



## State Settles with Home Improvement Business

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MADISON – The State of Wisconsin reached a settlement with American Dream Home Improvement (ADHI) and Michael Gray to resolve consumer complaints related to a number of contractual issues including: problems with disclosures; failure to provide lien waivers and cancellation information to customers; and failure to provide warranty information. The settlement includes more than \$979,000 in restitution, forfeitures, fees, costs, and assessments.

The Department of Justice (DOJ), on behalf of the Department of Agriculture, Trade and Consumer Protection (DATCP), entered into a consent judgment specifically requiring the defendants to make changes to contracts in order to comply with state law; provide documents to customers about lien waivers, warranties, and customers' rights to cancel; and provide warranties to existing customers who were never provided required warranty documents.

### Consumer restitution

Under the terms of the judgment, ADHI will pay restitution in the amount of \$582,047.15. DOJ will disburse these funds to a list of consumers previously identified during the investigation.

In addition to the above-mentioned restitution, the defendants have also agreed to refund for any customers not on the restitution list any payments collected by ADHI in excess of what the customer was obligated to pay under their contract. To be eligible for such a refund, customers must do the following:

- File a complaint with DATCP within 45 days of the Consent Judgment (by September 10, 2018),
- Raise an issue in their complaint that suggests ADHI may have collected more money from them than they were obligated to pay under their contract, and
- Paid the company for services sometime between January 1, 2012 and July 26, 2018 (the date of the Consent Judgment).

For each complaint received, DATCP will work with the defendants to determine if they have any refund obligation under the agreement. The determination about whether a refund is owed will be based on records provided by ADHI or obtained from other sources.

Consumers can file a complaint with DATCP online at [datcp.wi.gov](http://datcp.wi.gov) or by calling the Consumer Protection Hotline at 1-800-422-7128 to obtain a complaint form by mail.

### Civil forfeiture, fees and assessments

ADHI has agreed to pay \$325,000 in civil forfeitures, fees, and assessments. In addition, they will pay \$72,555.67 to DOJ to cover the State's investigation and litigation costs.

ADHI has also agreed to an additional \$1,100,000 payment if, during the next three years, the company violates the terms of the consent judgement and does not cure the violation within 21 days or the violation is too significant to be cured. As part of the agreement, ADHI will have an opportunity to resolve disputes with respect to compliance of the consent judgement.

**Additional settlement terms**

- ADHI will provide a warranty to past customers to whom a warranty was promised but never provided.
- ADHI will provide new customers a form with the contract that informs them of their right to lien waivers and provide a form that spells out their cancellation options including the customer's three-day-right-to-cancel.
- ADHI will not represent, offer, or advertise that they will represent a consumer or negotiate on their behalf with respect to an insurance claim that relates to an exterior home improvement project. This includes not representing to consumers that ADHI will "pursue the homeowner's best interest" in authorized dealings with the consumer's insurer.
- ADHI will not substitute products or materials for those specified in the contract and will not do any work unless legally provided under the contract terms or agreed to in writing by the consumer.
- ADHI will not collect insurance proceeds from consumers allocated for work ADHI did not perform or complete unless the consumer agrees to reallocate those insurance proceeds to pay for work actually performed by ADHI but not covered by insurance.
- ADHI is required to comply with the requirements and prohibitions of Wisconsin laws governing: home improvement trade practices; residential contractors; unfair billing for consumer goods and services; direct marketing; and untrue, deceptive, and misleading representations.

By entering into this consent judgment, the defendants do not admit that they violated any laws or regulations of the State of Wisconsin.

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