

CONSUMER TIPS & FRAUD PREVENTION

This resource provides an overview of some legal issues individuals may face after a disaster. This material was drafted in 2024 and we cannot guarantee that all information is current. This resource will not answer all of your questions. It is designed to set out some of the issues you may have to consider, to help you understand the basics about each issue, and to point you in the right direction for help. Much of the information is general, and you may need to contact legal aid organizations or federal, state, city, or county officials to obtain more specific information and advice. This resource was prepared by various law firms, legal aid organizations, and other nonprofit organizations as a free resource. Although the authors hope that it will be helpful by providing background material, we cannot warrant that it is accurate or complete, particularly since circumstances may change. It is not intended to constitute legal advice and should not be relied on as legal advice. Readers should seek tailored advice from their own legal counsel. If you cannot afford to hire a lawyer, you can contact (888) 382-3406 for referral to a nonprofit legal aid organization.

Could I become a victim of fraud?

Unfortunately, after a disaster, some people try to take advantage of victims by engaging in financial scams and frauds. In some cases, these individuals and companies claim to be offering help by engaging in what appear to be or may be legal acts, but, in reality, their “assistance” results in additional financial hardship to those who are already suffering. In the aftermath of any disaster, you should be on the lookout for potential financial scams and con artists.

What should I do to prevent fraud or a financial scam?

The old saying applies: *Things that sound too good to be true usually are.* After any disaster, you may need to hire services from contractors or others as part of the repair and rebuilding process.

In general, when hiring or contracting with anyone, you should:

- (1) verify that the company or person is licensed with the appropriate regulatory agencies if the company or person’s industry is subject to state or local licensing;
- (2) obtain several estimates of the cost of the service to be performed from different sources so that you know whether you are getting a fair price;
- (3) obtain all estimates in writing;
- (4) ask for references, including contact information, so that you can speak directly with prior customers to determine whether they are satisfied;
- (5) ask for identification when individuals show up at your home in order to verify that they are who they say they are;
- (6) carefully read and be sure you thoroughly understand all contracts and service agreements before signing; and
- (7) file complaints with the appropriate regulatory agencies if confronted with potential fraud or abuse.

Whenever you have telephone calls with any person at a company or agency, keep a log of the calls for your records. You should note the name of the person you spoke with, the date and time of the call, their telephone number, and the subject matter of the call—just jot down a few notes to help you remember the call.

Very importantly, beware of con artists who seek to gather your personal information in a time of crisis. In addition to the risk of identity theft described below, some con artists may use your personal information to commit you to products or services (such as an emergency loan, cash advance, or a form of insurance) during a time of crisis, later claiming that you agreed to accept such products or services. Con artists often use haste and urgency as a weapon, pressuring victims to act quickly to avoid further misfortune. Wherever possible, gather written information about products and services, consult with others about the products and services, and take the necessary time to research the products and services before committing yourself. Gather the contact information of the person trying to sell you the products or services so you have a way of contacting him or her after you have made a decision. Some con artists can be quickly exposed if they refuse to provide you with a means of contacting them in the future and do not respect your desire to think before acting. You should not do business or communicate further with anyone who does not answer your questions in a forthright manner or gives excuses or explanations that don’t sound legitimate to you.

If you believe someone is attempting to defraud you, contact the California Department of Consumer Affairs at (800) 952-5210 or file a complaint online at <https://www.dca.ca.gov/consumers/complaints/consumer.shtml>.

What if someone asks me to sign something?

You should not be pressured to immediately sign a contract, and you should think twice about working with anyone who is in a hurry to have you sign a document or contract. If someone tells you that you must sign right away to get a low price, a special deal, or even an early start date, don’t believe them. A person or company that is trying to assist victims or provide legitimate services will not make such demands and will respect and appreciate your need to read and understand what you are signing. Most importantly, read everything before you sign it, and make sure you understand

what you are signing. Do not be afraid to ask questions about the meaning of the contract. Consider getting the assistance of an attorney. You should ask for copies of the documents you are being asked to review before you sign them (and give yourself sufficient time to look them over). Also, be sure to obtain and keep complete copies of everything you sign at the time of signing. Contracts and agreements should be signed by both you and the service provider.

Be careful about signing a contract containing language that you are unable to read or understand. Do not sign a contract in a language you do not understand unless you have a trusted individual who is fluent in that language (such as a friend, adult family member, or attorney) to translate the contract for you. If you have already signed a contract in a language you do not understand, consider consulting an attorney. California law requires that an accurate translation of a contract be given to the consumer by a person in a trade or business who negotiates primarily in the Spanish, Chinese, Tagalog, Vietnamese, or Korean languages. This protection does not apply if the consumer has an interpreter (fluent in English and the consumer's language, not provided by the seller) assist in the negotiation, and it also does not apply to home improvement contracts or contracts involving a seller who is not engaged in a trade or business. You can read more about these protections at https://www.dca.ca.gov/publications/legal_guides/k_4.shtml, but if you find yourself in a situation where you have signed a contract you do not understand, you should consult an attorney.

What is a public insurance adjuster, and what should I look for if I decide to hire one?

A public insurance adjuster is someone who evaluates property loss on behalf of policyholders and helps them file insurance claims in exchange for a fee or a percentage of your claim. Many public insurance adjusters will claim they can maximize your insurance benefits by finding damage that an insurance company adjuster may not find, but it is important to note that your insurance company may provide an independent insurance adjuster to you at no charge, so you may not need the services of a public adjuster. If you use the insurance company's adjuster and then are not confident in his or her findings, you still have the right to hire a public adjuster to help you. Before you hire a public adjuster, be sure you understand the fee to be charged and how it will be calculated. It is always a good idea to rely on referrals to determine which public adjusters are legitimate. If you do hire a public adjuster, it is important to make sure beforehand that he or she is licensed. Call the California Department of Insurance (CDI) at (800) 967-9331 or visit the CDI's website at <https://www.insurance.ca.gov/>. Click on "Consumers" and then "Check License Status" on the right sidebar for licensing verification and other information regarding public adjusters.

What do I need to consider if I am offered a home loan?

Before you get a loan to rebuild your house, speak with several lenders to determine which one offers the best interest rates and the lowest fees. Also, before getting a loan from a private lender, check to see if you qualify for any government assistance programs, such as Federal Emergency Management Agency (FEMA), Small Business Administration, and Housing and Urban Development programs, or assistance from the state of California. Be on the lookout for "guaranteed loans" (where a person contacts you and guarantees you an "offer" of a loan regardless of your credit situation in exchange for an upfront fee). Legitimate lenders do not guarantee that you will qualify for a loan before you complete an application, and the lender runs a credit check. Legitimate lenders may charge a small application fee, but they do not promise that you will get the loan until they complete their review. Make sure that you are dealing with a licensed lender and that you understand the terms of any loan that you are offered. The California Department of Financial Protection and Innovation licenses most lenders, and you should check with that Department to determine whether the lender is legitimate; the Department can be reached at (866) 275-2677 or online at <https://dfpi.ca.gov/>.

What should I look for when hiring contractors to do repair work on my house?

Problems with home repair contractors, such as abandonment and shoddy work, are common, especially after disasters. Watch out for door-to-door offers of repair services and never provide a contractor with a cash deposit based on a handshake. You should get a written contract detailing every aspect of the work to be done and the cost to completion, as well as a performance and payment schedule. Before signing a contract, consider whether you should consult an attorney to help you review and understand the contract, and be sure to check the contractor's license status and references. You can easily check licenses online on the California Contractor State License Board (CSLB) website at <https://www2.cslb.ca.gov/onlineservices/CheckLicenseII/checklicense.aspx>. You can file complaints online at http://www.cslb.ca.gov/Consumers/Filing_A_Complaint/. The CSLB has a hotline where disaster survivors can obtain more information: (800) 962-1125 (Monday – Friday, 8:00 a.m. – 5:00 p.m.). Take photos of the condition of your property before, during (if you can safely do so), and after any home repair.

The Federal Trade Commission website also has a helpful article outlining the steps for finding and hiring a contractor and spotting scams: <https://www.consumer.ftc.gov/articles/0242-hiring-contractor>.

Is loan consolidation a good idea?

Although the decision whether to consolidate loans or transfer loans to a new finance company depends on your particular situation and the terms offered, you should be aware that some financial companies may try to take advantage of your situation in the wake of a disaster. Because of the disaster, you may not be able to pay your creditors on time, and finance companies may contact you promising to consolidate your home mortgage, credit card debt, car loans, and

repair loans, claiming consolidation will lower your monthly payments and give you more time to pay the debt. It is a good idea to check with your existing lenders or financial institutions about accommodating your situation due to disaster. They may be willing to agree to postpone payments due and waive interest charges or otherwise agree to a modified payment schedule. If you decide to deal with a new lender or refinancing company, be aware that these companies may try to pressure you to sign loan agreements without giving you a chance to review the documents or consult with another person or an attorney. Don't let them do so. In many instances, these refinancings result in high fees and interest rates and payments to bogus creditors, and they can cost you significantly more over time and damage your credit rating. You should carefully review the terms of any refinancing, make sure that the company you are dealing with is legitimate and licensed, and check referrals from previous customers. If you can, have an attorney review the documents and provide advice. Do not agree to any refinancing or consolidation in a hurry.

Can I do anything about being hassled by a collection agency?

Creditors are not required to let you know that they are referring your account to a collection agency, but you have certain legal rights to protect you from harassment by a collection agency. For example, debt collectors may call only between 8:00 a.m. – 9:00 p.m. (They can, however, contact your employer for certain information, as well as contact you at your work.) Debt collectors cannot use obscene or profane language or make threats to harm you or your property. There is no law limiting the number of calls that an agency can make, but repeated calls over a short period of time are prohibited if they would constitute harassment.

You can obtain more information about your rights with regard to collection agencies by consulting the California Attorney General's website at <http://oag.ca.gov>. On the Home screen, under About, "What We Do," choose the topic "Consumer Protection." The topic of "Debt Collectors" is in the list at the bottom of the page. You can also file a complaint with the Federal Trade Commission online at <https://ReportFraud.ftc.gov> or by telephone at (877) FTC-HELP/(877) 382-4357 (TTY (866) 653-4261).

What if I am the victim of identity theft?

Identity thieves steal personal information and use it to obtain credit cards, loans, or bank accounts in other people's names. When the bills are not paid, the victims may or may not be held responsible for some or all of the charges.

Identity theft can happen anytime, including after a disaster, because people are often required to evacuate in a hurry (leaving their homes and information exposed) or exercise less care in giving out information amidst the confusion and concern caused by the disaster. In trying to reestablish their lives, those affected by disasters can make their personal information vulnerable, especially when it gets communicated over the internet. Identity thieves may pose as authority figures to try to steal personal information, and they may even impersonate disaster victims to try to obtain checks or other emergency services. FEMA has reported that, in the wake of previous natural disasters, scam artists posed as FEMA inspectors asking for personal information or trying to charge for services, such as damage inspections or contractor repairs.

You should never give your complete Social Security number, bank account number, or credit card information to anyone unless you are certain the person is actually a representative of a legitimate organization. If you have any doubt, check with the organization, and do not rely on the person's word. Federal and state workers do not ask for or accept money. FEMA staff do not charge applicants for disaster assistance, home inspections, or help with filling out applications. All FEMA representatives carry laminated photo IDs.

If you believe that you are a victim of identity theft, you should:

- (1) contact the fraud department of one of the three major credit reporting companies to request a free (and renewable) 90-day fraud alert; you can call Experian at (888) 397-3742, Equifax at (866) 349-5191, or TransUnion at (800) 680-7289; once you ask one of three credit reporting companies for a fraud alert, they must tell the other two companies;
- (2) contact your local police and report the identity theft; be sure to obtain a copy of the police report and forms to use to request account information from creditors;
- (3) fill out an identity theft report at www.identitytheft.gov; and
- (4) contact your creditors to request information about the fraudulent accounts, close accounts that have been used fraudulently, and have the creditor report to the credit bureaus that they have been "closed at consumer's request."

You can use the police report and identity theft report to help prove that you were the victim of identity theft. For more information, visit the California Attorney General's website at www.oag.ca.gov/idtheft and FEMA's website at www.fema.gov/about/offices/security/disaster-fraud.

In the wake of other recent disasters, some individuals have applied for FEMA help using identities that are not their own. If you learn someone has used your identity to apply for FEMA assistance, a FEMA representative can help you file a new application and will provide information for you to file a complaint. (If you decide not to file an application, the representative will confirm you do not want to access FEMA benefits.)

To report fraud or abuse of DHS programs and employees, you should also contact the DHS Office of the Inspector General (OIG) at (800) 323-8603 (TTY (844) 889-4357). You can file a complaint online at <https://hotline.oig.dhs.gov/#step-1>, or mail a complaint to DHS Office of Inspector General/Mail Stop 0305, Attention: Hotline, 245 Murray Lane SW, Washington, D.C. 20528-0305.

In addition, those with information related to FEMA fraud can call FEMA's Office of the Chief Security Officer (OCSC) tip line at (866) 223-0814 or email FEMA-OCSCO-Tipline@fema.dhs.gov. If you suspect suspicious activity or fraud, contact the National Center for Disaster Fraud Hotline by phone at (866) 720-5721 or file a complaint at <https://www.justice.gov/disaster-fraud/ncdf-disaster-complaint-form>.

What should I look for when hiring a moving company?

When hiring an unfamiliar moving company, you should:

- (1) ask for and review customer references before contracting for services;
- (2) make sure the mover is licensed, insured, and in good standing with the California Public Utilities Commission;
- (3) get an estimate in writing of the cost of the move (after inspection of the goods to be moved) and how long it will take (a written cost estimate is binding, but oral or internet estimates are not) in advance;
- (4) know that the moving company must provide a "not to exceed" price for all household moves in an agreement for moving services; and
- (5) make sure you understand the moving company's insurance limits and consider whether you should purchase additional insurance. Take photos of your property before allowing it to be moved.

More information, including how to verify a moving company is licensed, how to file a claim for loss or damages, and several consumer-protection resources, is available online at <https://oag.ca.gov/consumers/general/moving> and <https://bhqs.dca.ca.gov/consumers/movers.shtml>.

You can also call (916) 999-2041 to check if a mover is licensed. You can file a complaint against a moving company by following the instructions at <https://bhqs.dca.ca.gov/consumers/index.shtml>. Loss or damages claims must be filed in writing within nine months after your goods have been delivered.

What should I look for when hiring a storage company?

Before you turn your belongings over to anyone for storage, make sure that (1) the storage company is legitimate and reputable by talking with people who have used their services; (2) you have a written agreement with the storage company listing what will be provided, the cost to you, and the property you are turning over for storage; and (3) you have considered whether and how to insure the contents of your storage unit (your homeowners or renters insurance may or may not already cover some of the items). Take photos of your property before turning it over to a storage company.

What should I look for when hiring an attorney?

If you can, get a referral from a trusted source. If you do not have a trusted friend or family member who can refer you to an attorney, you can talk to a local lawyer referral service certified by the State Bar of California. To obtain a full listing of the State Bar-certified Lawyer Referral Services Directory, you can call the State Bar lawyer referral services at (866) 442-2529 (in California) or (415) 538-2250 (outside California) or look them up on the internet at www.calbar.ca.gov/lrs. You may want to review the State Bar's consumer legal guides, "Before Selecting an Attorney" and "Resolving Problems," located online at www.calbar.ca.gov. Click the "Public" link, and then the "Legal Guides" link. You could also find additional information on finding free legal help by clicking the "Free Legal Information" link on the "Legal Guides" page.

To file a complaint against an attorney, contact the State Bar of California at (800) 843-9053 or visit its website at www.calbar.ca.gov and click on the "How to file an attorney misconduct complaint" link.

After a disaster, can a seller of products radically increase its prices to make a quick buck?

After the government declares a state of emergency, it is illegal for businesses to increase the cost of certain goods by more than 10%, unless they can prove the increase was based on an increase in their suppliers' price or directly attributable to additional costs for labor or materials to provide the services. The prohibition on price gouging applies to: food, emergency and medical supplies, gasoline, repairs, housing (including hotel rooms), transportation, housing rent increases and reconstruction. The prohibition generally extends for 30 days after a declaration of emergency, although for reconstruction services and emergency cleanup services, the ban is extended for 180 days. Please see California Penal Code Section 396 for more information.

Declaration of a state of emergency by the president and/or governor of California activates the prohibition against price gouging discussed above. If you suspect price gouging, contact your local district attorney or the California Attorney General's Office at (800) 952-5225, or report it online at <https://oag.ca.gov/report>. You can also refer to the FAQs about price gouging during disasters on the California Attorney General's website at <https://oag.ca.gov/consumers/pricegougingduringdisasters>.