

## *The Coming Crackdown: Why Penalties for Construction Owners Are On the Rise, Construction DIVE, ft. Andrew Richards*

**Andrew Richards**, Partner at Kaufman Dolowich & Voluck, LLP in Long Island, was quoted in an article written by Kim Slowey for Construction DIVE, (October 19, 2015) –

It seems that authorities across the U.S. have pumped up their campaigns to eliminate contractor misconduct of all kinds and dish out severe punishment, including criminal charges, for violations and offenses traditionally met with a slap on the wrist or a monetary fine.

*Andrew Richards comments on the movement toward increased legal action and harsher penalties against contractors. A major focus for prosecutors has been on construction minority or disadvantaged business enterprises (DBE's):*

*On the flip side however, according to attorney Andrew Richards, a partner at New York-based law firm Kaufman Dolowich Voluck, investigators are also focusing on firms that are supposed to hire DBEs. "The requirements are very high now, and it's been very hard over the years to really satisfy them. There aren't enough [DBE] firms out there that really can do the actual work," he told Construction Dive.*

*Richards said general contractors often face large, liquidated damages on a project if they fall behind schedule, and, if there aren't enough qualified DBEs, they'll supplement the DBE's workforce with their own.*

*Even prosecution against seemingly perennial home-improvement contractor fraud seems to be gaining traction, Richards said.*

*A Connecticut contractor was sentenced to prison this month for bilking an elderly couple out of \$36,000 in return for shoddy work, and complaints of contractors taking advantage of Hurricane Sandy victims keep pouring in. Financial shenanigans, Richards said, are the underlying issue in most homeowner complaints he sees.*

*For example, in the normal course of business, Richards said, some contractors pay the bills from one job with money they receive from another, and if a subcontractor doesn't get paid in the shuffle, then there's trouble. "That's a diversion of trust funds. You can't do that, and it also carries criminal penalties."*

*Richards said this law applies to both commercial and residential work, but homeowners tend to be more vocal about contractor problems, and he believes homeowner persistence is partly responsible for driving the recent crackdown.*

*"They're tired of home improvement contractors ripping off owners, leaving the claims by subcontractors and incurring legal fees," Richards said. "They're cracking down due to public complaint."*