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Testimony in Support of House Bill 2554
Presented to the House Committee Commerce and Economic Development
By Attorney General Derek Schmidt
February 9, 2012

Chairman Brown, members of the committee, thank you for this opportunity to testify in support of House Bill 2554.

Last year, during my first weeks in office, representatives of the roofing industry and insurance industry approached me and asked for help to craft legislation that would provide additional safeguards for homeowners who purchase roofing services. I was particularly attentive because it was the industry itself asking to be further regulated.

House Bill 2554 is the result of my discussions with those parties over the past year. The basic concepts in the bill – registration and regulation of roofing contractors – came from the industry. My Consumer Protection Division has worked closely with the industry to refine some of the details in an effort to ensure that the legislation, if enacted, would be enforceable and would impose a minimal administrative burden.

The problem being addressed by House Bill 2554 is unscrupulous roofing contractors who target Kansans – often just after a disaster and during a time of tremendous stress and urgent need – and then provide poor quality services, do not perform services as promised, or otherwise defraud or shortchange Kansas consumer on a major purchase...and then disappear or otherwise fail to stand behind their promises.

Of course, House Bill 2554 is of benefit to reputable roofing contractors by improving the overall reputation of the profession. That, I presume, is why the industry association supports it. In short, House Bill 2554 is an effort to separate the wheat from the chaff – and to protect Kansas homeowners in the process.

Sadly, our office has ample experience with roofing contractors whose “work” is harmful to Kansas homeowners. Consider these examples:

- Example 1: We investigated roofing services provided nationwide by a company called American Shingle, which had two offices in Kansas. The company collected money from consumers and/or insurance companies on contracts for roofing services. They then hired local roofing contractors to do the actual work. In many cases, the jobs were only partially completed or were not done at all. Our office received 114 complaints from Kansas consumers. American Shingle eventually filed bankruptcy, and the CEO of the company was arrested in Bibb County, Georgia, and charged with theft. Many consumers in Kansas and other states have never been made whole. In addition, local Kansas contractors and materials suppliers were not paid.
- Example 2: Our office has an unpaid judgment against an individual who continues to run advertisements in area newspapers soliciting roofing services and offering discounts to senior citizens. He operates for very short amounts of time, then vanishes, then reappears using a different company name. He provides only a cell phone number, and to date we have been unable to locate him.

- Example 3: An individual went to Hiawatha after a hail storm and performed roofing services for at least 14 consumers. The services were performed, and payment was made. The roofer then left – without paying materials suppliers. The materials suppliers then proceeded to place liens against the homeowners' property. The State of Kansas charged the roofer criminally, and he pled no contest to five counts of Deceptive Commercial Practices in Brown County District Court. He received a suspended sentence of 12 months in jail and 24 months of supervised probation.

These are examples of our enforcement efforts chasing after unscrupulous roofers who prey on Kansas consumers, often during a time of extreme need. We will continue to do so. But how much better for everybody involved if we could empower consumers to avoid these sorts of problems in the first place.

That is the purpose of House Bill 2554. It is an effort to give consumers the information they need to know whether a roofing contractor is in compliance with Kansas law. And it gives us the information we need to increase the odds that we can find that contractor, after the fact, if they violate Kansas law.

For these reasons, we support House Bill 2554 and encourage you to consider it favorably.

I would be glad to stand for questions.