

From thetowntalk.com

A Jena contractor is involved in a multimillion-dollar dispute with building supplies giant 84 Lumber Co.

Addie Mills, owner of J&A Construction, contracted with 84 Lumber on two school projects in South Louisiana, resulting in experiences she described as "every nightmare you can name."

According to Mills and other minority contractors, 84 Lumber engaged in behavior that was deceptive and harmed the projects they were working on together. The contractors allege that 84 Lumber did not obtain promised performance bonds, overcharged for bonds, failed to provide promised supplies, hired unqualified subcontractors, withheld payment for work done and tried to take over the projects.

"The sad thing is people have become victims of this," Mills said. "My biggest concern is what I've gone through, I don't want anybody else to go through this."

Attempts to get comments from 84 Lumber Co. for this story were unsuccessful. Vice President for Corporate Communications Jeff Nobers said in a May 1 email the company would release a statement, but The Town Talk did not receive one. Nobers did not respond to several follow-up contact attempts.

Participation by Disadvantaged Business Enterprises -- small companies run by people certified as economically and socially disadvantaged -- is typically a requirement to obtain construction contracts funded with federal dollars.

Mills has not filed any litigation as of yet but has filed a complaint with the Louisiana Attorney General's Office. A spokesperson with that office confirmed the complaint has been received and is being reviewed. Since it is an open complaint, she could provide no further information.

"We urge individuals that feel they may have additional complaints to contact our consumer protection division at 1-800-351-4889," Laura Gerdes Colligan with the Public Information Division of the Attorney General's Office wrote in an email to The Town Talk.

Pennsylvania-based 84 Lumber bills itself as "the nation's leading privately held building materials and services supplier to professional contractors and build-it-yourselfers."

Mills agreed to work with 84 Lumber on two contracts for foundation work she obtained in late 2010 and early 2011 -- one at South Plaquemines High School in Port Sulphur and one at Mildred Osborne Elementary School in New Orleans. The total value of the contracts was about \$7.3 million.

Mills said 84 Lumber promised to help J&A Construction obtain performance bonds for the projects, find subcontractors and provide supplies.

Mills shared with The Town Talk a document giving 84 Lumber 98 percent of the contract profits, which Mills said representatives from the company told her she must sign to obtain the performance bond. Mills balked at that, she said. She eventually signed a master service agreement with 84 Lumber that gave the company 60 percent of the profits and J&A Construction 40 percent.

"It's like they push you out," Mills said. "These people wanted a company to front for them and I do not act as a front."

Mills also said she was overcharged for the bonds. She provided The Town Talk a copy of a wire transfer dated Dec. 17, 2010, from her to 84 Lumber for \$218,399, which she said was the price the company quoted to her for the performance bonds.

Invoices from Maggie's Management, 84 Lumber's bonding representative, provided by Mills detail a \$41,872 payment for a bond for the South Plaquemines High project and an \$11,654 payment for a bond for the Mildred Osborne Elementary project.

Mills said 84 Lumber representatives later claimed she had never paid for the bonds.

According to Mills, 84 Lumber did not provide promised supplies for the projects and hired subcontractors that were not qualified.

The Plaquemines Parish Sheriff's Office investigated one of those subcontractors, Halas Structures of Missouri City, Texas, based on complaints by Mills. The local district attorney's office judged it to be a civil rather than a criminal matter.

Kevin Halas, president of Halas Structures, was charged in Plaquemines Parish in September 2011 with theft by fraud after several of his company's payroll checks bounced. According to the Sheriff's Office report, 44 checks worth \$29,939.30 cashed in a Port Sulphur store were no good. Halas is scheduled to be arraigned in September.

One of the subcontractors on the South Plaquemines High project was Arnold Baker, owner of New Orleans-based Baker Ready Mix. Baker withdrew from the project in July, he said, because 84 Lumber refused to pay him about \$600,000 for services rendered.

He called the claims 84 Lumber has used to withhold payment from him "outlandish." "It has eaten up my line of credit," Baker said. "It's keeping me from bidding on other jobs. There are all kind of things it has prohibited us from doing."

Work on the Mildred Osborne Elementary project began in October 2010 and was supposed to be complete by May 2011. Work at South Plaquemines High started in January 2011 and was supposed to be finished in September 2011.

The projects still have 15-20 percent of the work left to be done, Mills said.

Because of complications dealing with 84 Lumber, Mills said, she has been unable to receive

payment for any work on the projects, leaving her in a financial bind.

David Wainwright, vice president with F.H. Paschen, S.N. Nielsen and Associates, the general contractor on the South Plaquemines project, said he could not comment for this story because of potential litigation.

Maurice Hurst, owner of The Olympic Group of New Orleans, tells a similar story to that of Mills.

Hurst said 84 Lumber offered to secure bonding and provide material if The Olympic Group secured a contract to build a \$1 million fire station.

"I would never have bid the project, because I knew I couldn't get the bond," Hurst said. "Everything they said turned out to be a big lie."

Hurst said he paid \$15,000 for the performance bond, which he said turned out to be insufficient. He said 84 Lumber never provided promised supplies for the project.

The Olympic Group eventually lost the project, Hurst said, and he was sanctioned. Hurst also has filed a complaint against 84 Lumber with the Attorney General's Office, a spokesperson with the office confirmed.

Like Mills, Hurst said he was introduced to representatives of 84 Lumber through state officials with the National Association for the Advancement of Colored People.

Multiple minority contractors said they were encouraged to work with 84 Lumber by NAACP officials. Mills, who said she met with 84 Lumber representatives at NAACP offices in Baton Rouge, said she was more trusting of the company because of its apparent ties to the NAACP.

"All of us did," she said. "A lot of people trusted them because of that."

Melvin Irvin, a former state legislator, has helped Mills with her case at her request. Irvin, a contractor for 35 years, said he has "never in my lifetime seen something like this. Not to this extent."

As a former legislator, Irvin said, he is particularly upset by what he sees as 84 Lumber's attempt to use small minority-owned companies to obtain contracts, then reduce the minority companies to a figurehead role in the projects.

In 1983, the U.S. Department of Transportation established the Disadvantaged Business Enterprises program to increase participation by small, minority- and women-owned businesses in public contracts. Agencies that receive Transportation Department assistance must meet participation goals for DBE-certified businesses in their awarding of contracts. In addition, many agencies apply similar DBE standards to capital projects outside the scope of the program.

"They're using minority companies to get contracts," Irvin said. "They're most definitely taking advantage of the system by seeking out minority companies that cannot afford to pay their way."

Such charges, if proven, can potentially be very damaging.

Last year, a U.S. subsidiary of Sweden-based construction giant Skanska, while not admitting to any wrongdoing, agreed to repay \$19.6 million that had been paid to a subcontractor, Environmental Energy Associates.

The repayment agreement came as a result of a federal corruption probe in New York into the abuse of DBEs in public works contracts.

The owners of Environmental Energy Associates, which Skanska used as a subcontractor, were

indicted last year as part of that probe. The indictment accused EEA management of serving as a front to help Skanska and other general contractors evade government requirements about hiring a certain percentage of disadvantaged minority- and women-owned contractors.