

Scotti Law Group

Civil Works Contractor Wins \$1.5 Million Recovery from Bonding Company

Scotti Law Group recently recovered \$1.5 Million for McK Construction, LLC (“McK”), a civil works construction company. McK had performed construction work on a 70-mile long, 30-inch diameter natural gas pipeline that traversed three counties in eastern Ohio. The prime contractor was unable to pay its creditors, including McK. Scotti Law Group promptly prepared and filed a detailed payment bond claim on behalf of McK against the prime contractor’s bonding company.

The bonding company began to review the bond claim and asserted that it had 60 days to respond to McK. With the time limits for mechanics’ liens due to expire within a few weeks, Scotti Law Group filed mechanics’ liens against the pipeline easements and the underlying fee simple property interests at seven locations along the pipeline where McK had performed. All property owners, the pipeline owner, the prime contractor and the bonding company were notified of the mechanics’ lien filings.

When the bonding company recognized that McK’s lien rights had been preserved, there was no advantage for the bonding company to delay payment. Within days, payment in the full amount of \$1.5 Million was released from the bonding company to McK.

Bonding companies delay payment due to contractors by requiring that very detailed bond claim forms be completed and submitted along with substantial supporting documentation. Bonding companies further delay payment by questioning payment applications, change orders and other claim documentation. Contractors must be cautious when pursuing bond claims to make sure that their mechanics’ lien rights do not expire while bonding companies deliberate over when or whether payment will be released.

If payment from a bonding company is needed, contact the attorneys at Scotti Law Group for prompt, quality legal advice.