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CIVIL CASE MANAGEMENT

ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
Division of Law
124 Halsey Street - 5th Floor
P.O. Box 45029
Newark, New Jersey 07101
Attorney for the Plaintiffs

FILED

MAY 03 2016

SUPERIOR COURT OF NJ
MERCER COUNTY
CHANCERY

By: Labinot A. Berljolli (034612011)
Deputy Attorney General
(973) 648-2500

SUPERIOR COURT OF NEW JERSEY
CHANCERY DIVISION, MERCER COUNTY
DOCKET NO. MER - C- 23-14

ROBERT LOUGY, Acting Attorney General of the State
of New Jersey, STEVE C. LEE, Acting Director of the
New Jersey Division of Consumer Affairs,

Civil Action

Plaintiffs,

v.

C.L.J. HOME IMPROVEMENTS INC.; BASEMENTS
4 LESS INC. a/k/a NJ BASEMENT CONTRACTORS;
CHOICE HOME IMPROVEMENTS LLC; CHARLES
JOHNSTON, JR. a/k/a CHARLES L. JOHNSTON a/k/a
CHARLES JOHNSTON, JR., individually and as owner,
officer, director, manager, employee, representative
and/or agent of C.L.J. HOME IMPROVEMENTS INC.,
BASEMENTS 4 LESS INC. a/k/a NJ BASEMENT
CONTRACTORS, and CHOICE HOME
IMPROVEMENTS LLC; JANE AND JOHN DOES 1-
20, individually and as owners, officers, directors,
shareholders, founders, members, managers, employees,
servants, agents, representatives and/or independent
contractors of C.L.J. HOME IMPROVEMENTS INC.,
BASEMENTS 4 LESS INC. a/k/a NJ BASEMENT
CONTRACTORS, and/or CHOICE HOME
IMPROVEMENTS LLC; and XYZ CORPORATIONS
1-20,

COMPLAINT

Defendants.

Plaintiffs, Robert Lougy, Acting Attorney General of the State of New Jersey (“Attorney General”), with offices located at 124 Halsey Street, Fifth Floor, Newark, New Jersey and Steve C. Lee, Acting Director of the New Jersey Division of Consumer Affairs (“Director”), with offices located at 124 Halsey Street, Seventh Floor, Newark, New Jersey, by way of Complaint state:

1. At all relevant times, C.L.J. Home Improvements Inc. (“C.L.J. Home Improvements”), Basements 4 Less Inc. a/k/a NJ Basement Contractors (“Basements 4 Less”), Choice Home Improvements LLC, (“Choice Home Improvements”), Charles L. Johnston, Jr. a/k/a Charles L. Johnston a/k/a Charles Johnston, Jr. (“Johnston”) (collectively, “Defendants”) were engaged in the advertisement, offer for sale and performance of various home improvements, including, among other things, remodeling of basements, painting, performing electrical and masonry work, and installing household fixtures for consumers in the State of New Jersey (“State” or “New Jersey”).

2. Consumer complaints received by the New Jersey Division of Consumer Affairs (“Division”) regarding Defendants’ home improvement work have revealed multiple violations of the New Jersey Consumer Fraud Act, N.J.S.A. 56:8-1 et seq. (“CFA”), the Contractors’ Registration Act, N.J.S.A. 56:8-136 et seq., and the regulations promulgated thereunder, specifically the Regulations Governing Contractor Registration, N.J.A.C. 13:45A-17.1 et seq. (“Contractor Registration Regulations”), and the Regulations Governing Home Improvement Practices, N.J.A.C. 13:45A-16.1 et seq. (“Home Improvement Regulations”). Among other things, these alleged violations arise from Defendants’ failure to: (a) provide written stop and start dates; (b) provide proof of commercial general liability insurance; (c) fully perform the contracted-for home improvement work, after receiving consumer payments; and (d) make the necessary repairs to correct substandard home improvement work. The Attorney General and the Director commence

this action to halt Defendants' deceptive business practices, restore money unlawfully acquired from consumers and other injunctive and monetary relief.

PARTIES AND JURISDICTION

3. The Attorney General is charged with the responsibility of enforcing the CFA, the Contractors' Registration Act, and the regulations promulgated thereunder, specifically the Contractor Registration Regulations and the Home Improvement Regulations. The Director is charged with the responsibility of administering the CFA, the Contractors' Registration Act, the Contractor Registration Regulations and the Home Improvement Regulations on behalf of the Attorney General.

4. By this action, the Attorney General and Director (collectively, "Plaintiffs") seek injunctive relief and other relief for violations of the CFA, the Contractors' Registration Act, the Contractor Registration Regulations and the Home Improvement Regulations. Plaintiffs bring this action pursuant to their authority under the CFA, specifically N.J.S.A. 56:8-8, 56:8-11, 56:8-13, 56:8-19.

5. Venue is proper in Mercer County, pursuant to R. 4:3-2, because it is a county in which the Defendants have maintained a business address and/or otherwise conducted business.

6. C.L.J. Home Improvements is a New Jersey For-Profit corporation formed on October 21, 2008. Upon information and belief, at all relevant times, C.L.J. Home Improvements has maintained a principal business and mailing address at 35B Robbinsville-Allentown Road, Robbinsville, New Jersey 08691 ("35B Robbinsville-Allentown Road").

7. C.L.J. Home Improvements' registered agent in New Jersey is Johnston, with a mailing address of 5 Hamton Court East, Robbinsville, New Jersey 08691 ("5 Hamton Court East").

8. Upon information and belief, at all relevant times, Johnston has been the President and owner, officer, manager, director, employee, representative and/or agent of C.L.J. Home Improvements and has controlled, directed and/or participated in the management and operation of C. L. J. Home Improvements.

9. Basements 4 Less is a New Jersey For-Profit corporation formed on August 13, 2012. Upon information and belief, at all relevant times, Basements 4 Less has maintained a principal business and mailing address at 35B Robbinsville-Allentown Road.

10. Basements 4 Less' registered agent in New Jersey is Johnston with a mailing address of 35B Robbinsville-Allentown Road.

11. Upon information and belief, at all relevant times Johnston has been the President and co-owner, officer, manager, director, employee, representative and/or agent of Basements 4 Less and has controlled, directed and/or participated in the management and operation of Basements 4 Less.

12. Choice Home Improvements is a New Jersey Limited Liability Company formed on January 15, 2015. Upon information and belief, at all relevant times, Choice Home Improvements has maintained a principal business and mailing address at 5 Hamton Court East.

13. Choice Home Improvements' registered agent in New Jersey is Johnston with a mailing address of 5 Hamton Court East.

14. Upon information and belief, at all relevant times Johnston has been the President and owner, officer, manager, director, employee, representative and/or agent of Choice Home Improvements and has controlled, directed and/or participated in the management and operation of Choice Home Improvements.

15. John and Jane Does 1 through 20 are fictitious individuals meant to represent the owners, officers, directors, shareholders, founders, members, managers, employees, servants, agents, representatives and/or independent contractors of C.L.J. Home Improvements, Basements 4 Less, and Choice Home Improvements who have been involved in the conduct that gives rise to this Complaint, but are heretofore unknown to Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Complaint to include them.

16. XYZ Corporations 1 through 20 are fictitious corporations meant to represent any additional business entities who have been involved in the conduct that gives rise to the Complaint, but are heretofore unknown to Plaintiffs. As these defendants are identified, Plaintiffs shall amend the Complaint to include them.

GENERAL ALLEGATIONS COMMON TO ALL COUNTS

17. Since at least November 2008, Defendants have engaged in the advertisement, offer for sale, sale and performance of home improvements in the State including, but not limited to: remodeling of basements; painting; performing electrical and masonry work; and installing household fixtures.

A. Defendants' Home Improvement Contractor Registrations:

18. On or about October 23, 2008, C.L.J. Home Improvements submitted to the Division a Home Improvement Contractor Application for Initial registration ("HIC Registration Application") for registration as a home improvement contractor ("HIC") in New Jersey.

19. Among other things, the HIC Registration Application lists Johnston as the President of C.L.J. Home Improvements.

20. On January 6, 2009, the Division registered C.L.J. Home Improvements as an HIC and issued it registration number 13VH04887700.

21. C.L.J. Home Improvements subsequently filed with the Division online registration renewal applications on October 27, 2009, October 25, 2010, October 31, 2011 and November 13, 2012, which was valid through December 31, 2013.

22. On or about August 24, 2012, Basements 4 Less submitted to the Division a HIC Registration Application for registration as an HIC in New Jersey.

23. Among other things, the HIC Registration Application lists Johnston as the President of Basements 4 Less, with a 50% ownership interest in the corporation.

24. Daniel Williams is listed as the Vice President of Basements 4 Less, with a 50% ownership interest in the corporation.

25. On September 11, 2012, the Division registered Basements 4 Less as an HIC and issued it registration number 13VH06963000.

26. Basements 4 Less subsequently filed with the Division online registration renewal applications on November 13, 2012, and October 30, 2013, which was valid until March 31, 2015.

27. On or about January 24, 2015, Choice Home Improvements submitted to the Division an HIC Registration Application for registration as an HIC in New Jersey.

28. Among other things, the HIC Registration Application lists Johnston as the President of Choice Home Improvements, with a 100 % ownership interest in the company.

29. On April 9, 2015, the Division registered Choice Home Improvements as an HIC and issued it registration number 13VH08389100, which was valid until March 31, 2016.

B. Johnston's Conduct in the Operation of C.L.J. Home Improvements, Basements 4 Less, and Choice Home Improvements:

30. Upon information and belief, Johnston, as owner of C.L.J. Home Improvements, co-owner of Basements 4 Less, and owner of Choice Home Improvements, managed, controlled and operated all companies and met with all prospective clients.

31. At varying times, Johnston met with consumers at the consumers' homes to discuss the home improvements that Defendants would undertake.

32. At varying times, Johnston represented himself as President of Choice Home Improvements, Basements 4 Less, and C.L.J. Home Improvements.

33. At varying times, Johnston endorsed and deposited consumer checks issued to himself and C.L.J. Home Improvements, Basements 4 Less or Choice Home Improvements.

34. At varying times, Johnston required up-front deposits that were a portion of the total sales price of the home improvements.

35. At varying times, Johnston registered and operated multiple business entities under different and distinguishable names, in order to prevent consumers from discovering the unconscionable practices engaged in by his prior businesses.

C. Defendants' Business Practices Generally:

36. At varying times, Defendants failed to begin and/or complete work on the agreed upon date or time period represented orally or in the home improvement contract.

37. At varying times, Defendants failed to provide consumers with timely written notice for any delay in the performance of the home improvements.

38. At varying times, Defendants failed to provide consumers with a copy of their commercial general liability insurance.

39. At varying times, Defendants commenced home improvements only to abandon the work and not return to the consumers' homes for weeks, months, or at all.

40. At varying times, Defendants failed to respond to consumers' calls, e-mails, and/or texts inquiring as to when Defendants would begin or continue home improvement work that Defendants had already commenced, but then had abandoned.

41. At varying times, consumers who were able to reach Defendants were given the “run around,” and myriad excuses as to why Defendants could not start or had stopped the home improvement work.

42. At varying times, Defendants performed home improvements in a substandard manner and failed to make the necessary corrective repairs, including but not limited to: (a) improperly installing sheetrock; (b) performing work that failed to pass inspection; and (c) installing incomplete and/or non-functional vanities.

43. At varying times, when consumers called Defendants about the substandard work, Defendants represented they would return to the consumers’ homes and make the necessary corrective repairs, but then failed to do so.

44. At varying times, Defendants solicited and collected final payment from consumers before local midpoint or final inspections were scheduled and/or copies of inspection certificates were furnished.

45. At varying times, consumers were forced to obtain estimates from or hire other contractors to complete Defendants’ substandard and/or incomplete home improvement work and as a result, consumers incurred substantial additional costs.

46. At varying times, consumers tried to collect payment from Defendants for the additional costs incurred as a result of hiring another contractor to complete or repair substandard work.

47. At varying times, Defendants refused to reimburse consumers for the additional costs incurred as a result of hiring another contractor to complete or repair substandard work.

48. At varying times, Defendants failed to perform home improvement work as per their contractual obligations, but nonetheless demanded and received payment for said work.

49. At varying times, Defendants failed to issue consumers refunds after consumers demanded refunds for Defendants' failure to perform the contracted-for home improvement work.

50. At varying times, Defendants failed to provide consumers an agreed upon discount.

51. At varying times, Defendants failed to provide the municipality with the requisite information required to obtain home improvement permits but still obtained partial or full payment from consumers for those permits.

52. At varying times, Defendants failed to pay the municipality the money necessary to obtain the required home improvement permits but still obtained partial or full payment from consumers for those permits.

53. At varying times, Defendants refused to refund consumers' payments after a municipality denied permits for the contracted-for home improvement work.

54. At varying times, Defendants informed consumers that additional work or materials were necessary to complete the home improvements and that additional costs were to be incurred, when that was not the case.

55. At varying times, Defendants caused damage to consumers' homes while performing home improvements and then failed to fix, clean, or compensate for the damage.

56. At varying times, Defendants installed a product that was different from and/or substandard to the contracted-for product.

57. At varying times, Defendants failed to inform consumers they had multiple conflicting obligations that prevented Defendants from commencing and/ or completing contracted home improvement work within the agreed-upon time period.

58. At varying times, Defendants continued to enter into home improvement contracts, and failed to inform new consumers of multiple conflicting obligations that would prevent

Defendants from commencing and/or completing home improvement work within the agreed upon time period.

D. Defendants' Home Improvement Business Documents and Contracts:

59. At varying times, Defendants provided consumers with home improvement contracts that did not include the dates or time periods on which the work would commence and/or finish.

60. At varying times, Defendants provided consumers with home improvement contracts that did not represent the true and final cost of the home improvement.

61. At varying times, Defendants failed to include on home improvement contracts and/or business correspondence with consumers, the toll-free telephone number provided by the Director for consumers to call with inquiries or complaints concerning home improvement contractors.

62. At varying times, Defendants failed to provide their HIC registration number on certain business documents and/or correspondence with consumers of home improvement services.

63. At varying times, Defendants failed to make all changes to the terms and conditions of the contract in writing.

64. At varying times, Defendants, without prior notice to the consumer, charged the consumer for additional work/and or materials not specified in the contract.

65. At varying times, Defendants did not include: (a) the legal name and address of the agent and/or representative who negotiated the contract with the consumers; (b) an accurate description, or any description, of the work to be done and the principal products and materials to be used or installed in performance of the contracts; (c) the terms and conditions affecting contract price, including the cost of materials and the hourly rate for labor; and (d) the toll-free telephone number provided by the Director of the Division for consumers making inquiries concerning home improvement contractors.

66. At varying times, Defendants Johnston, C.L.J. Home Improvements and Choice Home Improvements provided consumers with home improvement contracts that did not include the required "Notice to Consumer" cancellation notice.

67. At varying times, Defendants Johnston, Basements 4 Less and C.L.J. Home Improvements failed to obtain all parties' signatures to the contract.

COUNT I

VIOLATION OF THE CFA BY DEFENDANTS (UNCONSCIONABLE COMMERCIAL PRACTICES AND DECEPTION)

68. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 67 above as if more fully set forth herein.

69. The CFA, N.J.S.A. 56:8-2, prohibits:

The act, use or employment by any person of any unconscionable commercial practice, deception, fraud, false pretense, false promise, misrepresentation, or the knowing[] concealment, suppression, or omission of any material fact with intent that others rely upon such concealment, suppression or omission, in connection with the sale or advertisement of any merchandise or real estate, or with the subsequent performance of such person as aforesaid, whether or not any person has in fact been misled, deceived or damaged thereby. . .

70. The CFA defines "merchandise" as including "any objects, wares, goods, commodities, services or anything offered, directly or indirectly to the public for sale." N.J.S.A. 56:8-1(c).

71. At all relevant times, Defendants have been engaged in the advertisement and sale of merchandise within the meaning of N.J.S.A. 56:8-1(c), specifically, home improvements.

72. In the operation of their businesses, Defendants have engaged in the use of unconscionable commercial practices, deception, false promises and/or misrepresentations.

73. Defendants have engaged in unconscionable commercial practices and deception including, but not limited to, the following:

- a. Failing to include in home improvement contracts a written start or end date on which the home improvements would begin and end;
- b. Failing to begin or complete home improvement work on the agreed upon date or time period represented orally or otherwise;
- c. Failing to provide timely notice for any delay in the performance of home improvement work, as well as when work would resume and/or commence or be completed;
- d. Commencing home improvement work, but then abandoning a project for weeks and/or months at a time;
- e. Commencing home improvement work, but then abandoning a project totally;
- f. Making appointments to go to consumers' homes to begin or continue home improvement work and then failing to keep the appointments;
- g. Taking consumers' payments and then failing to provide the contracted-for home improvements;
- h. Failing to provide consumers with proof of commercial liability insurance;
- i. Performing home improvement work in a substandard manner, which required consumers to hire a second contractor to correct Defendants' work;
- j. Requesting that consumers make payments payable to Johnston individually, rather than making the payments to the order of the corporation directly;
- k. Pressuring consumers repeatedly to accept offered discounted services (i.e., offering a discount if consumers paid a large upfront sum in return for a reduction of the total price);
- l. Failing to pay subcontractors in a timely manner, thereby preventing the consumers from receiving their contracted home improvement; and
- m. Stopping contracted for home improvement work and refusing to recommence work unless the consumers paid additional money.

74. Defendants Johnston and Basements 4 Less have engaged in unconscionable commercial practices and deception including, but not limited to, the following:

- a. Failing to respond to consumers' calls, emails or text messages inquiring when home improvement work would commence or continue, or returning at all;
- b. Charging consumers for work not agreed upon in the contract or otherwise and failing to inform consumers of the additional work prior to commencing same;
- c. Providing false information about materials being used to complete home improvements;
- d. Performing home improvement work in a substandard manner and then failing to make the necessary corrective repairs;
- e. Failing to perform home improvement work according to the contract specifications and demanding and receiving payment for the work;
- f. Failing to provide a consumer an agreed upon discount;
- g. Refusing to issue a refund when so requested by consumers after Defendants failed to perform the contracted for home improvement work;
- h. Failing to arrange for the required home improvement inspections and then obtaining partial or full payment from consumers without the inspections having been performed;
- i. Failing to provide the municipality with the requisite information needed to obtain home improvement permits and obtaining partial or full payment from consumers for those permits;
- j. Failing to pay the municipality the money necessary to obtain the required home improvement permits but still receiving partial or full payment from consumers for those permits;
- k. Refusing to refund consumers' payments after a municipality denied permits for the contracted-for home improvement work;
- l. Informing consumers that additional work or materials were necessary to complete the home improvements and that additional costs were to be incurred, when this was not the case;
- m. Causing damage to consumers' homes while performing home improvements and then failing to fix, clean, or compensate for the damage; and
- n. Installing a product that was different and/or substandard from what was contracted for.

75. Defendants Johnston and C.L.J. Home Improvements have engaged in unconscionable commercial practices and deception including, but not limited to, the following:

- a. Refusing to issue a refund when so requested by consumers and within the time prescribed under N.J.S.A. 56:8-151(b).

76. Defendant Johnston has engaged in unconscionable commercial practices and deception including, but not limited to, the following:

- a. Registering and operating multiple business entities under different and distinguishable names, in order to prevent consumers from discovering unconscionable consumer practices his prior businesses had engaged in. These businesses include, but are not limited to: C.L.J. Home Improvements, Basements 4 Less, and Choice Home Improvements. At all relevant times, Johnston was the president and/or owner, and/or manager of these various businesses and controlled, managed and participated in their operations.

77. Each unconscionable commercial practice and act of deception by Defendants constitutes a separate violation under the CFA, N.J.S.A. 56:8-2.

COUNT II

VIOLATION OF THE CFA BY DEFENDANTS (MISREPRESENTATIONS)

78. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 77 above as if more fully set forth herein.

79. Defendants' conduct in violation of the CFA includes, but is not limited to, the following acts misrepresentation:

- a. Representing to consumers that work would begin or be completed on an agreed upon date or time period, when such was not the case;
- b. Representing to consumers that Defendants would appear at consumers' homes at a certain date to complete previously abandoned home improvement work, when such was not the case; and

80. The conduct of Defendants Johnston, Basements 4 Less and C.L.J. Home Improvement which is in violation of the CFA includes, but is not limited to, the following acts of misrepresentations:

- a. Representing that certain contracted for materials were being used when, in fact, other substandard materials were being used.

81. The conduct of Defendants Johnston and Basements 4 Less which is in violation of the CFA includes, but is not limited to, the following acts of misrepresentations:

- a. Representing that Defendants would either return to fix, or compensate consumers for damage caused while performing home improvements, when such was not the case;
- b. Representing to consumers that accelerated payments were necessary to purchase materials, when such was not the case;
- c. Representing that agreed upon products or materials would be used, when such was not the case;
- d. Representing to consumers that refunds for failure to complete home improvement work would be issued, when such was not the case;
- e. Representing to consumers that basic and necessary steps would be taken to secure township permits, when such was not the case;
- f. Representing to consumers that work was performed in such a manner that would enable it to pass township inspections, when such was not the case; and
- g. Representing to at least one consumer that a discount would be applied, when such was not the case.

82. Each misrepresentation by Defendants constitutes a separate violation under CFA, N.J.S.A. 56:8-2.

COUNT III

**VIOLATIONS OF THE CFA BY THE DEFENDANTS
(KNOWING OMISSIONS OF MATERIAL FACTS)**

83. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 82 above as if set forth more fully herein.

84. Defendants' conduct in violation of the CFA includes, but is not limited to, the following acts of knowing concealment, suppression or omission of material facts:

- a. Failing to inform consumers they had multiple conflicting obligations that prevented Defendants from commencing and/or completing contracted home improvement work within the agreed upon time period; and
- b. Continuing to enter into home improvement contracts, and failing to inform new consumers of multiple conflicting obligations that would prevent Defendants from commencing and/or completing home improvement work within the agreed upon time period.

85. The conduct of Defendants Johnston and Basements 4 Less which is in violation of the CFA includes, but is not limited to, the following acts of knowing concealment, suppression or omission of material facts:

- a. Failing to inform consumers that they had failed to timely pay subcontractors for their services, thereby preventing contracted work from being completed.

86. Each act of knowing concealment, suppression or omission of material fact constitutes a separate violation under the CFA, N.J.S.A. 56:8-2.

COUNT IV

**VIOLATION OF THE CONTRACTORS'
REGISTRATION ACT BY DEFENDANTS**

87. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 86 above as if more fully set forth herein.

88. The Contractors' Registration Act, among other things, governs the registration of home improvement contractors within the Division.

89. At all relevant times, Defendants have been “Contractor[s]” within the definition of the Contractors’ Registration Act, N.J.S.A. 56:8-137.

90. At all relevant times, Defendants have offered to perform and have performed “Home Improvement[s]” within the definition of the Contractors’ Registration Act, N.J.S.A. 56:8-137.

91. At all relevant times, Defendants have entered into “Home Improvement Contract[s]” within the Contractors’ Registration Act, N.J.S.A. 56:8-137.

92. At all relevant times, Defendants were not exempt from the Contractors’ Registration Act, pursuant to N.J.S.A. 56:8-140.

93. The Contractors’ Registration Act requires that certain information must be displayed by the Contractor and provides in pertinent part:

- a. All registrants shall prominently display their registration numbers within their places of business, in all advertisements distributed within this State, on business documents, contracts and correspondence with consumers of home improvement services in this State, and on all commercial vehicles registered in this State and leased or owned by registrants and used by registrants for the purpose of providing home improvements, except for vehicles leased or rented to customers of registrants by a registrant or any agent or representative thereof.

[N.J.S.A. 56:8-144(a).]

94. The Contractors’ Registration Act requires that “[t]he Director shall provide a toll free number for consumers making inquiries regarding contractors.” N.J.S.A. 56:8-149(b). At all relevant times, the Director established and has published such toll free telephone number.

95. In this regard, the Contractors’ Registration Act requires that:

- b. Any invoice, contract or correspondence given by a registrant to a consumer shall prominently contain the toll-free telephone number provided pursuant to [N.J.S.A. 56:8-149] of this Act.”

[N.J.S.A. 56:8-144(b).]

96. Further, the Contractors' Registration Act requires that all home improvement contracts contain certain information. In pertinent part, N.J.S.A. 56:8-151 provides:

- a. On or after December 31, 2005 every home improvement contract for a purchase price in excess of \$500, and all changes in the terms and conditions of the contract, shall be in writing. The contract shall be signed by all parties thereto, and shall clearly and accurately set forth in legible form and in understandable language all terms and conditions of the contract, including but not limited to:

-
- (2) A copy of the certificate of commercial general liability insurance required of a contractor pursuant to section 7 [C. 56:8-142] of this act and the telephone number of the insurance company issuing the certificate; . . .

[N.J.S.A. 56:8-151(a).]

97. In addition, the Contractors' Registration Act requires that all home improvement contracts include cancellation language as follows:

- b. . . . The contract shall contain a conspicuous notice printed in at least 10-point bold-faced type as follows:

“NOTICE TO CONSUMER

YOU MAY CANCEL THIS CONTRACT AT ANY TIME BEFORE MIDNIGHT OF THE THIRD BUSINESS DAY AFTER RECEIVING A COPY OF THIS CONTRACT. IF YOU WISH TO CANCEL THIS CONTRACT, YOU MUST EITHER:

1. SEND A SIGNED AND DATED WRITTEN NOTICE OF CANCELLATION BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED; OR
2. PERSONALLY DELIVER A SIGNED AND DATED WRITTEN NOTICE OF CANCELLATION TO:

(Name of Contractor)

(Address of Contractor)

(Phone Number of Contractor)

If you cancel this contract within the three-day period, you are entitled to a full refund of your money. Refunds must be made within 30 days of the contractor's receipt of the cancellation notice.”

[N.J.S.A. 56:8-151(b).]

98. Defendants have engaged in conduct in violation of the Contractors’

Registration Act including, but not limited to, the following:

- a. Failing to include on invoices and home improvement contracts the toll-free telephone number provided by the Director for consumers to call with inquiries or complaints concerning home improvement contractors (N.J.S.A. 56:8-144(b));
- b. Failing to provide their HIC registration number on certain business documents and/or correspondence with consumers of home improvement services (N.J.S.A. 56:8-144(a));
- c. Failing to provide consumers with a copy of their commercial general liability insurance as well as the telephone number of the company issuing the certificate (N.J.S.A. 56:8-151(a)(2)); and
- d. Failing to cancel the home improvement contracts and fully refund any moneys consumers’ paid in connection with the cancelled contract. (N.J.S.A. 56:8-151(b)).

99. Defendants Johnston, Basements 4 Less and C.L.J. Home Improvements have engaged in conduct in violation of the Contractors’ Registration Act including, but not limited to, the following:

- a. Failing to obtain all parties’ signatures to the home improvement contract (N.J.S.A. 56:8-151(a)); and
- b. Failing to make all changes to the terms and conditions of the contract in writing (N.J.S.A. 56:8-151(a)).

100. Defendants’ conduct constitutes multiple violations of the Contractors’ Registration Act, N.J.S.A. 56:8-136 et seq.

COUNT V

**VIOLATION OF THE CONTRACTOR
REGISTRATION REGULATIONS BY DEFENDANTS**

101. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 100, above as if more fully set forth herein.

102. The Contractor Registration Regulations, N.J.A.C. 13:45A-17.1 et seq., among other things, provide procedures for the registration of home improvement contractors with the Division.

103. At all relevant times, Defendants have been “Home Improvement Contractor[s]” and/or “Contractor[s]” within the definition of the Contractor Registration Regulations, N.J.A.C. 13:45A-17.2.

104. At all relevant times, Defendants have performed “Home Improvement[s]” within the definition of the Contractor Registration Regulations, N.J.A.C. 13:45A-17.2.

105. At all relevant times, Defendants have entered into “Home Improvement Contract[s]” within the definition of the Contractor Registration Regulations, N.J.A.C. 13:45A-17.2.

106. The Contractor Registration Regulations provide, in pertinent part:

(a) Unless exempt under N.J.A.C. 13:45A-17.4:

1. No person shall engage in the business of making or selling home improvements in this State unless registered with the Division in accordance with this subchapter; . . .

[N.J.A.C. 13:45A-17.3(a).]

107. At all relevant times, Defendants were not exempt from the Division’s contractor registration requirements.

108. The Contractor Registration Regulations require that home improvement contractors must prominently display certain information. Specifically, N.J.A.C. 13:45A-17.11 provides, in pertinent part:

(d) A registered home improvement contractor shall prominently display:

....

2. The contractor's registration number on all advertisements distributed within this State, on business documents, contracts and correspondence with consumers of home improvement services in this State.

(f) Any invoice, contract or correspondence given by a registrant to a consumer shall prominently contain the toll-free telephone number provided by the Division pursuant to (b) of N.J.S.A. 56:8-149 and shall be displayed in all caps in at least 10-point bold-face type as follows: FOR INFORMATION ABOUT CONTRACTORS' REGISTRATION ACT, CONTACT THE NEW JERSEY DEPARTMENT OF LAW AND PUBLIC SAFETY, DIVISION OF CONSUMER AFFAIRS AT 1-888-656-6225.

[N.J.A.C. 13:45A-17.11(d)(2), (f).]

109. Additionally, the Contractor Registration Regulations provide that:

In addition to the requirements of a home improvement contract pursuant to N.J.A.C. 13:45A-16.2, every home improvement contract in which a person required to be registered as a home improvement contractor is a party shall comply with the provisions of N.J.S.A. 56:8-151.

[N.J.A.C. 13:45A-17.13.]

110. Defendants have engaged in conduct in violation of the Contractor Registration Regulations including, but not limited to, the following:

- a. Failing to prominently or otherwise display the HIC registration number on all business documents and/or correspondence with consumers of home improvement services (N.J.A.C. 13:45A-17.11(d)(2)); and
- b. Failing to include on home improvement contracts and/or business correspondence with consumers, the informational statement and toll-free telephone number provided by the Director for consumers making inquiries regarding contractors (N.J.A.C. 13:45A-17.11(f)).

111. Defendants Johnston, C.L.J. Home Improvements and Basements 4 Less and have engaged in conduct in violation of the Contractor Registration Regulations including, but not limited to, the following:

- a. Entering into home improvement contracts that did not comply with the requirements of N.J.S.A. 56:8-151 (e.g., failing to set forth the signature of both parties) (N.J.A.C. 13:45A-17.3)

112. Defendants' conduct constitutes multiple violations of the Contractor Registration Regulations, N.J.A.C. 13:45A-17.1 et seq., each of which constitutes a per se violation of the CFA, N.J.S.A. 56:8-1 et seq.

COUNT VI

VIOLATION OF THE HOME IMPROVEMENT REGULATIONS BY DEFENDANTS

113. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 112 above as if more fully set forth herein.

114. The Home Improvement Regulations, N.J.A.C. 13:45A-16.1 et seq., among other things, prohibit certain acts and practices of a seller connected with the sale, advertisement or performance of home improvement contracts.

115. At all relevant times, Defendants are and have been "Seller[s]" within the definition of N.J.A.C. 13:45A-16.1.

116. At all relevant times, Defendants entered into "Home Improvement Contract[s]" within the definition of N.J.A.C. 13:45A-16.1.

117. The Home Improvement Regulations prohibit certain practices regarding the performance of home improvement contracts, as follows:

- a. Without limiting any other practices which may be unlawful under the Consumer Fraud Act, N.J.S.A. 56:8-1 et seq., utilization by a seller of the

following acts and practices involving the sale, attempted sale, advertisement or performance of home improvements shall be unlawful hereunder.

....

2. Product and material representations: Misrepresent directly or by implication that products or materials to be used in the home improvement:

....

iii. Are of a specific size, weight, grade or quality, or possess any other distinguishing characteristics or features;

iv. Perform certain functions or substitute for, or are equal in performance to, other products or materials;

....

3. Bait Selling:

....

iv. Substitute products or materials for those specified in the home improvement contract, or otherwise represented or sold for use in the making of home improvements by sample, illustration or model, without the knowledge or consent of the buyer.

....

6. Pricing and Financing:

....

v. Request the buyer to sign a certificate of completion, or make final payment on the contract before the home improvement is completed in accordance with the terms of the contract

....

x. Increase or falsify the contract price, or induce the buyer by any means to misrepresent or falsify the contract price or value of the home improvement for financing purposes or to obtain additional credit.

....

7. Performance:

....

ii. Fail to begin or complete work on the date or within the time period specified in the home improvement contract, or as otherwise represented, unless the delay is for reason of labor stoppage; unavailability of supplies or materials, unavoidable casualties, or any

other cause beyond the seller's control. Any changes in the dates or time periods stated in a written contract shall be agreed to in writing;

- iii. Fail to give timely written notice to the buyer of reasons beyond the seller's control for any delay in performance, and when the work will begin or be completed.

....

10. Building Permits:

- i. No seller contracting for the making of home improvements shall commence work until he is sure that all applicable state or local building and construction permits have been issued as required under state laws or local ordinances; or
- ii. Where midpoint or final inspections are required under state laws or local ordinances, copies of inspection certificates shall be furnished to the buyer by the seller when construction is completed and before final payment is due or the signing of a completion slip is requested of the buyer.

....

12. Home improvement contract requirements-writing requirement: All home improvement contracts for a purchase price in excess of \$500.00, and all changes in the terms and conditions thereof shall be in writing. Home improvement contracts which are required by this subsection to be in writing, and all changes in the terms and conditions thereof, shall be signed by all parties thereto, and shall clearly and accurately set forth in legible form and in understandable language all terms and conditions of the contract, including, but not limited to, the following:

- i. The legal name and business address of the seller, including the legal name and business address of the sales representative or agent who solicited or negotiated the contract for the seller;
- ii. A description of the work to be done and the principal products and materials to be used or installed in performance of the contract. The

description shall include, where applicable, the name, make, size, capacity, model, and model year of principal products or fixtures to be installed, and the type, grade, quality, size or quantity of principal building or construction materials to be used. Where specific representations are made that certain types of products or materials will be used, or the buyer has specified that certain types of products are to be used, a description of such products or materials shall be clearly set forth in the contract;

- iii. The total price or other consideration to be paid by the buyer, including all finance charges. If the contract is one for time and materials, the hourly rate for labor and all other terms and conditions of the contract affecting price shall be clearly stated;
- iv. The dates or time period on or within which the work is to begin and be completed by the seller;

....

[N.J.A.C. 13:45A-16.2(a)(2)(iv),(3)(iv),6(v),(x),7(ii-iii),10(i-ii),12(i)-(iv).]

118. Defendants violated the Home Improvement Regulations by engaging in certain conduct including, but not limited to, the following:

- a. Failing to begin or complete home improvement work on the date or within the time period represented (N.J.A.C. 13:45A-16.2(a)(7)(ii));
- b. Failing to provide consumers with timely written notice of any reasons beyond Defendants' control, for any delay in their performance and when the home improvement work would begin or be completed (N.J.A.C. 13:45A-16.2(a)(7)(iii));
- c. Failing to include in home improvement contracts the date or time period on or within which work was to begin and be completed (N.J.A.C. 13:45A-16.2(a)(12)(iv));
- d. Requesting that consumers make final payment on the contract before Defendants satisfied their obligations under the home improvement contract (N.J.A.C. 13:45A-16.2(a)(6)(v)); and

- e. Failing to include in the contract, the legal name and business address of the sales representative or agent who solicited or negotiated the contract for the seller (N.J.A.C. 13:45A-16.2(a)(12)(i)).

119. Defendants Johnston and Basements 4 Less violated the Home Improvement Regulations by engaging in certain conduct including, but not limited to, the following:

- a. Substituting products or materials for those specified in the home improvement contract or otherwise represented without the knowledge or consent of the consumer (N.J.A.C. 13:45A-16.2(a)(3)(iv));
- b. Falsely and unilaterally increasing the contract price without the consumers' consent or knowledge (N.J.A.C. 13:45A-16.2(a)(6)(x));
- c. Falsely representing that certain materials were substitutes for, or were equal in performance to other products or materials, while in reality the products or materials were inferior substitutes (N.J.A.C. 13:45A-16.2(a)(2)(iv));
- d. Failing to make all changes in the terms and conditions of the contract in writing (N.J.A.C. 13:45A-16.2(a)(12)); and
- e. Failing to obtain the signatures of all parties, when changes to the terms and conditions of the contract were made (N.J.A.C. 13:45A-16.2(a)(12)).

120. Defendants Johnston, Basements 4 Less and C.L.J. Home Improvements violated the Home Improvement Regulations by engaging in certain conduct including, but not limited to, the following:

- a. Failing to include in home improvement contracts the signatures of both parties (N.J.A.C. 13:45A-16.2(a)(12)(ii));
- b. Commencing home improvement work without confirming that the requisite permits had been issued (N.J.A.C. 13:45A-16.2(10)(i)); and
- c. Failing to provide copies of inspection certificates to consumers before requesting final payment (N.J.A.C. 13:45A-16.2(a)(10)(ii)).

121. Defendants' conduct constitutes multiple violations of the Home Improvement Regulations, N.J.A.C. 13:45A-16.1 et seq., each of which constitutes a per se violation of the CFA, N.J.S.A. 56:8-1 et seq.

COUNT VII

**VIOLATION OF THE CFA, THE CONTRACTORS'
REGISTRATION ACT, THE CONTRACTOR
REGISTRATION REGULATIONS, AND/OR THE HOME
IMPROVEMENT REGULATIONS
BY JOHNSTON**

122. Plaintiffs repeat and reallege the allegations contained in paragraphs 1 through 121 above as if more fully set forth herein.

123. At all relevant times, Johnston has been a) a co-owner, President, director or managing member of Basements 4 Less, and b) an owner, President, director or managing member of C.L.J. Home Improvements, and Choice Home Improvements, and has controlled, directed and or participated in the management and operation of those entities, including the conduct alleged in this complaint.

124. Johnston's conduct makes him personally liable for the violations of the CFA, the Contractors' Registration Act, the Contractor Registration Regulations, and/or the Home Improvement Regulations committed by Basements 4 Less, C.L.J. Home Improvements and Choice Home Improvements.

PRAYER FOR RELIEF

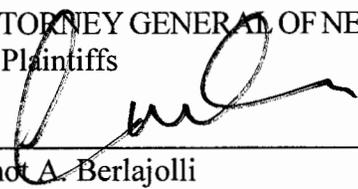
WHEREFORE, based upon the foregoing allegations, Plaintiffs respectfully request that the Court enter judgment against Defendants:

- a) Finding that the acts and omissions of Defendants constitute multiple instances of unlawful practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., the Contractors' Registration Act, N.J.S.A. 56:8-136 et seq., the Contractor Registration Regulations, N.J.A.C. 13:45A-17.1 et seq., and the Home Improvement Regulations, N.J.A.C. 13:45A-16.1 et seq.;
- b) Permanently enjoining Defendants and their owners, officers, directors, shareholders, founders, managers, agents, members, servants, employees, representatives, independent contractors and all other persons or entities directly under their control, from engaging in, continuing to engage in or doing any acts

or practices in violation of the CFA, N.J.S.A. 56:8-1 et seq., the Contractors' Registration Act, N.J.S.A. 56:8-136 et seq., the Contractor Registration Regulations, N.J.A.C. 13:45A-17.1 et seq., and the Home Improvement Regulations, N.J.A.C. 13:45A-16.1 et seq., including, but not limited to, the acts and practices alleged in this Complaint, as authorized by the CFA, N.J.S.A. 56:8-8;

- c) Permanently enjoining Defendants from owning, operating or otherwise managing any business or other entity in the State, whether registered with the Division or not, that advertises, offers for sale, sells and/or performs HIC Services within the State as authorized by the CFA, N.J.S.A. 56:8-8;
- d) Permanently enjoining Defendants from the advertisement, offer for sale, sale and performance of HIC Services within the State as authorized by the CFA, N.J.S.A. 56:8-8;
- e) Directing Defendants, jointly and severally, to restore to any affected person, whether or not named in this Complaint, any money or real or personal property acquired by means of any alleged practice herein to be unlawful and found to be unlawful, as authorized by N.J.S.A. 56:8-8;
- f) Cancelling the Certificate of Formation in the State of New Jersey for Choice Home Improvements, and permanently vacating and/or annulling the corporate charters in the State of New Jersey for Basements 4 Less and C.L.J. Home Improvements, as authorized by the CFA, N.J.S.A. 56:8-8;
- g) Directing the assessment of the maximum statutory civil penalties against Defendants, jointly and severally, for each and every violation of the CFA, in accordance with N.J.S.A. 56:8-13;
- h) Directing the assessment of costs and fees, including attorneys' fees, against Defendants, jointly and severally, for the use of the State of New Jersey, as authorized by the CFA, N.J.S.A. 56:8-11 and N.J.S.A. 56:8-19; and
- i) Granting such other relief as the interests of justice may require.

ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: 
Labint A. Berlajolli
Deputy Attorney General

Dated: May 3, 2016
Newark, New Jersey

RULE 4:5-1 CERTIFICATION

I certify, to the best of my information and belief, that the matter in controversy in this action involving the aforementioned violations of the CFA, N.J.S.A. 56:8-1 et seq., the Contractors' Registration Act, N.J.S.A. 56:8-136 et seq., the Contractor Registration Regulations, N.J.A.C. 13:45A-17.1 et seq., and the Home Improvement Regulations, N.J.A.C. 13:45A-16.1 et seq., is not the subject of any other action pending in any other court of this State. I am aware that private contract and other actions have been brought against Defendants, but have no direct information that any such actions involve consumer fraud allegations. I am also aware that a criminal accusation exists in Mercer County, Docket No. 16-04-00199-A, but I have no direct information that any such actions involve consumer fraud allegations. I further certify, to the best of my information and belief, that the matter in controversy in this action is not the subject of a pending arbitration proceeding in this State, nor is any other action or arbitration proceeding contemplated. I certify that there is no other party who should be joined in this action at this time.

ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: 
Labinot A. Berlajolli
Deputy Attorney General

Dated: May 3, 2016
Newark, New Jersey

RULE 1:38-7(c) CERTIFICATION OF COMPLIANCE

I certify that confidential personal identifiers have been redacted from documents now submitted to the court, and will be redacted from all documents submitted in the future in accordance with Rule 1:38-7(b).

ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: 

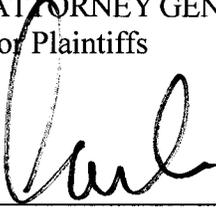
Labinot A. Berlajolli
Deputy Attorney General

Dated: May 3, 2016
Newark, New Jersey

DESIGNATION OF TRIAL COUNSEL

Pursuant to R. 4:25-4, Deputy Attorney General Labinot A. Berlajolli, is hereby designated as trial counsel for the Plaintiffs in this action.

ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for Plaintiffs

By: 

Labinot A. Berlajolli
Deputy Attorney General

Dated: May 3, 2016
Newark, New Jersey