*Beware hiring contractors who do the following:*

01

SOLICITS DOOR-TO-DOOR

*If a stranger is knocking, they could be a scammer or worse.*

02

NOT LOCAL

*Be cautious if they fail to provide a local address or local telephone number.*

03

OFFERS LEFTOVER MATERIALS

*Be suspicious if they just happen to have leftover materials from previous jobs.*

04

DISCOUNTS FOR REFERRALS

*It's not standard to offer discounts in exchange for referring customers.*

05

ONLY WORKS FOR CASH UPFRONT

*Do not hire someone who demands payment in cash or upfront for the job.*

06

CONTRACT HAS BLANK SPACES

*Don't sign a contract before reading it in full, and be wary of blank spaces.*

07

ASKS YOU TO GET THE PERMIT

*It's not standard to ask the homeowner to acquire the building permit.*

08

ASKS TO USE HOME AS SECURITY

*Wants to borrow money from a friend or use your house as security for a loan.*

09

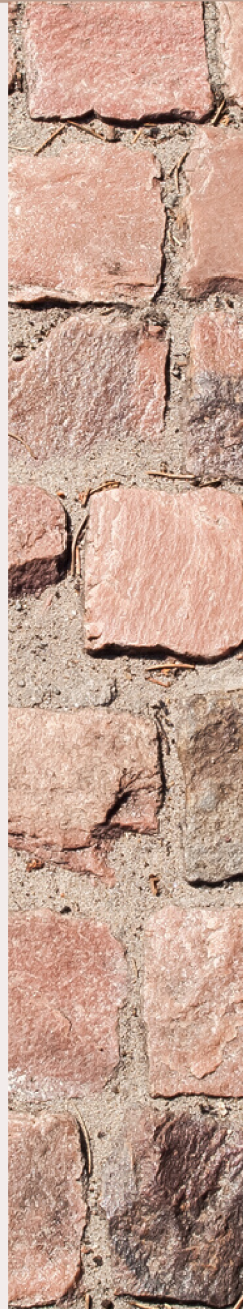
HIGH PRESSURE SALES TACTICS

*Don't succumb to high pressure tactics meant to scare or intimidate you.*

10

CLAIMS IT'S A "DEMONSTRATION"

*Avoid contractors who claim the job will be used as a "demonstration."*



# BEFORE HIRING A CONTRACTOR

TAKE THE FOLLOWING STEPS:

01

## GET AT LEAST THREE BIDS

Each contractor should provide a detailed & itemized bid for the same scope of work.

02

## REQUIRE PROOF OF INSURANCE

Including worker's compensation and general liability. Call insurer to confirm.

03

## VERIFY EVERYTHING

Addresses, references, and licensing. Contact LA State Licensing Board.



04

#### REFUSE LARGE DOWN PAYMENT

Reputable contractors only require a down payment of 10-25% of total price.

05

#### PAY FOR MATERIALS YOURSELF

And have materials delivered to your home or job site -- not the contractor's shop.

06

#### GET EVERYTHING IN WRITING

Never accept verbal guarantees or agreements and always get signatures.

07

#### KEEP TRACK OF CHANGES

Any changes to the contract should be in writing and initialed by both parties.

08

#### PAY BY CHECK OR MONEY ORDER

Don't use cash -- ever. Write all checks to the company, not the worker.

# CONTRACTOR CHECKLIST

When hiring a contractor, make sure you have the following information:

- Contractor's name, local address, and phone number
- Insurer's name, policy number, and amount
- Louisiana contractor's license number
- Ensure their references check out
- Written Contract & Guarantee that specifies the start and end date, the exact description of work to be done, the total cost of the job, and the schedule for payment
- Provide specific samples, model numbers, pictures, and graphics detailing exactly what you want, right down to the materials you want the contractor to use & their estimated cost

# CONTRACT CHECKLIST

Before signing on the dotted line, make sure the contract contains:

- Contractor's name, address, phone number, license number, and insurance information
- A payment schedule for the contractor, subcontractors, and suppliers
- A start and completion date
- The contractor's obligation to obtain all necessary permits
- How change orders will be handled
- A detailed list of materials including quantity, color, model, size, brand name, and product
- Warranties and guarantees covering materials and workmanship
- Description of labor and services not included in the price

# MODEL CONTRACT

This model contract is distributed by Attorney General Liz Murrill's Consumer Protection Section. The Consumer Protection Section does not endorse or recommend any company or individual who might use this form.

Company's Name \_\_\_\_\_  
Street Address \_\_\_\_\_  
Mailing Address \_\_\_\_\_  
Telephone Number \_\_\_\_\_

Buyer's Name \_\_\_\_\_  
Street Address \_\_\_\_\_  
Telephone Number \_\_\_\_\_

Proposal: \_\_\_\_\_  
\_\_\_\_\_

Starting Date: \_\_\_\_\_ Completion Date: \_\_\_\_\_

**Itemized Costs:**

Materials (Type, Description, Quantity)	Labor (Description)
_____	_____
_____	_____
_____	_____

Total Cost:                  Materials & Labor                  \$ \_\_\_\_\_  
                                         Down Payment                  \$ \_\_\_\_\_  
                                         Balance Due:                  \$ \_\_\_\_\_

(to be paid on satisfactory completion or schedule based on completed work)

**Warranty/Guarantee:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**License, Registration, Insurance:**

Optional/recommended: attach contractor license/registration information, workman's compensation, general liability insurance, etc.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Acceptance of Proposal:**

The above prices, specifications and conditions are satisfactory and I accept them as written. Any additions to this proposal will be in writing and initialed by both parties.

Buyer's Signature \_\_\_\_\_  
Date of Acceptance \_\_\_\_\_

Seller's Signature \_\_\_\_\_  
Date of Acceptance \_\_\_\_\_

**Receipt for cash down payment (not to exceed 25% of total contract.)**

Received from \_\_\_\_\_  
Date \_\_\_\_\_

\$ \_\_\_\_\_  
Signature of Contractor \_\_\_\_\_

# CONTACT

## LOUISIANA DEPARTMENT OF JUSTICE CONSUMER PROTECTION SECTION

1885 North Third Street  
Baton Rouge, LA 70802  
800-351-4889  
[www.AGLizMurrill.com](http://www.AGLizMurrill.com)

## LOUISIANA STATE LICENSING BOARD FOR CONTRACTORS

600 North Street  
Baton Rouge, LA 70802  
800-256-1392  
[www.lslbc.louisiana.gov](http://www.lslbc.louisiana.gov)

## BETTER BUSINESS BUREAU

[www.bbb.org](http://www.bbb.org)

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## ABOUT THE LOUISIANA DEPARTMENT OF JUSTICE

If you are seeking justice for yourself in a personal, corporate, or family matter, you try to get the best legal representation. But if an entire State or its political subdivisions are injured or victimized by the federal government, a multi-national corporation, or even another State -- that requires an Attorney General.

The Office of the Attorney General *is* the Louisiana Department of Justice, and we work to protect the people of Louisiana as a whole. We fight for Louisiana's natural resources, investigate fraud, secure justice for our most vulnerable, and so much more.

We also provide educational content meant to help you make wise choices based on guidance you can trust. With that in mind, we hope this guide has been enlightening and instructive; but should you need more information, please feel free to reach out to our office or your local parish representative.

ABOUT  
ATTORNEY GENERAL  
LIZ MURRILL



AG Liz Murrill is committed to defending the rule of law and protecting the people of our State. She has argued multiple cases before the U.S. Supreme Court and served as lead counsel in many cases challenging federal overreach, ranging from open border policies and attacks on religious liberty to COVID-19 mandates and First Amendment violations. With more than 30 years experience working in state and federal government, including eight as Louisiana's first Solicitor General, Liz Murrill has been a champion for women, children, and victims demanding justice. Now she is leading the fight to preserve our rights, our industries, and Louisiana's unique way of life. You can learn more at [www.AGLizMurrill.com](http://www.AGLizMurrill.com).



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