

STATEMENT BY STUART S. ZISHOLTZ

The purpose of this Article is to alert my readers to two gimmicks that were outdated and outmoded twenty years ago and are now coming back with a vengeance.

The first gimmick is where the General Contractor holds back from a subcontractor, the last 10% of his bill. The General Contractor tells the subcontractor "I am tight on this job. Do me a favor, add it to the next job that I am giving you".

Since the General Contractor is a good customer, and he will be giving you more work, you roll the balance over.

The next job is for \$100,000 and you bill him \$110,000. At the end of that job he again tells you that he was tight and asks you to roll over \$20,000. On the third job you bill him \$120,000 and again he comes with the same story and again, you roll it over.

On the next job, you bill \$130,000 and he turns around and says, how can you bill me \$130,000 on a \$100,000 job? Worse than that, he goes into bankruptcy and you have to file a Proof of Claim stating your claim is for \$130,000 which is false. If you have to file a Mechanic's Lien for \$130,000, you have willfully exaggerated the lien for that particular project. In addition, you may have perpetuated a fraud by allowing an innocent owner to be billed for work that was not done on his Project.

The bottom line is - get paid when the job is finished and let the next job take care of itself, etc., without any rollovers.

The second gimmick is compromising the bill.

Some owners and contractors constantly and repeatedly insist that the prices to them must be discounted 25%.

There is a lot of work available and lots of projects, so you fall for it. If it is a \$100,000 job, you let them knock you down to \$75,000. You consider that to be good faith, good will, investing in the future, etc. You use all kinds of excuses to justify losing money on this job and hopefully making it up in the future.

How many times does it take for a subcontractor to realize that this guy is a professional chiseler and you have to boost the price to make a dollar. You might be required to take a \$100,000 job and add \$25,000 to it in order to wind up getting your \$100,000.

These schemes are old, but relevant. Never take a job expecting to make up prior losses. Never accept a job where you are losing money from the getgo.

NEVER LET YOUR LIEN TIME RUN OUT!!!

For a free copy of a pamphlet pertaining to Mechanic's Liens or payment bond claims, please contact me or the Association.