

JUNE 5, 2012
NEWPORT BEACH, CALIFORNIA



CONTRACTORS STATE LICENSE BOARD

Board Meeting





CONTRACTORS STATE LICENSE BOARD

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STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

NOTICE OF BOARD MEETING

The Contractors State License Board (CSLB) will hold a Board Meeting on Tuesday June 5, 2012, in the Salon A-C meeting room at the Newport Beach Marriott Hotel, 900 Newport Center Drive, Newport Beach, CA 92660, (949) 640-4000.

All times are approximate and subject to change. Items may be taken out of order to maintain a quorum, accommodate a speaker, or for convenience. The meeting may be canceled without notice. For verification of the meeting, call (916) 255-4000 or access the CSLB website at <http://www.cslb.ca.gov>. Action may be taken on any item listed on this agenda, including information-only items. Public comments will be taken on agenda items at the time the item is heard. Total time allocated for public comment may be limited.

The meeting is accessible to the physically disabled. A person who needs a disability-related accommodation or modification in order to participate in the meeting may make a request by contacting Erin Echard at (916) 255-4000 or by sending a written request to the CSLB Executive Office, 9821 Business Park Drive, Sacramento, CA 95827. Providing your request at least five (5) business days prior to the meeting will help ensure availability of the requested accommodation.

AGENDA

June 5, 2012

8:30 a.m. – 5:00 p.m.

- A. Call to Order – Establishment of Quorum
- B. Chair's Remarks and Board Member Comments
- C. Public Comment Session
- D. Review and Approval of April 17-18, 2012 Board Meeting Minutes
- E. Discussion with Orange County District Attorney's Office
- F. Closed Session – Pending Litigation Pursuant to Government Code section 11126 (e)(1)
 - 1. Kathy Jones vs. State of California Department of Consumer Affairs, et. al., Case No. 34-2009-00065937
- G. Enforcement Committee Report
 - 1. Enforcement Program Update
 - 2. Partnering with the Nevada State Contractors Board
 - 3. Presentation by Arbitration Mediation Conciliation Center

CONTINUED

- H. Public Affairs Committee Report
 - 1. Public Affairs Program Update
- I. Legislative Committee Report
 - 1. Legislative Update
 - 2. Review and Approval of Recommended Position on SB 1185 (Price) Centralized Intelligence Partnership Act
- J. Licensing Committee Report
 - 1. Licensing Program Update
 - 2. Testing Division Update
- K. Executive Committee Report
 - 1. Administration and Information Technology Update
 - 2. Budget Update
 - 3. Review and Approval of 2012-2013 Strategic Plan
 - 4. Election of Board Officers
- L. Review of Tentative Schedule
- M. Discussion with the Nevada State Contractors Board
- N. Adjournment

AGENDA ITEM A

Call to Order – Pledge of Allegiance – Establishment of Quorum

Roll is called by the Board Chair or, in his/her absence, by the Board Vice-Chair or, in his/her absence, by a Board member designated by the Board Chair.

Eight members constitute a quorum at a CSLB Board meeting, per Business and Professions Code section 7007.

BOARD MEMBER ROSTER

ROBERT BROWN

JAMES MILLER

DAVID DIAS

LISA MILLER-STRUNK

JOAN HANCOCK

JOHN O'ROURKE

PASTOR HERRERA JR.

BRUCE RUST

MATTHEW KELLY

FRANK SCHETTER

LOUISE KIRKBRIDE

PAUL SCHIFINO

ROBERT LAMB

MARK A. THURMAN

ED LANG



AGENDA ITEM B

Chair's Remarks and Board Member Comments

Board Chair Robert Lamb will review the scheduled Board actions and make appropriate announcements.

Board members may comment on issues not on the agenda; they may not debate or vote on issues not included on the agenda notice.



AGENDA ITEM C

Public Comment Session

Members of the public may address the Board at this time on matters that are not on the agenda. However, because such matters are not on the agenda, the Board may not take action at this meeting. The Board Chair will allow public comment during other agenda items at his/her discretion.

BOARD AND COMMITTEE MEETING PROCEDURES

To maintain fairness and neutrality when performing its adjudicative function, the Board shall not receive any substantive information from a member of the public regarding matters that are currently under or subject to investigation, or involve a pending or criminal administrative action.

- (1) If, during a Board meeting, a person attempts to provide the Board with substantive information regarding matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the person shall be advised that the Board cannot properly consider or hear such substantive information and the person shall be instructed to refrain from making such comments.
- (2) If, during a Board meeting, a person wishes to address the Board concerning alleged errors of procedure or protocol or staff misconduct involving matters that are currently under or subject to investigation or involve a pending administrative or criminal action, the Board will address the matter as follows:
 - (a) Where the allegation involves errors of procedure or protocol, the Board may designate either its Registrar or a board employee to review whether the proper procedure or protocol was followed and to report back to the Board.
 - (b) Where the allegation involves significant staff misconduct, the Board may designate one of its members to review the allegation and to report back to the Board.
- (3) The Board may deny a person the right to address the Board and have the person removed if such person becomes disruptive at the Board meeting.



AGENDA ITEM D

Review and Approval of April 17-18, 2012 Board Meeting Minutes





CONTRACTORS STATE LICENSE BOARD

BOARD MEETING MINUTES

BOARD MEETING MINUTES April 17-18, 2012

Tuesday, April 17, 2012

A. CALL TO ORDER

Board Chair Robert Lamb called the meeting of the Contractors State License Board (CSLB) to order at 1:30 p.m. on April 17, 2012, in the Bonsai II Room of the Portola Hotel and Spa at 2 Portola Plaza, Monterey, CA 93940. A quorum was established.

Board Secretary Joan Hancock led the Board in the Pledge of Allegiance.

Board Members Present

Robert Lamb, Chair
Paul Schifino, Vice Chair
Joan Hancock, Secretary
David Dias
Frank Schetter
Matthew Kelly

Ed Lang
James Miller
John O'Rourke
Pastor Herrera
Mark Thurman

Board Members Excused

Robert Brown
Lisa Miller-Strunk

Bruce Rust
Louise Kirkbride

CSLB/DCA Staff Present

Stephen Sands, Registrar
Cindi Christenson, Chief Deputy Registrar
Don Chang, Legal Counsel
Karen Ollinger, Licensing Chief
Michael Franklin, Deputy Attorney General
Heidi Lincer-Hill, Testing Chief
Jonathan Buttle, Budget Analyst

David Fogt, Enforcement Chief
Rick Lopes, Public Affairs Chief
Tara Maggi, Licensing Staff
Jason Piccione, IT Staff
Laura Zuniga, Legislation Chief
Erin Echard, Executive Office
Reichel Everhart, Deputy Director

Public Visitors

Joe Upchurch
Rick Pires
Ken Grossbart

Steven Samaniego
Phil Vermeulen

B. CHAIR'S REMARKS AND BOARD MEMBER COMMENTS

Board Chair Robert Lamb welcomed the audience on behalf of the Board. Mr. Lamb asked if there were any comments to be made. There were none.



C. PUBLIC COMMENT SESSION

Public comment was made by Steven Samaniego, a concerned home owner. Mr. Samaniego passed out paperwork that expressed his claim of staff non-responsiveness, filed with CSLB on 04/29/2010.

D. REGISTRAR'S REPORT

Board Chair Robert Lamb invited Registrar Stephen Sands to give an update of the Enforcement and Licensing programs. Jonathan Buttle provided a budget update, highlighting a staff reduction for the upcoming fiscal year.

E. REVIEW AND APPROVAL OF FEBRUARY 7, 2012 BOARD MEETING MINUTES

1. Motion to Approve the February 7, 2012 Board Meeting Minutes

MOTION: A motion was made by Board Member Pastor Herrera and seconded by Board Member Ed Lang to approve the February 7, 2012 Board Meeting Minutes. The motion carried unanimously, 11-0.

F. LEGISLATIVE COMMITTEE REPORT

Legislative Committee Chair Mark Thurman provided the Legislative Report.

1. Motion to Approve the March 28, 2012 Legislative Committee Report

MOTION: A motion was made by Board Member Matt Kelly and seconded by Board Secretary Joan Hancock to approve the Legislative Committee Report, with AB 1655 having a position of "Watch" instead of "Oppose" as recommended by the committee. The motion carried unanimously, 11-0.

2. Review and Approval of Recommended Position on Legislation

- AB 1588 Professions and Vocations: Reservist Licensees – "Watch"
- AB 1655 Public Employees: Rights – "Watch"
- AB 1750 Rainwater Capture Act of 2012 – "Watch"
- AB 1794 Workers' Compensation Insurance Reporting – "Support"
- AB 1904 Military Spouses: Temporary Licenses – "Watch"
- AB 1920 Contractors: Compensation – "Watch"
- AB 2219 Contractors: Workers' Compensation Insurance Coverage – "Watch"
- AB 2237 Construction Consultants – "Sponsor/Support"
- AB 2482 Registered Interior Designers – "Oppose"
- AB 2554 Contractors: Disciplinary Action – "Support/Sponsor"
- AB 2570 Settlement Agreements – "Watch"



MOTION: A motion was made by Board Member Mark Thurman and seconded by Board Member David Dias to approve the Recommended Position on Legislation. The motion carried unanimously, 11-0.

G. PUBLIC AFFAIRS COMMITTEE REPORT

Board Secretary Joan Hancock commented on the success of the Senior Scam StopperSM program and requested Public Affairs Chief Rick Lopes to provide the Public Affairs Committee Report.

1. Motion to Approve the March 28 Public Affairs Committee Report

MOTION: A motion was made by Board Member Dave Dias and seconded by Board Member John O'Rourke to approve the March 28, 2012 Public Affairs Committee Report. The motion carried unanimously, 11-0.

2. Motion to Approve the Expanded Outreach Program

MOTION: A motion was made by Board Member Joan Hancock and seconded by Board Member James Miller to approve the Public Affairs Expanded Outreach Program. The motion carried unanimously, 11-0.

H. CLOSED SESSION

I. STRATEGIC PLANNING SESSION

Board Chair Robert Lamb turned the meeting over to Strategic Planning Facilitator Steve Sphar.

J. ADJOURNMENT

Board Chair Robert Lamb adjourned the Board meeting at 5:18 p.m.



Wednesday, April 18, 2012

A. CALL TO ORDER

Board Chair Robert Lamb called the meeting of the Contractors State License Board (CSLB) to order at 8:30 a.m. on April 18, 2012, in the Bonsai II Room of the Portola Hotel and Spa at 2 Portola Plaza, Monterey, CA 93940. A quorum was established

B. STRATEGIC PLANNING SESSION

The Board engaged in a Strategic Planning Session facilitated by consultant Steve Sphar.

C. ADJOURNMENT

Board Chair Robert Lamb adjourned the Board meeting at 12:53 p.m.

Robert Lamb, Chair

Date

Stephen P. Sands, Registrar

Date

AGENDA ITEM E

Discussion with Orange County District Attorney's Office



AGENDA ITEM F

Closed Session – Pending Litigation Pursuant to Government Code section 11126 (e)(1)



AGENDA ITEM F-1

Kathy Jones vs. State of California
Department of Consumer Affairs, et. al.,
Case No. 34-2009-00065937



AGENDA ITEM G

Enforcement Committee Report



AGENDA ITEM G-1

Enforcement Program Update





CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

VACANCY UPDATE

On November 22, 2011, CSLB received notice from DCA that the hiring freeze had been lifted and that recruitment could begin immediately. Staff has been proactive with respect to advertising and hiring for all vacant positions. Presently, there are 21 vacant positions in the Enforcement division.

Enforcement vacancies as of June 1, 2012:

UNIT	CLASSIFICATION	# OF VACANCIES	CURRENT STATUS
Enforcement Management	Enforcement Supervisor II	1	Currently Advertised
Sacramento IMC	Consumer Service Representative	1	Subject to Elimination
Sacramento IMC	Program Technician	1	Hiring Commitment Made
Sacramento IC	Enforcement Representative II – Peace Officer	1	Hiring Commitment Made
Fresno IC	Enforcement Supervisor I	1	Subject to Elimination
Fresno IC	Enforcement Representative – Peace Officer	1	Subject to Elimination
Valencia IC	Enforcement Representative – Peace Officer	1	Hiring Commitment Made
San Diego IC	Enforcement Representative - Peace Officer	1	Hiring Commitment Made
San Diego IC	Enforcement Representative II	1	Subject to Elimination
San Francisco IC	Enforcement Representative – Peace Officer	1	Subject to Elimination
Norwalk IC	Enforcement Representative – Peace Officer	1	Hiring Commitment Made
San Bernardino IC	Enforcement Representative I	1	Subject to Elimination
West Covina IC	Enforcement Representative I	1	Subject to Elimination
Valencia IC	Office Technician	1	Pending DCA Approval
Northern SWIFT	Enforcement Representative I – Peace Officer	1	Hiring Commitment Made
Northern SWIFT	Enforcement Representative I	1	Hiring Commitment Made
Southern SWIFT	Enforcement Supervisor I	1	Hiring Commitment Made
Southern SWIFT	Enforcement Representative II – Peace Officer	1	Hiring Commitment Made
Southern SWIFT	Enforcement Representative I	1	Subject to Elimination
Southern SWIFT	Office Technician	1	Currently Advertised
Sacramento Case Management	Office Technician	1	Subject to Elimination



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

INTAKE / MEDIATION CENTERS (IMC)

SAVINGS TO THE PUBLIC
2012 Calendar Year

• \$ 2,742,405

CSLB Strict Enforcement of Building Permits Results in Restitution for Homeowner

A homeowner filed a recent complaint against a contractor for a water heater installation that was completed in 2007, and was past the 4-year statute of limitations. Unfortunately, the homeowner was unaware of a problem until a recent home remodeling. During the remodel, permits were pulled, and inspections were performed. During one inspection, the building inspector determined the water heater was installed without a permit, was not installed to code, and needed to be relocated.

The homeowner was unsuccessful in trying to have the contractor that installed the water correct the issues and filed a complaint with CSLB. The assigned Consumer Services Representative (CSR) contacted the homeowner to obtain specifics about the complaint and learned that the corrective work was completed and signed off by the building department. Despite the statute of limitations having expired, the CSR contacted the contractor and explained CSLB's policy of taking disciplinary action against contractors that fail to obtain the proper building permits and ensure that work passes final inspection. The CSR advised the contractor of CSLB's enhanced permit enforcement, with over 100 contractors targeted in permit stings in 2011. The CSR also reviewed the costs to correct the substandard, unpermitted work and advised of the expectation that the contractor should reimburse the homeowner for the corrective work and permit. The contractor immediately agreed to pay the homeowner \$3,439.00.

While disciplinary action could not be imposed due to the statute of limitations having expired, the CSR successfully settled the complaint and obtained restitution for the homeowner by advising the contractor of CSLB's strict enforcement of building permit requirements. There are two permit compliance stings scheduled during 2012, and the contractor will be targeted to ensure compliance.

Recent Licensee Educated On Elder Abuse and California Contractors License Law

An elderly couple in their 90s was convinced by a contractor to install additional insulation in their house in the form of a Mylar blanket for \$3,848. A complaint was filed by the couple's adult son, who had power of attorney due to his father's onset of Alzheimer's disease, after the contractor refused to refund the money.

After taking statements from the son, the CSR contacted the contractor to obtain his side of the story. The CSR determined that the contractor had an unregistered home improvement salesperson (HIS), who had the elderly couple sign the contract and obtained a waiver from the "3-day right to cancel." In addition, the unregistered HIS required the couple pay in full so that the work could begin immediately.



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ENFORCEMENT PROGRAM UPDATE

It was readily apparent to the CSR that elements of elder abuse existed. After educating the contractor on criminal violations of elder abuse as well as apparent Contractors License Law violations, the CSR successfully negotiated a full refund for the elderly couple. The contractor also agreed to implement necessary changes in procedures. While the complaint was settled, the CSR will continue to follow up with the contractor to ensure that the HIS is registered with CSLB and verify that their home improvement contracts are updated to include the 3-day right to cancel. Although the complaint was settled, the file was referred to SWIFT as a possible target for the next undercover elder abuse sting.

INVESTIGATIVE CENTERS (ICs)



Homeland Security Assists in Arrest of Revoked Licensee

In October 2009, Joseph Fernando Smith, dba Melimel Construction, contracted with a Hayward homeowner to perform foundation repairs for \$190,000. Smith received a \$10,000 down payment but never started work. Smith paid for a geotechnical report, plans, and a permit, totaling \$2,798, leaving \$7,202 unaccounted for from the down payment. The homeowner's damages were offset by a \$5,000 payment from the surety bond. The San Francisco Investigative Center ER completed his investigation in December 2010, and referred the matter to a licensee citation and to the Alameda County DA for criminal prosecution.

Efforts to locate Smith during the investigation were unsuccessful. It was subsequently learned that Smith left the United States for his native Nicaragua. Consequently, the license was suspended for non-compliance and converted to revocation on September 29, 2011, and the criminal complaint that was filed resulted in an outstanding warrant.

Homeland Security was notified about the warrant, and it recently received information about Smith's incoming flight from Nicaragua, which prompted his arrest upon arrival at the San Francisco Airport. Smith's preliminary hearing was held on April 26, 2012, and the ER testified to hearsay evidence as the investigator for the case. Smith was bound over for trial on the felony diversion of funds charge and excessive down payment misdemeanor violations, and the criminal prosecution is ongoing.



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ENFORCEMENT PROGRAM UPDATE

Unlicensed Contractor Convicted of Felonies for Elder Abuse and Unlicensed Activity

Unlicensed contractor Reynaldo Roldan dba Alpha Omega Corp from Menifee, Riverside County, was convicted in March for elder abuse and contracting without a license.

In 2010, 2011, and 2012, CSLB SWIFT and the San Bernardino Investigative Center received three complaints from victims residing in Riverside County; each victim was elderly and believed they were contracting with a legitimate, licensed contractor for remodeling work. One victim, a 63-year-old female with severe emphysema, under doctor's care and waiting for a lung transplant, entered into 15 contracts with the suspect for interior and exterior work.

Roldan contracted for \$62,871 and received payment of \$67,830.58. A CSLB industry expert was hired to inspect the work performed on these projects. It was determined that the work was substandard and needed to be redone.

Prosecutors were successful in getting Roldan to plead guilty to two felony counts of elder abuse and a misdemeanor count of contracting without a license. He has been in custody and is completing a 120-day sentence in the county jail.

Interior Designer Pleads No Contest

Los Gatos interior designer Julie Cavanaugh, accused in June 2011 of grand theft, forgery, and contracting without a license, pled no contest to the charges on March 16, 2012. Cavanaugh, owner of Design 101 Interiors, is accused of acting as a contractor, inflating her prices, and forging a homeowner's signature on furniture order forms. Cavanaugh previously had been warned by CSLB staff not to provide services beyond designing. She has agreed to pay \$369,000 in restitution to her victims. Sentencing is scheduled for June 4, 2012, and she faces up to six months in jail and up to five years of probation.

Revoked Licensee Arrested at CSLB Headquarters

Robert E. Omohundro, Jr., a revoked licensee, signed a contract with a business owner in June 2010, for a commercial kitchen remodel. Omohundro took a down payment of \$430 but did not perform any work. Staff referred the completed investigation to the Sutter County DA, who filed criminal charges. On January 19, 2012, Omohundro failed to appear for court, and a bench warrant was issued in the amount of \$11,000 which is still active.

A second complaint was filed by a Sacramento business owner who had a written \$15,500 contract with Omohundro for a commercial kitchen remodel in a Thai restaurant. The victim, who has a limited command of the English language, was at a contractual disadvantage and hired through a Craigslist ad. After taking \$13,400 in cash and checks, Omohundro abandoned the project, having performed minimal work. The estimated costs to repair and complete the project were \$15,000.

On February 21, 2012, an Enforcement Representative (ER) interviewed Omohundro at CSLB headquarters. Omohundro admitted he was aware of the arrest warrant, that he failed to maintain WC for employees, and had taken money from consumers and performed minimal work. However, he argued that was not under CSLB's jurisdiction because he became a "consultant" after his license was revoked. The ER disagreed and contacted the Sacramento



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ENFORCEMENT PROGRAM UPDATE

County Sheriff, who arrested Omohundro and booked him into jail. The Sacramento County DA's office accepted the case and has filed charges.

Aiding & Abetting Judge Ito's Unlicensed Stepson Results in License Revocation

In February 2008, repeat offender and unlicensed contractor, Dennis York, who is also Judge Lance Ito's stepson, hired Michael Oatney as an employee of his company, EVR Equipment Company, through an advertisement on Craigslist. Oatney obtained a probationary contractor's license shortly thereafter and received an increase in his salary for allowing EVR Equipment Company to use his contractor's license for its business.

York and Oatney became business partners, establishing a corporation called EVR Energy Group (EVR Energy) that was never licensed by CSLB. On November 18, 2008, York entered into a written contract with the owner of a Camarillo gas station to update gasoline pumps, including the installation of enhanced vapor recovery equipment for \$40,000. The upgrades were necessary to comply with new California emission laws. After being paid a total of \$26,000, York abandoned the project without installing the vapor recovery system in a timely fashion. Oatney and York repeatedly reassured the business owner that the project would be completed by April 1, 2009, but never finished the project.

The business owner was assessed a fine by the Ventura County Air Pollution Control District because the work was not completed by the deadline. In addition, the owner made complaints to Oatney's bonding company, the Camarillo Police Department, the Ventura County DA's Office, and CSLB. Ultimately, the business owner recovered \$20,000 from the disciplinary bond and \$7,000 from the contractor's bond, and the CSLB complaint was referred for accusation in September 2010, alleging violations that include abandonment, aiding and abetting an unlicensed person, contracting with an unlicensed contractor, and exceeding contract amount. The assigned Deputy Attorney General (DAG) added B&P 7123, Conviction of a Substantially Related Crime, as Oatney was convicted of felony PC 496(a), Receipt of Stolen Property, in 2009.

After an appeal hearing on March 26, 2012, the administrative law judge's (ALJ) proposed decision found grounds exist for revoking Oatney's probation and imposing the stayed order of revocation on his contractor license for failure to obey laws that are required as a condition of the probationary license, and the alleged violations were upheld. Oatney's license is currently suspended/expired and will be fully revoked, effective June 6, 2012.

In addition, the Ventura County DA's Office filed criminal charges against York for B&P Code sections 7028 (contracting without a license) and 7027.1 (illegal advertising), and the case is continuing through the criminal court.



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ENFORCEMENT PROGRAM UPDATE

GENERAL COMPLAINT-HANDLING STATISTICS

It has been determined that a manageable level of pending complaints for all current CSLB staff is **4,610**. As of April 2012, the pending caseload was **3,399**.

In July 2011, monthly closure goals were increased from 8 to 9 after the elimination of furlough days and the implementation of a personal development day. The Personal Leave Day Program terminated effective March 31, 2012. As a result, effective April 1, 2012, the ER I closure goal returned to 10 per month.

With the inability to fill vacancies, the Enforcement division loses an average of one ER per month. caseloads may rise with time and possibly exceed current levels. An increase in caseloads will lead to a longer investigation process for consumers.

The following chart outlines how CSLB determines manageable caseloads:

Job Classification	Current Number of Staff	Closure Goal per Month	Preferred Cycle Time (months)	Preferred Caseload per ER	Current Average Caseload per ER	Maximum Number of Cases per Classification
ER I	45	10	4	40	28	1800
ER I (APP)	3	20	3	60	55	180
ER II	19	5	4	20	28	684
SWIFT	22	15	1	15	14	330
CSR	32	30	2	60	38	1920
TOTAL						4,610

In February 2006, the Board adopted the following Enforcement Objectives regarding complaint-handling.

- MAINTAIN ER 1 PRODUCTION OF CLOSING 10 COMPLAINTS PER MONTH**
 Following elimination of furlough days and implementation of a personal leave day, the Board increased the average number of complaints closed per ER to nine (9) closures per month. In April 2012, ERs closed an average of 9.6 complaints.
- INCREASE THE PERCENTAGE OF LICENSEE COMPLAINTS SETTLED TO 30%**
 Licensee complaints settled in April 2012 averaged 37%.
- ACCOMPLISH IMC LICENSEE COMPLAINT DISCLOSURE OF 70%**
 The licensee disposition average in April 2012 was 70%.
- REDUCE 270-DAY-OLD COMPLAINTS TO 100 OR LESS**
 Staff's effective management of pending complaints has resulted in consistently maintaining the Board's goal. At the end of April 2012 there were only 81 aged cases.



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ENFORCEMENT PROGRAM UPDATE

CASE MANAGEMENT CALENDAR YEAR (JAN – APR 2012)

CITATIONS ISSUED		
	Licensee	Non-Licensee
Citations Issued	297	284
Citations Appealed	134	116
Citation Compliance	163	137
MANDATORY SETTLEMENT CONFERENCES		
Scheduled		53
Settled		32
Civil Penalties Collected		\$256,305
Total Savings to the Public		\$444,663

ARBITRATION	
Arbitration Cases Initiated	164
Arbitration Decisions Received	171
Licenses Revoked for Non-Compliance	35
Arbitration Savings to the Public – Restitution	\$585,303

ACCUSATIONS / STATEMENT OF ISSUES	
Revocations by Accusation (Applicants Revoked)	120
Restitution for Accusations	\$26,387
Statement of Issues (Applicants Denied)	24
Cost Recovery Received	\$6,899.46
Number of Cases Opened	164
Number of Accusations/Statement of Issues Filed	131
Number of Proposed Decisions Received	34
Number of Stipulations Received	22
Number of Defaults Received	55
Number of Decisions Mailed	121

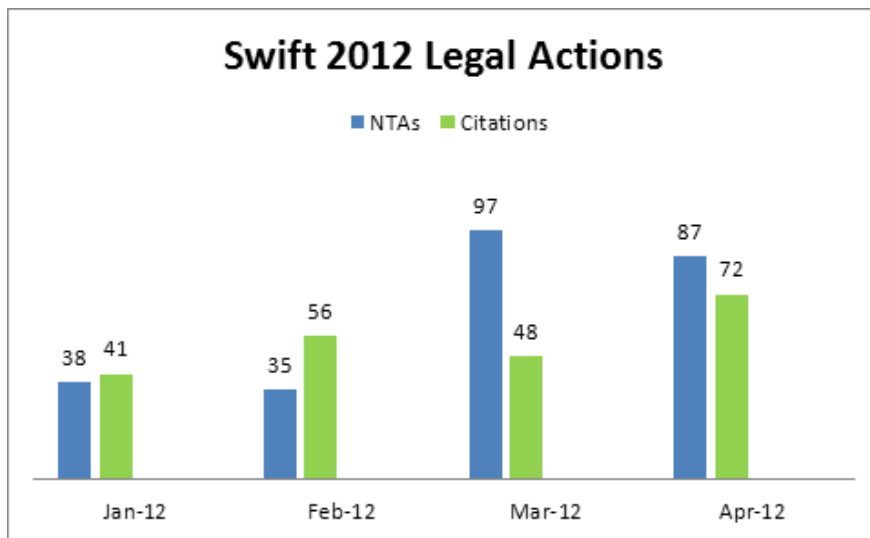


CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

STATEWIDE INVESTIGATIVE FRAUD TEAM

From January to April 2012, the Statewide Investigative Fraud Team (SWIFT) has performed 34 sting days. As a result, SWIFT has issued a total of 474 legal actions, including Notices to Appear (NTAs) and citations.



Revoked Repeat Offender Convicted Again

Okusitino Hafoka (AKA Tino Hafoka), whose license was revoked in 2006, was recently convicted twice for contracting without a license. In October 2011, Hafoka was called to an undercover CSLB sting operation in Orange County and issued a Notice to Appear (NTA). Earlier this year he pleaded guilty to contracting without a license and illegal advertising. He was given three years' probation, required to serve twenty hours of community service, and pay a civil fine of \$998.

In August 2011, he was called to an undercover sting operation in Long Beach by Southern SWIFT staff and was issued an NTA for contracting without a license. During this time Hafoka was on probation for the same violation on a previous conviction in 2010. In April 2012, Hafoka was sentenced to three years' probation, required to serve a mandatory 90-day jail term, serve 175 hours of community service, pay a court fine of \$5,000, obey all laws, and not to contract without a license.

SWIFT's Spring Blitz

SWIFT partnered with local law enforcement, the DA's office and the Employment Development Department (EDD) to conduct the statewide Spring Blitz on March 14-15, 2012. Simultaneous stings were held in Chico, Clovis, Grover Beach, Lawndale, Murrieta, Redwood City, Visalia and Porterville. The operations resulted in 110 arrests and NTAs. The Spring Blitz proved to be a great success. Highlights for the two-day operation included:



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ENFORCEMENT PROGRAM UPDATE

- In Visalia, a suspect who was issued an NTA for operating without a license was taken into custody by local law enforcement for six active warrants; two were \$30,000 warrants and four were no bail warrants. The undercover operation in Tulare County netted 22 suspects for contracting without a license and related violations.
- There were several repeat offenders at many of the operations. In Chico, CSLB was able to benefit from cooperation with partnering agencies and by targeting previous offenders. An EDD representative was able to verify workers' compensation status and employee reporting for a landscaper that was exempt from workers' compensation, which resulted in an audit. Another target, referred by DSLE, was previously cited by the Labor Commissioner. That target provided a bid and received an NTA. The two-day undercover operation in Chico netted 11 suspects for contracting without a license and related violations.
- In Clovis, two unlicensed operators were taken into custody for having active warrants. The two-day undercover operation in Clovis netted 13 suspects for contracting without a license and related violations.
- In Redwood City, 19 suspects were cited for operating without a valid license. Those cited included a Penal Code § 290 registrant parolee (convicted child molester); a Vehicle Code violation probationer; a targeted unlicensed contractor/repeat offender, who was also cited for a prior unpaid administrative citation; and a previously cited flooring contractor who is now being referred to the DA. One suspect brought a friend who was a parolee from Missouri with an active no-bail arrest warrant for battery in Placer County. Officers who took him into custody found he was in possession of drugs. Also targeted at the sting was revoked licensee Mustafu Karkori, who claimed to be using the license of his mistress. Her application to add the "A" General Engineering classification to her license is now under investigation, as well as a pending charge for aiding, abetting, or conspiring with an unlicensed person to evade the law.
- In Murrieta, a convicted sex offender was issued an NTA for operating without a license and illegal advertising. The two-day undercover operation in Murrieta netted 11 suspects for contracting without a license and related violations.
- In Lawndale, the two-day undercover operation netted 21 suspects for contracting without a license and related violations.
- In Grover Beach, the two-day undercover operation netted 13 suspects for contracting without a license and related violations.

A news conference with the Riverside County DA was conducted and attended by three TV stations from L.A. and two stations from Palm Springs.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

Labor Enforcement Task Force

The Labor Enforcement Task Force (LETF) became effective on January 1, 2012. This task force is a coalition of state and federal agencies working together to combat the underground economy. It is committed to close collaboration with other government agencies and by the use of improved enforcement efforts, targeting non-compliant employers for a more efficient use of the State's resources.

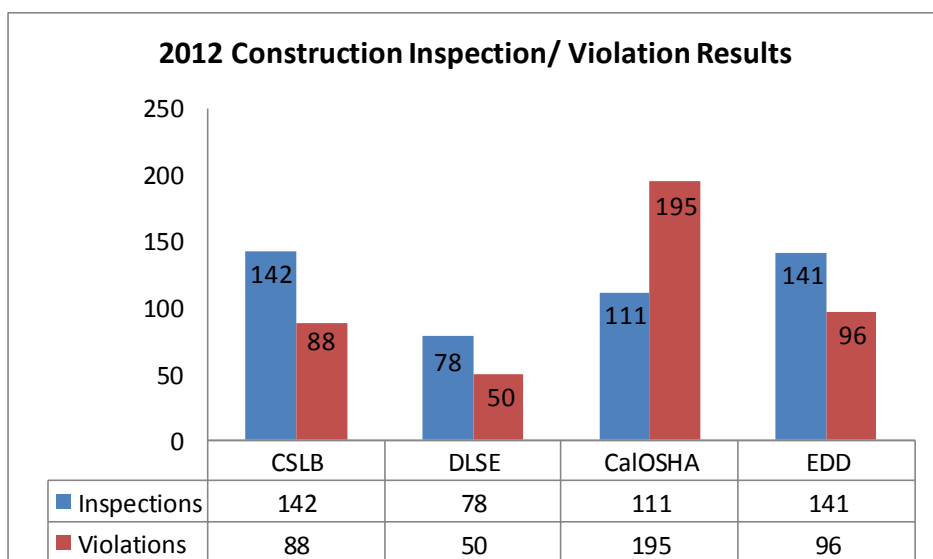
The vision and mission of LETF is to ensure all businesses are provided equal opportunity to thrive and workers are afforded safe and fair working conditions. LETF plans to combat the underground economy through targeted inspections, which will result in strengthening California's financial backbone and infrastructure by leveling the playing field to restore fairness and equal competition to all businesses as well as secure safe and fair employment practices for workers.

LETF teams will perform targeted construction sweeps every three weeks, and nine (9) teams will inspect an estimated four (4) projects each. Prior to conducting sweeps, each team will perform research to identify potential offenders' active jobsites, workers' compensation history, payroll tax history, and license status. Researching and identifying targets will increase the number of enforcement actions by ERs and will result in efficient sweep operations.

CSLB's core partnerships in LETF include:

- Division of Labor Standards Enforcement (DLSE)
- Division of Occupational Safety and Health (DOSH)
- Employment Development Department (EDD)

The following chart shows construction inspections performed and violations found for the first quarter of 2012:



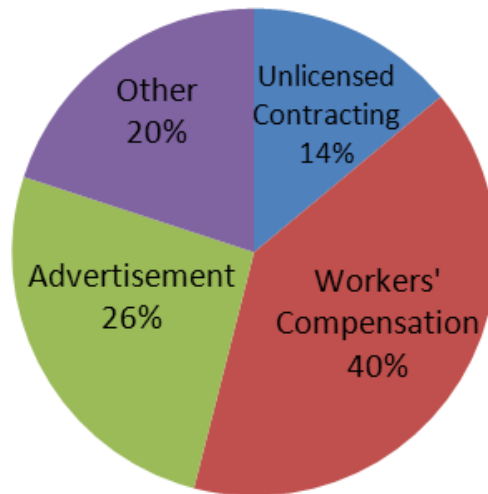


CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

First quarter 2012 results showed 88 violations found by CSLB. The core violations consisted of unlicensed contracting, failure to have proper workers' compensation insurance and improper advertising.

CSLB Violations Issued

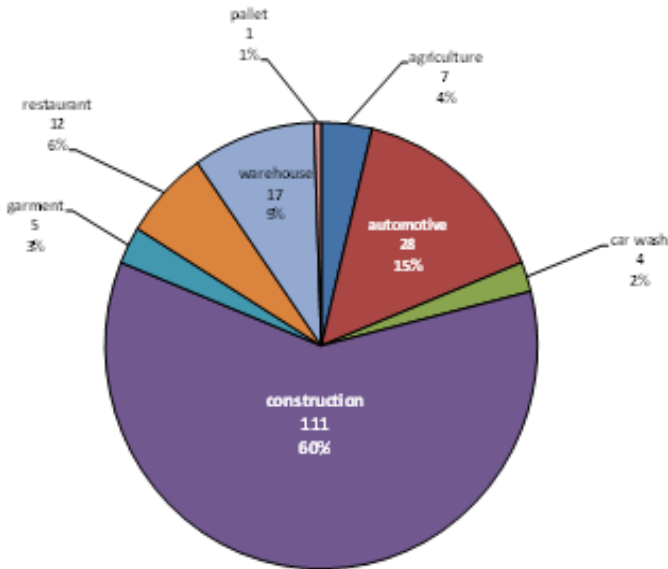




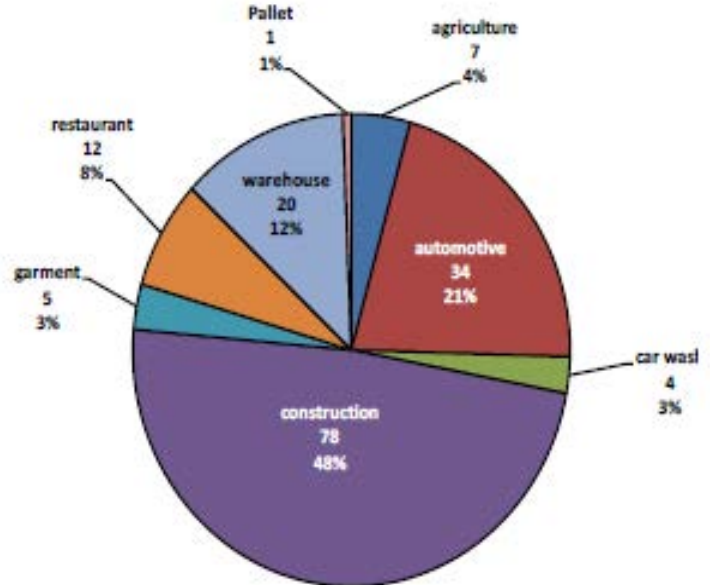
CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

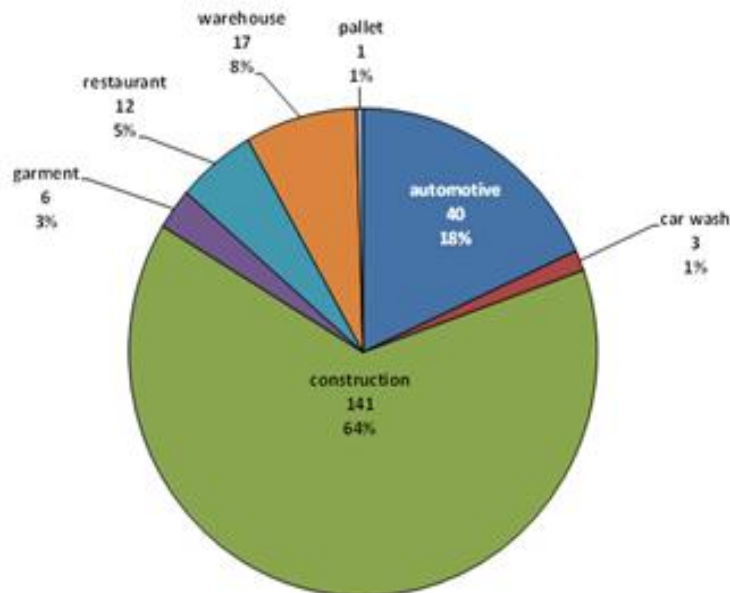
Partnering agencies report a higher violation rate because they are able to issue citations to licensed contractors for other violations. The following charts depict the distribution of inspections by industry from January to March 2012:



CALOSHA



DLSE



EDD



TRAINING UPDATE

As part of CSLB's 2011-2012 Strategic Plan, the Enforcement division committed to creating a training curriculum for staff that includes basic enforcement procedures, a mentoring program, and specialized training. Below is a list of training that has been conducted to date.

- 1. Stop Order Training** **February 2011**
Staff from around the state met in Sacramento HQ to attend a two day course on Stop Order procedures.
- 2. Conflict Resolution** **February 2011**
Enforcement Representatives attended training by Instructor Lee Jay Berman on effective ways to handle difficult situations.
- 3. Hearing Officer Training** **March 2011**
The Division of Labor Standards Enforcement (DLSE) provided training to staff designated to serve as hearing officers. Training included participating in a mock hearing and attending an official DLSE Stop Order hearing.
- 4. Team Building II** **March 2011**
The Centre for Organizational Effectiveness provided training to supervisors to develop and enhance team approaches.
- 5. DCA Management Academy** **March/April 2011**
Select staff attended the fourth management academy developed to bring supervisors and managers up to date on contemporary management issues.
- 6. COE Follow-up to Fundamentals of Leadership** **April 2011**
The Centre for Organizational Effectiveness provided Enforcement Representatives training on public speaking techniques, leadership in action application, and performance management concepts.
- 7. Training by Riverside District Attorney's Office** **May 2011**
Southern California Enforcement staff attended training conducted by Riverside DDA Homan Hosseinioun at the Riverside County District Attorney's office. Staff received training on taking witness statements and gathering evidence to prepare an investigation report for a criminal filing. Staff obtained "Prop 115" certification which allows ERs to testify to hearsay evidence in preliminary criminal hearings.
- 8. National Certified Investigator/Inspector Training** **June 2011**
Enforcement investigators attended the National Certification Program at DCA. The training is for regulatory investigators and inspectors and included investigation and inspection techniques and procedures. This certification will lend more credibility to the investigators when testifying and increase their knowledge base.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

- 9. Module 1: Basic Investigative Techniques** **June – August 2011**
This course was developed by CSLB management staff in conjunction with retired annuitant Doug Galbraith and Michael Franklin, Deputy Attorney General. This course is an 8-hour block of instruction on basic investigative techniques, roles and responsibilities of an investigator, effective case management, overview of rules of evidence, and elements to Business & Professions Code Sections: 7107 (Abandonment), 7116 (fraud), and 7125.4 (False reporting of a workers' compensation insurance exemption certificate).
- 10. Elder Abuse Training** **October 2011**
CSLB Peace Officer Lydia Patron along with prosecutors from Riverside and Los Angeles County conducted an elder abuse training class for southern CSLB investigators. The course provided an overview of the special criminal laws targeted at those who steal from elders and dependent adults. Moreover, staff learned valuable tips on investigating and submitting reports to achieve a successful prosecution.
- 11. Module 2: Interview Techniques** **October – December 2011**
This course is designed to assist Enforcement Representatives enhance their interview techniques; understand the importance of obtaining accurate statements, admissions, and confessions; and prepare to provide expert testimony in court and administrative hearings. This course includes a workshop for participants to test their interview skills in several CSLB-related scenarios.
- 12. Bankruptcy Case Law & Impact on Enforcement** **February 2012**
This one-day course was provided by Supervising Deputy Attorney General (SDAG) Marc Greenbaum and his staff. The training will include an overview of bankruptcy case law and the impact a bankruptcy filing has on CSLB Enforcement action and a consumer's ability to recover financial restitution.
- 13. Security Assessments for Enforcement Staff** **February 2012**
Dr. Steve Albrecht discussed workplace violence in addition to violence as a process. Staff learned techniques to identify "danger zones" in the field, the importance of preplanning, scene containment and scene management. This training will assist staff in documenting threatening statements and behaviors effectively.
- 14. Northern California Fraud Investigators Association** **March 2012**
This three day course brought together law enforcement, prosecutors, civil attorneys, corporate leaders, insurance personnel, and select Enforcement staff to address common issues in the fight against fraud. This year's conference featured over 40 guest speakers and had over 400 attendees. Annual anti-fraud education and networking are fundamental to prosecuting fraud or related crimes.
- 15. Improving Enforcement Skills** **April 2012**
Enforcement staff was invited to learn about interpersonal dynamics and emotional intelligence in this training given by Sommer Kehrli, PhD. Highlights of this training included personal and social competence skills along with self-management skills which play key roles in successful job performance.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

16. Advanced Negotiation

April 2012

This interactive seminar focused on advanced techniques and principles for improving the ability to negotiate effectively. Designated staff attended this training which concentrated on sharpening existing skills and deepening practical and theoretical knowledge of fundamental principles of successful negotiation.

PLANNED TRAINING

The following training will be completed in 2012.

1. Module 3: Effective Report Writing

First & Second Quarter 2012

This course will be designed to assist Enforcement Representatives enhance their writing skills and create a professional, accurate, and complete investigative report. Emphasis will be placed on credibility, proof-reading, and ensuring findings will pass scrutiny during a trial or hearing. The class will include a practical report-writing exercise and an exercise where participants will engage in a mock trial.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

Orange County District Attorney's Strict Prosecution of Unlicensed Practice

In 2007, Orange County District Attorney (OCDA) Tony Rackaukas leapt to the forefront of criminal prosecution of unlicensed contractors when he designated Deputy District Attorney (DDA) James Young to prosecute CSLB unlicensed activity referrals. DDA Young implemented a strict policy to criminally convict unlicensed contractors that was embraced by Orange County Superior Court judges and has set an example that, hopefully, other prosecutors will follow.

Accepting criminal referrals from SWIFT and IC ERs, DDA Young has an amazing conviction rate, having filed 186 cases, both felonies and misdemeanors, and achieving a 100% conviction rate. In addition, OCDA has assisted victims in collecting restitution, collected CSLB cost recovery costs, and imposed penalties and fines on unlicensed contractors totaling \$531,677.82. DDA Young will provide Board members with an overview of his prosecution success. The two charts below provide details of criminal referrals, and are followed by highlights of interesting OCDA criminal cases.

CSLB Referrals to OCDA				
Felony	12	Total Referrals	192	
Misdemeanor	180			
Sting	160			
Fraud	32			
Closed	167			
Pending	4			
Warrants	15			
Rejects	6			
Convictions	161			100%
Acquittals	0			0%

Monies Ordered/Collected by OCDA	
State-Imposed Fines	\$21,100.00
Penalty Assessments Imposed	\$56,970.00
Court Costs Collected	\$27,915.00
OCDA Amt (BP 7028.2) Collected	\$102,911.00
CSLB Cost Recovery Collected	\$37,613.94
Victim Restitution Ordered	\$271,392.88
Victim-Witness Donations Made	\$13,775.00
Total	\$531,677.82



Woman Found “Not Guilty” of Prostitution Pleads Guilty to Construction Theft

A homeowner entered into written contract with an unlicensed woman, Chong Hee Hwang, for a swimming pool remodel, landscaping, and irrigation for \$32,500. Hwang abandoned the project after receiving \$28,586, leaving behind incomplete and defective work. In an effort to avoid paying restitution to the homeowner and others, Hwang filed for bankruptcy. The homeowner protested the bankruptcy filing and presented the Bankruptcy Trustee with evidence that Hwang was the owner of four businesses, including a “Pain Free Massage Center,” for which she was facing three counts of prostitution arising from an undercover sting operation conducted by the police. Hwang’s petition for bankruptcy was dismissed because she failed to accurately disclose her business ownership. A Norwalk Investigative Center investigator issued Hwang an administrative citation for contracting without a license and coordinated her investigation with the Orange County Sheriff to achieve a criminal filing. The case was assigned to Deputy District Attorney James Young. A jury trial found Hwang “not guilty” of prostitution; however, because of the investigator’s diligence, Hwang pled guilty on January 19, 2012, to one count of PC 484b - Diversion of Construction Funds, and one count of B&P 7028(a) - Contracting without a License. On March 2, 2012, Ms. Hwang was sentenced to serve one day in county jail, 320 hours community service, and 3 years informal probation. She must pay restitution to the victims.

Contractor Arraigned for Under-Reporting Millions

On May 2, 2012, George Osumi II, a construction business owner, was arraigned for under-reporting over \$3.5 million in payroll to his workers’ compensation insurance carrier. Between December 2001 and March 2006, the defendant is accused of committing workers’ compensation insurance premium fraud by reporting his payroll to the State Compensation Insurance Fund (SCIF) at just over \$1 million. He is accused of actually maintaining a payroll of over \$4.5 million. This resulted in a premium loss of over \$814,000, owed to SCIF.

Osumi is accused of committing perjury under the California Contractors State License Board (CSLB) contract code in April 2011, by declaring and stating as true a material matter he knew was false under penalty of perjury that he did not operate a business which required workers’ compensation insurance. In addition, Osumi allegedly withheld state taxes and disability insurance benefits payments from his employees and but did not forwarding these withholdings to the State nor file payroll reports with EDD. The contractor is accused of filing false reports, which did not contain the identity of all of his employees. Consequently, when two of his employees filed a claim with EDD to collect unemployment benefits, EDD had no record of their employment and these employees had to provide proof of their employment. The defendant is accused of distributing paychecks with insufficient funds to employees, despite Osumi running a business that earned income.

Osumi was indicted Feb. 10, 2012, on 18 felony counts of misrepresenting facts to SCIF, 14 felony counts of failing to file a return with intent to evade tax, 14 felony counts of willful failure to pay tax, 14 felony counts of willful failure to pay unemployment insurance and employment training tax, nine felony counts of willful failure to pay disability insurance deductions, one felony count of identity theft, and one felony count of perjury. He faces sentencing enhancement allegations for misrepresenting facts to SCIF, committing an aggravated white collar crime over \$500,000, property damage over \$65,000, and committing a crime while released from custody on bail on another felony. If convicted, Osumi faces a sentence ranging from probation up to 63 years in state prison.



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

CSLB and Partners Sink Unlicensed Orange County Swimming Pool Plasterer

Southern SWIFT and partners from the Labor Enforcement Task Force caught up to long-time illegal operator, Benito German Lopez Cruz, 47, of Orange, while conducting an enforcement operation targeting unlicensed, uninsured, and illegal cash payments in southern Orange County in February.

Contracting without a license and failure to secure workers' compensation insurance for employees cost Lopez \$4500 in CSLB fines. CSLB partner agencies also took adverse action. The Department of Industrial Relations (DLSE) issued a stop order prohibiting the use of employee labor until workers' comp insurance is obtained and citations for \$7,750 in fines for failure to carry workers' compensation and for paying employees in cash. Lopez also will be audited by the Employment Development Department (EDD).

CSLB was alerted to Lopez's illegal activity by law-abiding swimming pool and plastering contractors in Orange County who Lopez was under-bidding by hundreds of thousands of dollars in recent years. During the enforcement operation, Lopez, who does business as Benito Lopez Trucking, was caught with three employees who were plastering a spa. Lopez was subcontracting for a contractor with an expired license. CSLB issued a citation to the expired licensee for contracting on an expired license, filing a false exemption from workers' compensation insurance, and contracting with an unlicensed operator. DLSE issued the expired licensee a stop order for not having workers' compensation insurance for three employees at the construction site, and \$8,500 in fines for failure to carry workers' comp and for cash payments.

Unlicensed Contractor Victimizes Animal Care Center

In November 2010, unlicensed contractor Robert Preciado entered into a contract with the Board of Friends of the Seal Beach Animal Care Center in Orange County to construct a 2,400-square-foot, pre-fabricated building intended to house the animal shelter's cats. To celebrate work commencing, the Seal Beach Animal Care Center held a groundbreaking ceremony on December 18, 2010, by which time, Preciado, who had not yet performed any work, had already been paid \$140,425 as a deposit toward the plans and permits.

Two months and several excuses later, Preciado had yet to start work. In February 2011, the complainant's attorney sent Preciado a letter, rescinding the contract and demanding a refund of the monies paid. However, Preciado never returned any money nor accounted for the funds he received. During the investigation, Preciado told the investigator that he was responsible for hiring, paying, and overseeing the work of subcontractors who would have eventually built the structure. The investigator informed Preciado that he was required by law to have a contractor license, as he was acting in the capacity of a general contractor. The investigation also determined that Preciado illegally advertised and misused a license number to secure the contract with the animal shelter. The Orange County DA filed misdemeanor charges for contracting without a license and illegally using someone else's license.

Enforcement Management Meets with Orange County District Attorney

Orange County District Attorney Tony Rackauckas continues to demonstrate willingness to work closely with Enforcement. Management staff met with DA Rackauckas and other southern California DAs and their chief of staff in April 2011. The purpose of the meeting was to develop new strategies for CSLB and DAs to work together to improve enforcement and the criminal



CONTRACTORS STATE LICENSE BOARD

ENFORCEMENT PROGRAM UPDATE

prosecution of license, tax and workers' compensation insurance violations. The group explored methods to pursue prosecution of unfair business practices.

In September 2011, staff and representatives from the Department of Insurance met again with DA Tony Rackauckas and more than 20 OCDA prosecutors and investigators. Discussion topics included sting and lead partnering opportunities to enforce license and workers' compensation insurance requirements as well as enforcement strategies to combat premium insurance fraud in Orange County.

OCDA has demonstrated great interest and willingness to partner with CSLB; six DA investigators were assigned to work closely with CSLB to investigate and prosecute contractors who are unlicensed and/or uninsured, working on both residential and public works project sites.

AGENDA ITEM G-2

Partnering with the Nevada State Contractors Board





California and Nevada Partner to Provide Enhanced Enforcement

On May 8, 2012, staff from the Nevada State Contractors Board (NSCB) was invited to attend a Module 1: Basic Investigative Techniques class put on by Deputy Attorney General Michael Franklin and the Enforcement division's Training Coordinator Doug Galbraith. This course, developed by CSLB management, provides instruction on basic investigative techniques, roles and responsibilities of an investigator, effective case management and an overview of rules of evidence. The course also covers required elements to California Business & Professions Code Sections: 7107 (Abandonment), 7116 (fraud), and 7125.4 (False reporting of a workers' compensation insurance exemption certificate). Some of the attendees from the Nevada Board had over 20 years' experience in law enforcement. Instructors were able to review the Nevada Code book for the violations discussed in class.



The following California and Nevada staff attended Module 1 training in Sacramento on May 8th:

Thomas Parker, Jagdeep Chauhan, Mike Franklin, Robert Pokorski, Casey Coleman, Melissa Thompson, Kolin Morlatt, Cassie Jones, Manya Edwards, Delphine Tran, Terae McKinney, Dan Conway, Eric Brio, Don Smith, Bernadette Nourn, Yolanda Cotton, Fred Schoenfeldt, Ronda Heard, Mike Farley, Jessica Handy, Gary Leonard, Jackie Anderson, Doug Galbraith and John Rosa.



CONTRACTORS STATE LICENSE BOARD

PARTNERING WITH THE NEVADA BOARD

On May 16, 2012, CSLB and NSCB conducted their second annual simultaneous enforcement operation sending 11 people to court in El Dorado County, California and five in Douglas County, Nevada. The El Dorado County District Attorney's Office and the California Department of Consumer Affairs Division of Investigation also participated in the sting. Board Member and Enforcement Chair, Matt Kelly was present to observe the South Lake Tahoe operation and the Nevada operation.



In both operations, investigators from CSLB's Statewide Investigative Fraud Team (SWIFT) and the Nevada Board posed as property owners who were seeking bids for carpentry, painting, and landscaping. Some of the SWIFT investigators observed the Nevada operation, as did Nevada investigators at the California sting. Suspects who bid more than the legal limit for labor and materials were issued a notice to appear (NTA) in superior court. A total of 9 NTAs were issued by CSLB for contracting without a license and related violations, including illegal advertising and requesting an excessive down payment.

One suspect who bid on a painting job at the California sting site was on probation for theft. Another contractor who bid on cabinetry work at the South Lake Tahoe house, was accompanied by an individual who was transported to jail for a probation violation on a prior burglary conviction and in possession of drug paraphernalia.

AGENDA ITEM G-3

Presentation by Arbitration Mediation Conciliation Center



To: Contractors State License Board

FROM: Karen Smith | AMCC

DATE: 6/5/2012

RE: CSLB Arbitration Program Update and Procedures

Statistics from the 2011 calendar year:

- **610 complaints resolved; 499 Mandatory Arbitrations and 111 Voluntary Arbitrations;**
- **Awards totaled approximately \$3.7m to the prevailing party;**
- **Time frame from case assignment to Award reached its most efficient record of 47 days;**
- **Evaluations of AMCC administrative services and Arbitrators were 4.8 and 4.85 out of 5, respectively.**

Policy Changes: As a rule, the content of Award items has been limited to a specific remedy with very little, if any reasoning. While this policy is not changing, it is recognized that these matters are sometimes complex, requiring more explanation on the Awards. If it is believed a limited amount of reasoning will allow for the parties and / or CSLB to better understand the Award, that language will be included in the Award. This policy will also flow to Correction Requests, where limited reasoning will be provided in most instances, regardless if a Correction is issued or not.

Affirmative Defense: When a defect or workmanship issue is acknowledged to have occurred, however the Respondent has put forth an affirmative defense, it has been clarified that the Respondent bears the burden of proof to establish the defense. If the defense is proven to be valid, an explanation of the Respondent's justification and information on the culpable party may be included on the Award.

Preparation of Parties: A two step approach was created in response to the challenge faced by Arbitrators of unprepared parties for the nature of the arbitration hearings and the lack of understanding that the Awards rendered are final and binding. Despite adequate notice on more than six occasions prior to the arbitration hearing, including the hearing notices, arbitration handbook and FAQs, AMCC has formulated a proactive response with two suggestions.

First, it was recommended that the Submission to Arbitration forms be modified to include the following language, which must be initialed by each party, with the exception of Contractors who do not return the Submission forms in Mandatory matters:

Initials **I understand that an Award rendered hereunder will be binding and final, and there is no Initial appeal process available in this forum.**

Secondly, AMCC has attached the following notice on neon colored paper to the front of every hearing and continuance notice in an effort to bring the parties attention to crucial information.

ATTENTION!

- 1. PLEASE READ THE ENCLOSED HEARING NOTICE AND FAQs IN THEIR ENTIRETY AS THEY CONTAIN IMPORTANT INFORMATION.**
- 2. YOU MUST COME FULLY PREPARED TO PRESENT YOUR CASE ON THE DAY OF THE ARBITRATION HEARING.**
- 3. THE ARBITRATION AWARD RENDERED IS FINAL AND BINDING. THERE IS NO APPEAL PROCESS AND VERY LIMITED GROUNDS FOR A CORRECTION OF AN AWARD.**

CSLB ARBITRATION AT A GLANCE

The Contractors State License Board (CSLB) has generously provided for an Arbitration Program to resolve appropriate disputes between consumers and contractors. This program is governed by California Business and Professions Code Section 7085 through 7085.9, a comprehensive body of law that defines the arbitration process and remedies.

Arbitration is advantageous to both parties. The process is fast, friendly and fair; the awards rendered in this forum are legally binding and enforceable in court. The Arbitrators presiding over these matters are exceptionally experienced, formally educated and possess the necessary judicial temperament to provide for accurate Awards. The Arbitration hearings take place in comfortable setting and are designed to bring forth the true facts in a case.

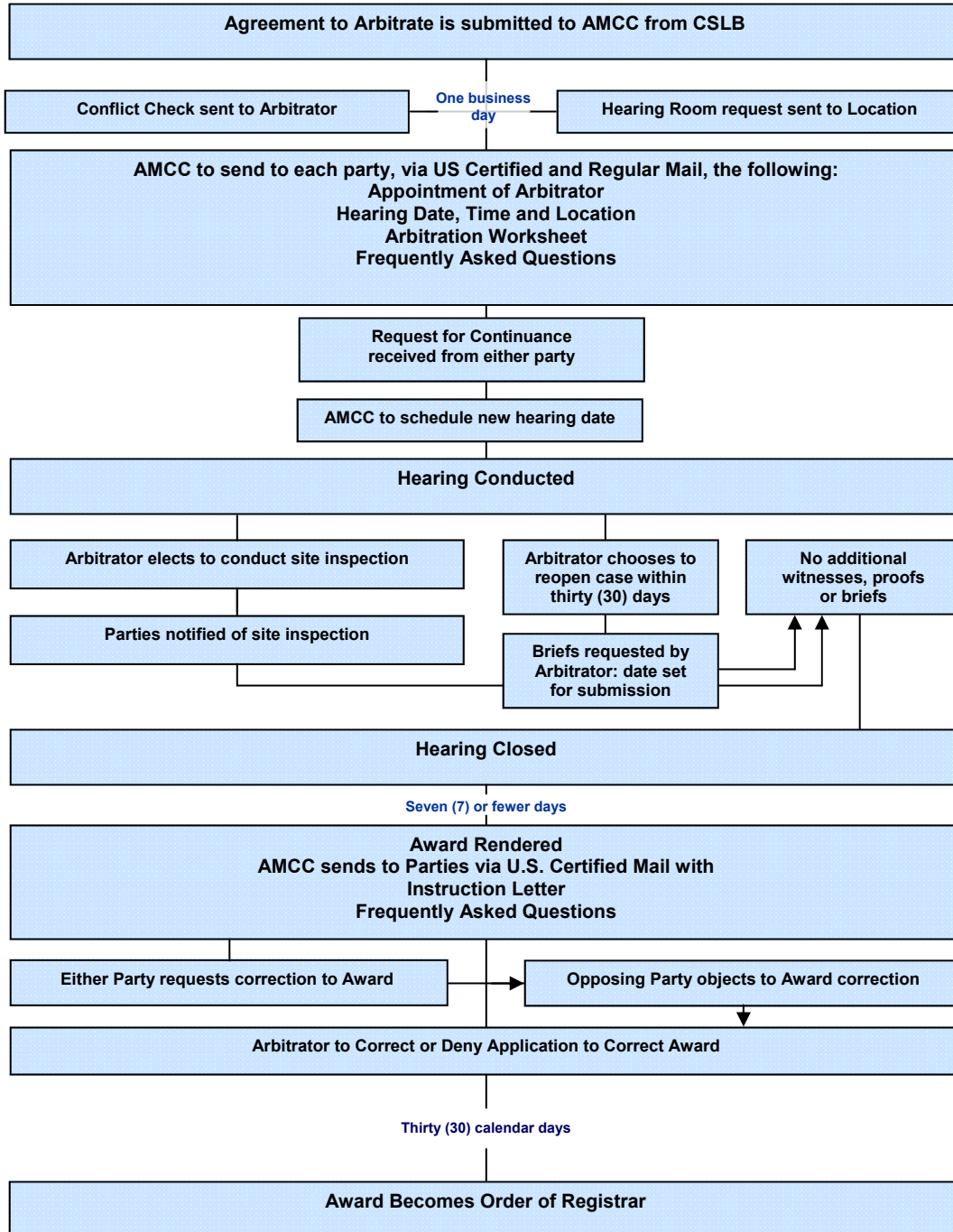
The CSLB Arbitration Program provides for both Mandatory and Voluntary Arbitration. Mandatory Arbitration is for those matters involving financial injury of \$12,500.00 or less. In these matters, the consumer chooses arbitration as the preferred method to resolve their dispute with the contractor. The Contractor, or Respondent, is required to arbitrate as a condition of their contractor's license. Contractors may also take advantage of this program for Contractor v Contractor disputes or Prime v Sub disputes.

Voluntary Arbitration is for disputes involving damages between \$12,500.01 and \$50,000.00. Both the homeowner (consumer) and contractor must consent to the arbitration process. The benefits to the participants include a quick and effective way to resolve disputes outside the overburdened court system with nominal out of pocket expenses if self represented. The consumer has the added benefit of CSLB enforcing possible license revocation if the contractor fails to comply with an Award. The contractor will not have the consumer's complaint disclosed to the public if the contractor complies with the terms of an award rendered against him or her.

The benefits to the CSLB are both financial and practical. Financially, arbitrations costs the agency a flat rate and are conducted by a private firm so no expense is added regardless of the time required to resolve a dispute in its entirety. AMCC also conducts agency training and provides other cooperating functions at no additional costs. From a practical perspective, the arbitration program provides a place to resolve disputes between the parties that cannot be settled in house and are not egregious enough to warrant disciplinary actions.

The Arbitration Mediation Conciliation Center (AMCC) has served as CSLB's arbitration provider since October 2003. During this time, AMCC neutrals have heard more than 6000 cases with monetary decisions of up to \$50,000.00. AMCC has maintained satisfaction ratings above the 95th percentile while maintaining efficient processing of cases that average 47 dates from assignment to closure. AMCC is pleased to have been awarded a third consecutive contract term beginning December, 2009.

MANDATORY ARBITRATION PROCESS



FREQUENTLY ASKED QUESTIONS ABOUT THE CSLB ARBITRATION PROGRAM

Q. How was my Arbitrator assigned? Is he/she qualified to hear my case?

A. AMCC is proud to offer a panel of highly skilled, experienced, and ethically responsible Arbitrators. Each of the CSLB Arbitrators has extensive experience in their respective industries. AMCC's panel consists of industry experts, attorneys and a retired justice. Each Arbitrator is technically competent and procedurally sophisticated in arbitration theory and practice.

Q. Do I need an Attorney for the Arbitration hearing?

A. The choice to hire legal representation is at your sole discretion. Arbitrators are skilled in conducting hearings either with the individual parties representing themselves or with Counsel present. If you hire an attorney, please advise AMCC with a letter of representation. Be advised that attorney fees for the Arbitration proceedings are not subject to Award pursuant to Business & Professions Code §7085.3.

Q. Why was this location assigned for my hearing?

A. Hearing location is determined on a case by case basis. Our goal is to arrange for a location mutually convenient to both parties. All hearings are held in commercial office space with appropriate conference rooms. Often times, hearings are held at state office buildings. Hearings are NOT held at job sites.

Q. Should I mail my evidence to the Arbitrator and opposing party in advance or can I bring the documents to the hearing?

A. All documents supporting your case should be brought directly to the hearing. Please remember to bring all items in triplicate: one copy for the Arbitrator, one for the opposing party, and one for yourself. If you wish to present your materials prior to the hearing, you may mail your materials to AMCC for receipt at least 14 days in advance to hearing. However, you must also send a copy of all documents to the opposing party at the same time.

Q. Can I or my attorney subpoena documents and/or witnesses in the CSLB Arbitration process?

A. No. Documents and/or witnesses can be requested directly from the opposing party, but not subpoenaed, as there is no jurisdiction conferred on AMCC to order discovery.

Q. I cannot make the date assigned for the hearing. How do I request a continuance?

*A. The Arbitration should be treated similar to a court date and scheduled on your calendar with top priority. Continuances are limited and will only be granted for good cause if requested in timely fashion. **Note:** Submittal of a Request for Continuance DOES NOT guarantee that a continuance will be granted. If a continuance is granted, both parties will be notified. If a continuance is denied, the requesting party will be promptly notified.*

Q. If I have an Industry Expert and want him to attend the hearing, what do I do?

*A. It is your responsibility to arrange for all witnesses to attend the hearing as scheduled, which includes the Industry Expert. **Note:** Continuances are typically not granted for Experts that are unable to attend. The parties can utilize the written report submitted by the Expert.*

Q. What happens if I choose not to attend the hearing? Will a default judgment be made against me?

A. Failure to attend the scheduled hearing does not automatically result in a default judgment. If one or both parties fail to attend the hearing, the Arbitrator will continue with the proceedings assuming that both parties have received ample notice of the hearing date, time, and location. The Arbitrator will consider all written testimony and documentation submitted by both parties as well as any verbal testimony offered at the hearing.

Q. When will I know what the Arbitrator has decided?

A. Business and Professions code §7085.5(q) provides for thirty (30) days from close of the hearing to render an Award. The Award will be sent via certified mail.

**FREQUENTLY ASKED QUESTIONS ABOUT THE CSLB ARBITRATION PROGRAM
AFTER THE AWARD**

Q. What if I disagree with the Arbitration Award?

A. There is no appeal process for CSLB Arbitration Awards. The parties may request a Correction to an Award under limited grounds within ten (10) calendar days of the date of service of the Award (see statute below, with emphasis added by AMCC). A Request for a Correction form can be found at www.AMCCenter.com. Outside of the ten day correction period, neither AMCC nor the Arbitrator have jurisdiction to change/alter/correct the Award. The parties should seek legal advice for any remedy outside the ten day correction period.

Business and Professions Code §7085.5

(s) The award shall become final 30 calendar days from the date the arbitration award is issued. The arbitrator, upon written application of a party to the arbitration, may correct the award upon the following grounds:

(1) There was an evident miscalculation of figures or an evident mistake in the description of any person, things, or property referred to in the award.

(2) There is any other clerical error in the award, not affecting the merits of the controversy. An application for correction of the award shall be made within 10 calendar days of the date of service of the award by serving a copy of the application on the arbitrator, and all other parties to the arbitration. Any party to the arbitration may make a written objection to the application for correction by serving a copy of the written objection on the arbitrator, the board, and all other parties to the arbitration, within 10 calendar days of the date of service of the application for correction. The arbitrator shall either deny the application or correct the award within 30 calendar days of the date of service of the original award by mailing a copy of the denial or correction to all parties to the arbitration. Any appeal from the denial or correction shall be filed with a court of competent jurisdiction and a true copy thereof shall be filed with the arbitrator or appointed arbitration association within 30 calendar days of the issuance of the award, before the award becomes final. The award shall be in writing, and shall be signed by the arbitrator or a majority of them. If no appeal is filed within the 30-calendar day period, it shall become a final order of the registrar.

Q. I was Awarded money, when will I get paid?

A. Compliance of the remedies listed in the Award is required within thirty days of the date of service of the Award. See Business & Professions Code §7085.6, available at www.AMCCenter.com. The CSLB will send a letter to the Complainant approximately 30 days from the date of service of the Award to inquire if the terms of the Award, if any, were complied with. This is the opportunity to advise the CSLB of the status of payment, if any. AMCC does not have any jurisdiction to enforce, negotiate or otherwise collect Award amounts. The Award may be enforced according to the Code of Civil Procedure §1287.4, available at www.AMCCenter.com.

Q. What if I didn't appear at the hearing?

A. AMCC provides for proper notice of all hearings per Business and Professions Code §7085.5 (p)(1) & (2). Arbitration hearings proceed in the absence of any party per Business and Professions Code §7085.5(j) and the Award rendered is enforceable as if both parties had attended the hearing.

AGENDA ITEM H

Public Affairs Committee Report



AGENDA ITEM H-1

Public Affairs Program Update





CONTRACTORS STATE LICENSE BOARD

PUBLIC AFFAIRS PROGRAM UPDATE

The Contractors State License Board's (CSLB) Public Affairs Office (PAO) is responsible for media, industry, licensee, and consumer relations. PAO provides a wide range of services, including proactive public relations and paid advertising campaigns; response to media inquiries; community outreach, including Senior Scam StopperSM and Consumer Scam StopperSM seminars, special events, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; social media outreach to consumers, the construction industry, and other government entities; and limited employee relations.

STAFFING UPDATE:

PAO currently has six full-time positions, plus two retired annuitant (publications, Wellness Program) and two student assistants (general office duties/social media/newsletter writing and coordination). One student assistant position is limited term, through summer 2012.

Currently, one Information Officer I position and both Student Assistant positions are vacant (hires are expected shortly).

WEBSITE HIGHLIGHTS:

Website Assistance Project

PAO remains responsible for preparing all press releases, industry bulletins, and various other items for posting on CSLB's website, and has been since September 2011. IT staff is still responsible for verifying PAO's work, then uploading the material to the website. This assures timelier posting to the website, providing links for use on CSLB's social media websites. Between April 1, 2012 and May 11, 2012, PAO staff formatted 13 items for website posting.

Social Media

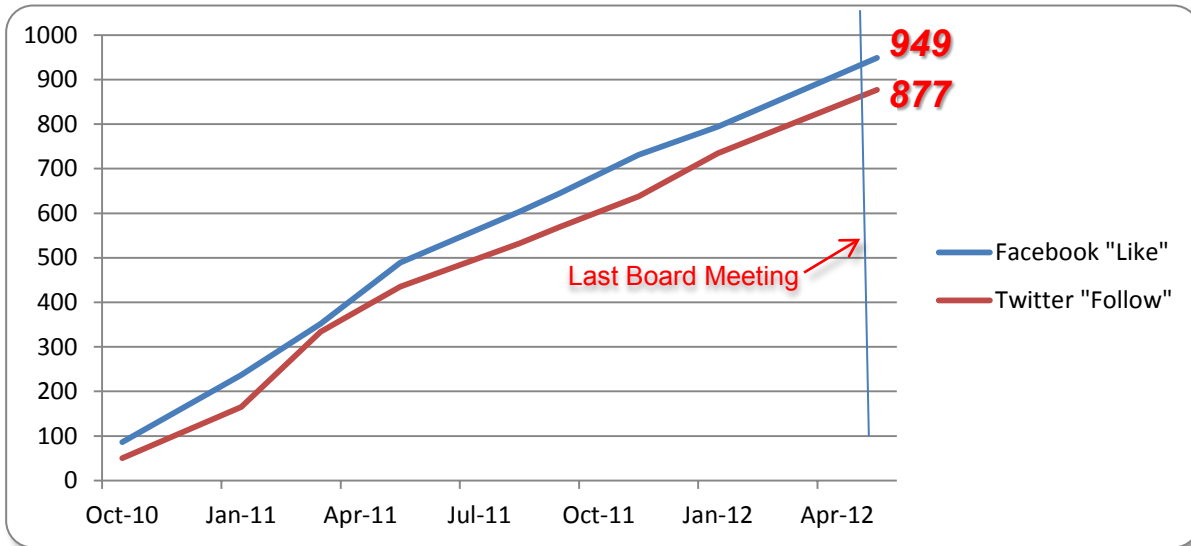
CSLB continues to gain followers of its Twitter and Facebook pages. PAO staff continues to monitor demographic data and track the number of "likes" and "followers," which generally increase on a daily basis. As of May 11, 2011, 956 individuals, businesses or other government entities "like" CSLB's Facebook page and 881 "follow" CSLB on Twitter.

Most followers of both pages are contractors or in fields aligned with the construction industry, from around the globe. CSLB's most talked about social media post in April and part of May was a photo album of pictures from the South Pasadena sting that was covered on Univision and several local publications and online news sources. Of the people who viewed that story, 6.5 percent created their own unique story from it. From April 1 to May 11, 2012, PAO posted 19 items to Facebook and 12 to Twitter.

PAO also maintains a YouTube page. The newest posting on this page is video that was shot for distribution at the Spring Blitz press conference at the Riverside County District Attorney's Office on March 16, 2012. The video was promoted on Facebook and Twitter, generating positive response on Facebook. Archived streams of past quarterly Board meetings are also posted on CSLB's YouTube page.



Facebook "Likes" & Twitter "Followers"



Email Alert Feature

PAO continues to publicize a website feature launched in May 2010 that allows people to sign up to receive up to four different email alerts from CSLB.

Subscribers can receive alerts for:

- California Licensed Contractor newsletter
- Press Releases/Consumer Alerts
- Industry Bulletins
- Public Meeting Notices/Agendas

A total of 16,493 subscriptions were activated as of May 11, 2012, an increase of 1,621 since the first of the year. Each of the four lists is growing at about the same rate, with the greatest number of subscribers to newsletters, followed by industry bulletins, press releases, and meeting notices.

PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This list currently consists of 78,487 active email addresses. That brings the combined email database to almost 93,000 addresses.



e mail alerts

Please enter your information to sign up for a CSLB Mailing List:

Email address:

First name:

Last name:

Select the list you would like to subscribe to:

California Licensed Contractor Newsletter

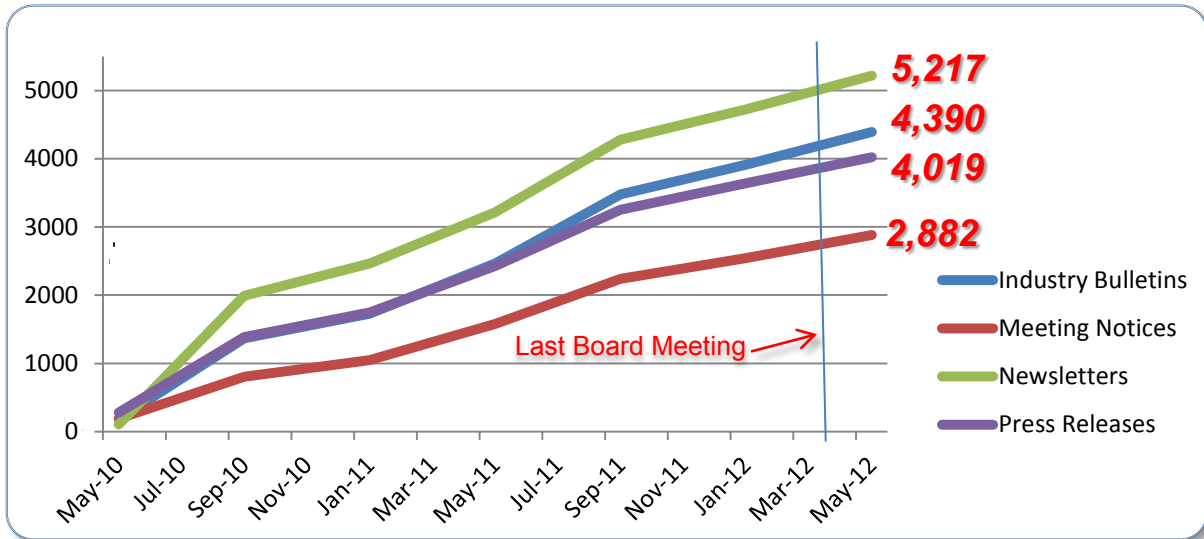
Press Releases/Consumer Alerts

Industry Bulletins

Public Meeting Notices/Agendas.



Email Alert Sign-Up Statistics



MEDIA RELATIONS HIGHLIGHTS:

Media Calls

Between January 25, 2012 and May 14, 2012, PAO staff responded to 77 separate media inquiries and provided interviews to a variety of newspaper, radio, and television outlets.

Press Releases

PAO continued its policy of aggressively distributing press releases to the news media, especially to publicize enforcement actions and undercover sting operations. Between January 25, 2012 and May 14, 2012, PAO distributed 12 press releases.

Date	Press Release Title
February 3, 2012	Contractors State License Board Suspends Contractor License after Worker Death in Milpitas
February 10, 2012	Speedy Suspect Can Run But Not Hide from SWIFT
February 13, 2012	Illegal Operator Corrects Offenses after Three CSLB Busts
February 22, 2012	Contractors State License Board Doesn't Have to Go Far to Arrest Revoked Licensee
February 24, 2012	CSLB and Partners Sink Orange County Swimming Pool Pariah
March 8, 2012	Five-Day Bay Area Sting Operation Targets Workers' Compensation Violators
March 16, 2012	CSLB Catches 110 in Statewide Series of Undercover Stings
March 22, 2012	CSLB and Partners Hit Unlicensed Contractors with One-Two-Three Punch



April 23, 2012	Convicted Thief Among Those Caught in CSLB Undercover Sting
April 25, 2012	CSLB Sting Finds Fraudulent Use of Contractor Licenses and Other Violations
April 27, 2012	Expired Licensee and Others Contracting Unlawfully Caught in Lincoln
April 30, 2012	CSLB Targets Fraudulent Home Improvement Contractor in Fresno

California Blitz Press Event

On March 16, 2011, PAO staff conducted a press event to announce the results the annual Spring California Blitz. The press event was held at the office of the Riverside County District Attorney’s Office.

District Attorney Paul Zellerbach participated in the event, which attracted media from both the Los Angeles and Palm Springs media markets.



Joint Press Release w/Nevada State Contractors Board

On May 18, 2012, PAO issued a joint press release with the Nevada State Contractors Board (NSCB) following the second annual Cal-Neva Border Blitz. The release publicized the successful results of simultaneous stings by CSLB in South Lake Tahoe, CA and NSCB in Zephyr Cove, Nevada.

Operation Underground

PAO is supporting the Enforcement division in its partnership with the Department of Insurance and Employment Development Department in cracking down on one of the biggest contributors to the underground economy: workers’ compensation insurance fraud.

Videotape has been taken at multiple enforcement operations to be used as part of an upcoming media outreach campaign.

DISASTER OUTREACH HIGHLIGHTS:

While no major natural disasters struck California since the last Board meeting, PAO has continued to support efforts to assist the National Association of State Contractor Licensing Agencies’ (NASCLA) Resource Committee in developing model program materials that can be used for disaster response by states around the country.



The Nevada State Contractors Board has already successfully put pieces of CSLB’s disaster response plan into action, following two recent wildfires in the Reno area.

PAO is also providing assistance to NASCLA as it develops of a model program to address elder abuse.



INDUSTRY/LICENSEE OUTREACH HIGHLIGHTS:

California Licensed Contractor Newsletter

The winter/spring 2011 edition of the licensee newsletter, *California Licensed Contractor*, was posted online in April. The summer 2012 edition is in production and should be mailed out to all CSLB licensees in July.

Industry Bulletins

PAO continues to alert industry members to important and interesting news by distributing Industry Bulletins. Bulletins are sent out via email on an as-needed basis to a group of more than 4,300 people and groups. This includes those who signed up to receive the bulletins via CSLB's new Email Alert system. Between January 25, 2012 and May 14, 2012, four Industry Bulletins were distributed.

Date	Industry Bulletin Title
January 27, 2012	Contractors State License Board Issues First LLC License
February 16, 2012	How to Contract with Public Entities Forum
March 5, 2012	Contractors Who "Cheat to Compete" Face Stiff Penalties
April 4, 2012	Winter/Spring 2012 California Licensed Contractor Newsletter Now Available

Application Instructional Video

PAO staff is near completion of a video that explains and leads candidates through CSLB's license application. The video explains the various parts of the application with tips on how to complete it correctly.

Scripting for the video was created with the assistance of the Licensing division, with special attention paid to parts of the application where staff has identified sections with high error rates.

Once completed, the video will be streamed on CSLB's YouTube page, and available directly from CSLB's website.

PUBLICATION HIGHLIGHTS:

2012 Contractors License Law & Reference Book

In late March, CSLB received shipment of the 900 page law book.

CSLB Publications

Between February and May 2012, several publications were completed, moved into production, or are being reviewed and designed.

Publications in Progress

- 10 Tips Cards (English/Chinese reprint)
- What You Should Know Before Hiring a Contractor (Spanish reprint)
- Terms of Agreement (English)
- Asbestos (English)
- 2012-13 CSLB Strategic Plan
- Master Consumer Publication (new)
- Master Contractor Publication (new)
- Sting Brochure (new)



COMMUNITY OUTREACH HIGHLIGHTS:

Senior Scam StopperSM Seminars

Interest in Senior Scam StopperSM seminars increased since a promotional/informational brochure and letter was sent to each legislator last September. The letter was personalized and showed elderly population statistics in the legislators' districts.

In addition to providing information about construction-related scams and how seniors can protect themselves when hiring a contractor, Senior Scam StopperSM seminars feature expert speakers from many local, state, and federal agencies who present broader topics, including identity theft, auto repair fraud, and investments scams.

Governor Brown's Executive Order B-06-11 put travel restrictions in place for all non-enforcement activities, including Senior Scam StopperSM seminars. CSLB will continue to schedule seminars, and request travel exemptions in order to deliver these fraud-prevention presentations. To date, all travel requests have been approved.

PAO has already conducted more Senior Scam StopperSM seminars this year than were conducted in all of 2011.

The following seminars have been conducted or were scheduled since the January Board meeting:



Date	Location	Legislative Partners
February 8, 2012	Castro Valley	Asm. Mary Hayashi
February 10, 2012	Inglewood	Sen. Roderick Wright
February 24, 2012	San Diego	Asm. Ben Hueso
March 9, 2012	Westlake Village	Sen. Fran Pavley
March 30, 2012	Pacoima	Sen. Alex Padilla Asm. Felipe Fuentes
April 3, 2012	San Rafael	Asm. Jared Huffman
April 3, 2012	Greenbrae	Asm. Jared Huffman
April 4, 2012	Petaluma	Asm. Jared Huffman
April 4, 2012	San Rafael	Asm. Jared Huffman
April 13, 2012	Mill Valley	Asm. Jared Huffman
April 13, 2012	Petaluma	Asm. Jared Huffman
April 20, 2012	San Jose	Asm. Jim Beall, Jr.



April 26, 2012	Sherman Oaks	---
April 26, 2012	Carson	Women in the NAACP
April 27, 2012	Anaheim	Sen. Lou Correa
May 4, 2012	Dublin	Sen. Loni Hancock Sen. Mark DeSaulnier Asm. Joan Buchanan
May 11, 2012	Richmond	Sen. Loni Hancock Sen. Mark DeSaulnier
May 18, 2012	San Francisco	Sen. Leland Yee
June 29, 2012	San Leandro	Sen. Loni Hancock Sen. Ellen Corbett
August 10, 2012	TBA – LA	Asm. Holly Mitchell
August 17, 2012	Watsonville	Asm. Luis Alejo Asm. William Monning

Speakers Bureau

CSLB speakers continue to be in demand. Since more requests are for enforcement-related topics, most of the requests are being accommodated by utilizing Enforcement division staff. More than two dozen presentations or appearances have either been made or have been scheduled since the beginning of 2012.

EMPLOYEE WELLNESS HIGHLIGHTS:

PAO coordinates the Employee Wellness programs at the main headquarters office in Sacramento and southern headquarters in Norwalk. Wellness Program events provided since January include:

- Auto maintenance presentation
- Yoga and Zumba classes
- Free Farmers Market
- CalPERS retirement seminars
- Photography Basics



Check contractors for workers' comp coverage

Bill Burnett, Kevin Burnett

Tuesday, May 22, 2012

Q: Several years ago, you wrote a column that was partially prompted by e-mail about the dangers of hiring unlicensed contractors. Now that the home improvement season is upon us, the Contractor's State Licensing Board is warning about another danger to homeowners: lack of workers' compensation insurance.

I've noticed advertisements for many licensed home improvement contractors, spanning many crafts from landscape, to drywall and painting, who don't carry workers' compensation insurance.

I think you may remember the story I mentioned before about the roofer who picked up a worker outside a local home improvement store only to have that worker fall off the homeowner's roof and suffer serious injuries. The worker ended up suing the homeowner for compensation.

John Motroni, San Francisco

A: We certainly do remember the story and the events leading to it. We wrote that hiring unlicensed workers was OK, providing the homeowner was aware of the risks. Motroni, who at the time was a producer for "7 on Your Side," a consumer protection TV segment on KGO news, took issue.

After several e-mail exchanges, we came to the shared conclusion that hiring a worker for "a little government work" was probably OK provided the homeowner knew the worker and realized that he, the homeowner, was taking on the role of contractor, with all the responsibilities that entails.

That means that if the job wasn't done right, there is no recourse against the unlicensed worker and that the homeowner is responsible to provide workers' compensation insurance or suffer the legal consequences should the worker get hurt.

May is National Home Improvement Month and the ideal time to get out the word about do's and don'ts when hiring contractors. The Contractor's State License Board provides this 10-point checklist for hiring a contractor.

- Hire only state licensed contractors.
- Ask to see a copy of the contractor's license and insurance and check that the contractor's license is in good standing at www.cslb.ca.gov.
- Get at least three bids.
- Get references from each bidder and take the time to check out their work.
- Make sure the details of the project and the payment terms are in writing.
- Confirm the contractor's liability and workers' compensation policies are active and the coverage amounts are adequate by calling the insurance companies.
- Don't pay more than 10 percent of the contract price or \$1,000; whichever is less, as a down payment.
- Progress payments should not get ahead of the work.
- Keep a job file containing all relevant paperwork including the contract and record of payments.
- Do not make the final payment until you're satisfied with the job, including cleanup.

California recently has been cracking down on unlicensed and underinsured contractors. In February, the Contractor's State License Board, in conjunction with the Alameda County district attorney's office, conducted a sting in the Berkeley hills.

It solicited bids for flooring, painting, glazing and landscaping projects on a 2,500-square-foot home. The sting netted 12 unlicensed contractors, four of whom did not have workers' compensation insurance for their workers.

A tradesman doing a job for less than \$500 in labor and materials is not required to be licensed. A solo licensed contractor doing his own work without any employees is not required to carry a workers' compensation policy.

So if you're hiring a contractor for a job costing more than \$500 or he has employees, make sure he has the proper license and adequate insurance or realize you may have to pay the piper.

The Burnett brothers are freelance writers. E-mail: sweatequity@sfchronicle.com

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2012/05/22/DDPG1OJ23N.DTL>

This article appeared on page **E - 7** of the San Francisco Chronicle

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Consumer cop's 5 tips on good deals

By Tanya Mannes

May 14, 2012

You might call Tricia Pummill the people's lawyer.

As a prosecutor and consumer advocate, she helps catch businesses cutting corners - and worse - every week.

Recently, her office stepped in when Walmart was overcharging customers at checkout. Another time, it fined grocery stores who were selling bacteria-laden "bathtub cheese." And then there was the Dodge dealership that advertised a deal on a fancy van, but told customers only the stripped-down model was available.

"Businesses can cut corners in a lot of ways, and usually it's to cut costs," Pummill said. "On the other end, we see your classic con man who comes to town and rips off half the city - and we have to catch him. It's whatever the fertile imagination comes up with."

The consumer advocate at the city of San Diego grew up admiring the work of Ralph Nader. At Cornell University, she was groomed for Wall Street but opted to enter public service instead at the City Attorney's Office. That was nearly three decades ago. Her career included nearly a decade with the county District Attorney's office. City Attorney Jan Goldsmith hired Pummill in 2008 shortly after his election to help him launch the Community Justice Division and bolster consumer-protection work.

In recent years, she has led investigations of wildfire price gouging, loan-modification scams, and schemes targeting illegal immigrants in search of help with their legal status.

Her tools to root out fraud include a network of "secret shoppers" to help identify unscrupulous businesses. She gets her tips from consumers, police officers and agencies that regulate contractors, auto mechanics, doctors and the like. Her agents are authorized under state law to secretly record their conversations with cashiers and business owners when they're investigating a tip.

Pummill is known statewide for her work, said Brian J. Stiger, director of the Department of Consumer Affairs for Los Angeles County. Stiger, formerly head of the State Department of Consumer Affairs, worked regularly with Pummill and said she is generous with her expertise.

"She has great ideas and a passion for consumer protection," Stiger said. "Tricia is someone who believes that folks in this world need to get together on a routine basis and talk about scams in the marketplace, so that everybody's aware of it and everybody's working on solving those problems."

"I really want to make sure that business behaves itself," Pummill said. "We're here, really, to protect not just consumers but also law abiding businesses - those who do follow the rules."

U-T San Diego invited her to share five examples of how she protected consumers' rights.

(1) You have the right to ... pay the sticker price. Pummill was involved in a statewide investigation of Walmart scanner overcharges. In March, the world's largest retailer was ordered to pay \$2.1 million for not complying with court orders. As a result of that case, Walmart has to give customers \$3 off any item that scanned too high in their California stores until November 2013. Restaurants sometimes get in trouble, too. About a decade ago, Pummill went after both Pizza Hut and Domino's restaurants that added an "energy surcharge" - typically 50 cents - to pizzas. Pummill contended that surcharge was an unfair business practice. When people buy a pizza, they expect the cooking cost to be included in the advertised price, she said.

(2) You have the right to ... get what's advertised. In one example, a local Dodge dealership had to pay \$107,000 to settle a case a decade ago in which it advertised better models of vehicles than were available at the price in the ad. That case began when a consumer complained that he sought to buy the Dodge Van Conversion in a newspaper ad but was offered only a "stripped down model." Pummill represented the District Attorney's office at the time.

(3) You have the right to ... hire a licensed, bonded contractor to do repairs on your home. While at the District Attorney's office, Pummill prosecuted a felony case against a man who claimed to be a licensed architect and contractor but whose work led to major structural problems in at least two houses. One woman who hired him to add a room to her \$1.2 million home ended up with her entire house reduced to a concrete slab. "She gave everything she had to the contractor and her house was pretty much destroyed," Pummill said. In 2004, the man pleaded guilty to grand theft and agreed to pay a half-million dollars in restitution. Pummill said the case is a reminder that customers should check the contractors' board website (cslb.ca.gov) to see that a contractor is licensed.

(4) You have the right to ... eat safe food. The owners of several food markets across the county had to pay penalties for selling Mexican cheese that made people sick. The 2005 case originated with a salmonella outbreak that was traced to queso fresco, sometimes called "bathtub cheese" because it's prepared in homes. Authorities discovered that stores were purchasing the cheese from street vendors, sometimes out of the back of a car. (The cheese case was so unusual that it landed Pummill on The Daily Show with Jon Stewart. The segment was titled "Bathtub Cheese: Culture of Death.")

(5) You have the right to ... hire an honest mechanic. Many people have suspected a mechanic of charging them too much for replacing parts that don't need fixing, but it's hard to prove. Pummill works closely with the California Bureau of Automotive Repair. The bureau's mechanics create a repair need in a vehicle, and send it to a shop to see whether the mechanics try to overcharge the customer. "They'll induce something like wearing down brake pads and see if the mechanic says you need rotors as opposed to new pads, because rotors are much more expensive," Pummill said. She has prosecuted mechanics in both civil and criminal courts.



An El Dorado Hills man poured \$101,000 into his dream pool, now he's getting sued and could even lose his home. Rafael Gallardo is on the hook because the contractor he paid to build the pool didn't pay a subcontractor. Call Kurtis looked into how other homeowners can avoid these types of situations.

The view of Folsom Lake from Gallardo's home is marred by the pool job that's turned into a nightmare. A few months ago, he learned a subcontractor had put a lien on his property because his contractor, Murphy's Pools of Folsom, didn't pay a subcontractor.

"That infuriated us. My wife went ballistic, I went ballistic," said Gallardo.

And now he's getting sued by the subcontractor for the \$14,298 that's still due.

"I will not pay twice for something that a contractor was paid for," said Gallardo.

The pool sits unfinished, as Gallardo tries to decide how to move forward with Murphy's Pools.

"Frankly, I think sometimes homeowners, they don't realize that the contractors and suppliers do have a right to do this. And so then it comes and takes them by surprise," said Venus Stromberg, of the Contractors State License Board.

Stromberg says you can avoid being left on the hook by making out your check to not just the contractor, but the subcontractor too.

"So that both people, both the prime and the subcontractor both have to sign it in order for payment to be released," said Stromberg.

She also recommends getting your contractors to sign lien releases as work is completed. By signing those forms, the contractor is basically putting in writing that they got paid and they no longer have a right to place a lien on your property.

The owner of Murphy's Pools, Frank Murphy scheduled an interview with us, but backed out on the advice of his attorney. He claims the project went over budget, but couldn't explain why he didn't pay the subcontractors.

"I think I owe him about \$5,000 more, but he's not going to see one penny of that until he's caught up and paid for everything," said Gallardo.

Murphy also claimed to be in talks to pay the subcontractor back, and finish Gallardo's pool this month. Gallardo doesn't have high hopes.

"If he doesn't come through, he will be served," said Gallardo.

Murphy's current license was recently suspended for not having the required \$12,500 bond. That is a sort of an insurance policy to cover problems like this one. After getting a new bond, his license was reinstated. Gallardo is filing a claim on that bond.

WEST COUNTY NOTES

By Chris Treadway
May 10, 2012

The office of state Sen. Loni Hancock and the California Contractors State License Board are hosting Senior Scam Stopper, a free seminar from 11 a.m. to 1 p.m. Friday at the Richmond Annex Senior Center, 5801 Huntington Ave. in Richmond.

The session will offer advice for seniors, their families and caregivers on steps to guard against home repair, insurance and finance fraud, as well as identity theft fraud.

State Sen. Mark DeSaulnier is co-hosting the presentation. To RSVP, contact Melissa Male at 510-286-1333 or melissa.male@sen.ca.gov.

HOW TO WIN A CONSTRUCTION CASE EVEN WHEN YOU SHOULD LOSE

May 6, 2012

FACTS

Presume a contractor is suing you for unfinished work that requires a contractor's license. The lawsuit is filed and the you file a "General Denial" and even assume you do not file any affirmative defenses such as defective workmanship or work is not completed.

You and the contractor conduct "discovery" but at no time is the contractor's license mentioned.

Now comes the trial. The contractor takes the witness stand and testifies that (s)he holds a valid contractor's license or the entity does and has been at all times through the project. It is necessary to prove the existence of the license in order to be paid.

YOU AS THE OWNER, NOW OBJECT TO HIS TESTIMONY ON THE GROUNDS THAT IT VIOLATES THE CONTRACTOR'S LICENSING LAW BECAUSE THAT LAW REQUIRES THE CONTRACTOR TO PRODUCE A "VERIFIED CERTIFICATE OF LICENSURE FORM THE CONTRACTORS' STATE LICENSING BOARD." Since the contractor does not have one at the trial and the judge refuses to grant a continuance over your objection judgment is in your favor even though the money might be honestly owed.

The reason:

"If licensure or proper licensure is controverted, pursuant to this section [Bus. & Prof. C. §7031(d)] then proof of licensure pursuant to this section [Bus. & Prof. C. §7031(d)] shall be made by production of a verified certificate of licensure from the Contractors' State License Board which establishes that the individual or entity bringing the action was duly licensed in the proper classification of contractors at all times during the performance of any act or contract covered by the action. Nothing in this subdivision shall require any person or entity controverting licensure or proper licensure to produce a verified license.. When licensure or proper licensure is controverted, the burden of proof to establish licensure or proper licensure shall be on the licensee;

The objection is "Objection violates California Business and Professions Code Section 7031(d)." A general denial without the affirmative defense does bring the question of proper licensure into play without the necessity of the affirmative defense. The court should sustain the objection.

Unless the plaintiff or the attorney for the plaintiff has the verified license from the California State Contractors' Licensing Board case is over. Plaintiff asks for continuance to which you object and if the continuance is denied the case is over and you should win. (Advantec Group, Inc. v. Edwin's Plumbing Co., Inc., 153 Cal. Appl.4th 621 (2007).

In Advantac, the plumber cross-complained for the balance of his contract money and when questioned by his attorney if he was a licensed contractor Advantac objected on the basis of B&PC §7031(d) and it was sustained. Objection was licensure per 7031(d) had to be proven by way of a verified certificate. Court sustained objection. Contractor asked for continuance of trial and it was denied, Attorney then argued the issue of licensure certificate was a "new matter" (CCP §431.30) and was required to be pleaded as an affirmative defense in the answer of Advantac answer to the complaint. Cort ruled that the general denial of Advantac was enough to raise the issue of licensure. Motion for a nonsuit was sustained and jury gave verdict to Advantac on its' complaint. Edwin appealed.

The 2nd District Court of Appeals said . . .

Affirmed. "A defendant's answer containing a general denial of the material allegations of the contractor's claim is sufficient to controvert the contractor's allegation of licensure, and thus invokes the requirement of B&PC §7031(d) that the contractor prove licensure by production a verified certificate." Advantac p.624.

MORAL

Object when the contractor takes the stand and testifies that (s)he has a valid license. Demand that the contractor or contractor attorney produce a verified license pursuant to Section 7031(d) and move for nonsuit if he cannot do so. You win, he loses. So if you are the contractor have the verified license before you go to trial!

May 15 event: Contractor rules, regulations and today's projects

By Jeff Quackenbush

May 5, 2012

SANTA ROSA — State regulators are cracking down on contractors trying to cut corners on employment and licensing law to win jobs amid the steep contraction in the building industry in the past six years, while local governments increasingly have been actively looking for ways to speed projects that will revive the economy and tax base, according to experts set to speak at the Business Journal's 2012 Construction Conference next week.

Steve Sands

The keynote speaker at the Tuesday morning conference on May 15 will be Steve Sands, executive officer and registrar for the Contractors State License Board for the past 11 years. He was executive officer of the California Architects Board from 1986-2000 and was in the executive and legislative affairs offices of the state Department of Consumer Affairs for eight years before that.

Among the topics he plans to address are pending legislation in Sacramento that could affect contractor licensing and the industry in general as well as efforts in the public and private sectors to combat the "underground economy" of unlicensed and licensed contractors that "cheat to compete."

California is cracking down on construction contractors that "cheat to compete" by not obtaining licenses and permits and not carrying proper insurance. Is that an issue locally?

"Workers' compensation insurance payroll taxes are being under-reported, misreported and, in some instances, not reported at all, impacting honest workers across the state," Mr. Sands said.

In January, investigators from the licensing board, the state departments of Industrial Relations and Employment Development, Board of Equalization and the offices of the Attorney General and Insurance Commissioner formed the Labor Enforcement Task Force. The information-sharing effort is targeting insurance and tax fraud in construction, agriculture, automotive repair, clothing production, food service and warehousing.

Regulations affecting the industry on a local and regional level as well as public-private initiatives to spur business activity will be discussed by a conference panel of Doug Hilberman, president of AXIA Architects of Santa Rosa and on the steering committee for Sonoma County's Construction Coalition; Mary McEachron, chief administrative officer and general counsel of The Buck Institute for Research on Aging in Novato; Robert Cantu, president of Western Builders and part of the Santa Rosa Mayor's Task Force on Economic Competitiveness; and Chuck Regalia, director of the Community Development Department of the city of Santa Rosa.

Doug Hilberman

"There are still a number of regulations that I would say are directly affecting economic recovery in the construction and development industry," said Mr. Hilberman. That said, he and Mr. Cantu acknowledge that increasingly more local governments have been cutting red tape in their land-use and construction permitting processes to encourage more business activity and construction, which translates into badly needed tax revenue for budgets overall and for planning and building departments specifically.

Robert Cantu

A key recent example is Santa Rosa's focused effort over the past three years to explore whether city processes were holding back economic activity. That resulted in nearly three dozen aggressive economic-development action items adopted and supported by existing and new City Council members. Another outcome was the formation of the Mayor's Economic Competitiveness Task Force to identify problem areas for the business community.

Key changes in city policy have shaved weeks to months of delays from the previous process.

Chuck Regalia

"I'm looking at the many things we're doing as trying to brand ourselves as interested in business and people's jobs and things that help," the city's Mr. Regalia said.

Those efforts have been allowing more business types by right rather than through conditional use permits, deferring housing-impact development fees until final inspection rather than permit issuance, rezoning industry zones such as Santa Rosa Business Park to allow new businesses to just seek building permits rather than use permits, rezoning of shopping centers such as Montecito to allow full buildout according to market needs, allow more grocery stores closer to neighborhoods that want them and offer same-day design approval and permitting under certain conditions. The city also is gearing up to preliminarily review certain vacant properties for suitable uses to save a developer time and money.

The six Santa Rosa vehicle dealership projects now under way for Kia and Hansel Auto Group are directly attributed to being able to have staff review building designs rather than the potentially lengthy Design Review Board process, according to Mr. Regalia.

These actions is helping to dispel long-held beliefs about the Santa Rosa land-use entitlement and permitting process, according to Mr. Cantu.

"The city is doing its part to unwind the idea that Santa Rosa is a tough place to do business," he said.

Mary McEachron

Ms. McEachron intends to recount during the panel discussion how The Buck Institute navigated and interwoven web of regulatory agencies at all levels for the \$41 million Regenerative Medicine Research Building, which opened at the campus last month.

The regulations panel also is planning to touch on any impacts of local government compliance with the Sustainable Communities and Climate Protection Act of 2008, better known as Senate Bill 375. The law calls for regional targets for reducing greenhouse gas emissions, as called for under the Global Warming Solutions Act of 2006, or Assembly Bill 32. The Bay Area's Metropolitan Transportation Commission adopted reduction targets of 7 percent below 2005 levels by 2020 and 15 percent by 2035, and the One Bay Area land-use planning effort started this year is part of the region's requirement to develop an integrated land-use and transportation plan. Local-government climate action plans are also part of the goal of meeting the regional GHG-reduction targets.

Educating the next generation of the North Bay construction industry will be the focus of a conference panel with Stephen Jackson, director of the Regional Occupational Program administered by the Sonoma County Office of Education, and Tony Cinquini, principal and chief executive officer of Cinquini & Passarino, a land surveying firm based in Santa Rosa.

Among the building trades, construction and engineering Regional Occupational Program career pathway courses at the 17 high schools in Sonoma County is the 4-year-old Gespatial Technology Pathway at Santa Rosa's Piner High.

Tony Cinquini

That program teaches students how to use high-tech global positioning system and geographic information system tools to apply book knowledge in science and engineering. That includes internships in surveying and mapping tasks at local businesses and government agencies. For the past two years, Mr. Cinquini, a Piner alum, has taken on Piner geospatial program interns at the firm.

Rounding out the conference will be a panel talking about major North Bay projects under way or in the pipeline. Panelist George Furnanz, chief operating officer of Alameda-based general engineering contractor Stacy and Witback, will be providing an update on the Sonoma Marin Area Rail Transit project. His company and Ohio-based Herzog Contracting Corp. won the \$108 million contract to oversee construction the commuter rail line's initial operating segment, running between Santa Rosa and San Rafael. Construction started early this year, and the first trains are expected to roll in 2015-2016.

Jason Martin

Also on the panel is Jason Martin, mechanical, electrical and plumbing engineer for Sacramento-based Unger Construction, general contractor on the \$284 million Sutter Medical Center of Santa Rosa replacement hospital project north of the city. Hospital projects in the North Bay have been turning heads in the local construction industry for cutting-edge use of building information modeling, or BIM. Design software with that technology, together with management methods such as integrated project delivery and lean construction, help architects, engineers and contractors foresee potentially costly job-site problems and choose cost-efficient solutions.

The conference will run from 7:30-11:30 a.m. at Fountaingrove Inn in Santa Rosa. Registration costs \$49 per person. Register by May 9 at www.NorthBayBusinessJournal.com/51886 or call 707-521-5270.

Woodland Man Steals Wallet From 88-Year-Old Blind Woman While Doing Her Yardwork May 3, 2012

Yolo County District Attorney Jeff Reisig announced that on Friday, April 27, 2012, 32-year-old Dennis Martinez of Woodland pled to three felony charges for his theft from an 88 year old disabled woman.

The victim and her daughter had hired Martinez to do yard work over a three day period. On the third day, the elderly victim, who is legally blind, let Martinez in to use the restroom while her daughter was away. The victim later discovered that Martinez had stolen her late husband's wallet and began using his credit cards at different locations. The Woodland Police Department investigated the case and recovered video of defendant and an accomplice using the credit card at multiple businesses.

Martinez pled no contest to First Degree Burglary with a special allegation that the home was occupied, a charge of Theft from an Elder and a Second Degree Burglary for entering one of the businesses to commit a theft. Martinez is expected to be sentenced on May 23, 2012 by the Honorable David Rosenberg.

"Seniors should be especially wary of thieves posing as handymen or yard workers," commented Elder Abuse Prosecutor Ryan Couzens. "These opportunistic predators," continued Couzens, "will often troll neighborhoods looking for seniors and other vulnerable people to isolate and exploit." The District Attorney's office recommends using reputable services for handymen or landscaping to help avoid being victimized. To verify that a contractor is currently licensed you can contact the Contractors State License Board at (800) 321-2752.

Defunct contractor will not be cited for work on Sacramento airport

By Melanie Turner

May 3, 2012

The California Contractors State License Board has concluded that FS Construction Group, a defunct Tennessee-based construction firm that had been accused of working on the new Sacramento International Airport terminal without a contractor's license, did not try to circumvent California law.

No citation will be issued by the board and SSP America Inc., the company with a vending contract at the airport's new terminal, has withdrawn the complaints, said Rick Lopes, a spokesman for the board, in an email.

"The vendor and the contractor have a long-standing relationship and after our interviews we determined that we don't believe there was any attempt to circumvent California's license law or operate without a license," Lopes said.

While the name FS Construction does not appear in the Contractors State License Board's database, FS Construction president Dave Carey passed the exam for a general contractor license specifically for the airport project, according to the company.

Because the airport contracts are with FS Construction, not Carey, it could still be considered a violation. FS Construction is the primary contractor hired to build the restaurants.

"All parties have been educated about California law and how the license needs to be set up," Lopes said in an email. "At this point we do not anticipate any citations based on our investigation."

The board's investigation was prompted by complaints from several subcontractors who said they are still owed more than \$2.5 million on the project from SSP and another concessionaire.

Licensed subcontractors filed more than 30 mechanics' liens for work on the restaurants and retail portions of the new \$1 billion terminal.

FS Construction, at the center of the allegations, has since been forced into bankruptcy court and has shut its doors.

SSP ultimately accused FS Construction of operating without a license and turned over materials to the Contractors State License Board.

"We're told SSP America plans to pay all legitimate subcontractors, suppliers and vendors," Lopes said. "If that doesn't happen, any of those parties could notify us or file their own complaint."

5 Ways to Save on Construction

By Tricia Chaves

May 2, 2012

Whether you are undertaking a complete renovation or a small construction project for home improvement, construction costs have a tendency to really add up. Doing your homework ahead of time and putting in a little bit of sweat effort of your own can add up to big savings on your bottom line. Set your initial budget and monitor your progress while implementing some creative cost-minimizing strategies. A little creativity can go a long way in stretching the power of your dollar.

Choose Contractors Wisely

One way consumers can save money on home improvement is by learning their state's consumer protection laws before soliciting bids from contractors, according to Venus Stromberg from California's Contractors State License Board. In California, for instance, contractors typically may not accept or request more than 10 percent of the contract price or \$1,000, whichever is less, as a downpayment. Stromberg says ensuring a contractor is licensed can offer a safety net from sky-high prices. "In many cases, hiring an unlicensed person to save a few bucks has ended up costing the consumer at least double that amount in having to take corrective action for incomplete or poor work or giving somebody thousands as a down payment, only to have the so-called contractor never show up," she cautions.

Save on the Unseen

Orange County, California architect John Salat suggests pinpointing items that are typically unseen such as wall interiors, attics and foundations, to include them in an open spec with your home contractor. An open spec means the method and materials must meet both minimum code requirements and offer a cost savings. Your project's tradesmen can help find opportunities for savings by thinking outside the box and securing separate permits when necessary.

Shop Second Hand

For the home interior, patio and backyard construction projects on her family's residence, northern California author Diana Tenes saved big by shopping second hand. "We go to the flea market as well as garage sales and thrift shop. We also shop on freecycle.org and craigslist.org," she says. Some of her freebie finds included a lawn mower and wrought iron furnishings. Tenes scored pavers and bricks at a 2/3 savings over her home improvement store's prices. "Shopping second hand, you can do your part to save the planet by reusing, reducing waste and shopping locally," she says.

Search for Treasures

"Using indigenous materials is honest, authentic, and most cost-effective," Salat says. Strolling along deserted beaches for driftwood or hiking through rural areas is one method to having fun and seeking abandoned treasures. Lend an eclectic look to your construction project by shopping at world import retailers, flea markets, antiques stores, scrap metal reclamation centers and other salvage yards for materials. Keep an eye out for building demolitions — barns, bridges and industrial buildings can provide raw materials for construction and furniture-building. Reclamation yards are a good place to find utility rigging and industrious antique products. Many times your finds will feature natural patinas or blemishes that add character and require cleaning, sealing and treatment for safe indoor use.

Trim Costs on Finishes

Comparison shopping for your finish materials like flooring and cabinetry can cut 20 to 50 percent off your construction project, according to Pacific Palisades architect May Sung. Salat suggests color bleed acid-etched concrete as a less-expensive substitute for flooring. Shopping for textiles imported from developing third world countries adds not only a cost benefit but an aesthetic improvement over big box store offerings. "Most Third World items are handmade rather than machine-made. The energy transmitted through handmade items is lively and their imperfections and irregularities add character and a relaxed feeling," he says.

Roofing repairs in question

By Jon Brines

May 2, 2012

Residents of the Meridian at Stanford Ranch were upset as roofing crews continued to work after the city of Rocklin asked the general contractor to halt repairs when it was discovered the general contractor had a suspended license with the Contractors State License Board. The license has since been reactivated allowing structural and roofing work to continue.

Questions remain a week after the city of Rocklin asked construction contractor Richard Wilkins to halt work at the Meridian at Stanford Ranch Apartments on Sunset Boulevard.

After a complaint from one of the residents, city staff discovered the general contractor's license had been suspended during the time that structural and roofing repairs were conducted on the 452-unit apartment complex.

"The permits at Meridian Apartments are not in order," Meridian resident Gregg Franks claimed. "My neighbors are livid and have told me the roofs out here are sagging. Where was that (city) inspector? Where is his report from the initial construction?"

Franks, who made the initial complaint with the city, is employed as a bond agent for the construction industry. He believes the city needs to take a more active role since nearly 1,000 residents are being forced to live with repairs being done over their heads.

Franks said the city should have caught alleged structural problems when the complex was originally inspected just 11 years ago.

Now the same inspector is expected to review the structural repairs when they are completed, according to the city.

City Attorney Russell Hildebrand said no code violations were identified by city staff.

"We have investigated Mr. Franks' allegations and have found them to be without substance. He is demanding a significant amount of the limited city resources we have available to investigate his complaints, and there are no violations of city codes at this jobsite."

According to the Contractors' State License Board spokesperson Melanie Bedwell, Rocklin is proactive.

"It's wonderful that the city took a look and saw that there was a concern and stopped work and did a re-evaluation of it," Bedwell said.

However, Bedwell acknowledged that residents should ask questions.

Hildebrand added that construction woes should be presented to management rather than the city.

Construction jobs, such as this, do cause residents some inconvenience," Hildebrand said.

Officials from the apartment complex or its San Francisco-based owner Fowler Property Acquisitions could not be reached for comment.

and builds or renovates them for maximum return on investment for their investors.

The company paid \$48 million for the complex in February, according to the website.

The multi-million dollar structural repair and roofing job started in March.

Wilkins paid the city nearly \$20,000 in permits for the roofing work alone, according to city documents.

Wilkins said he's never had a license issue before and was able to get it reactivated with the Contractors State License Board after nearly a week. He said his priority now is to take care of the Meridian residents during construction.

"The ownership has made all of us very aware that we need to take 110 percent care of those tenants. We do," Wilkins said. "Our concern has always been those buildings getting the proper work done to them so the tenants can get back to a normal life."

Wilkins plans to finish the job by mid-July.

Roger Haerr, an attorney practicing construction law for nearly 25 years, said Wilkins will likely avoid being penalized for continuing to work during the suspension.

"The primary purpose of the license laws is to protect the public from individuals and businesses who are not licensed to construct. Generally those are scamming the public," Haerr said. "The license laws are not designed to punish a licensed contractor, who in good faith is trying to perform a contract and for some technical reason has had a problem."

Bidwell said the board will give Wilkins the "benefit of the doubt."

"There are paperwork delays," Bidwell said.

According to the city, the apartment complex owners are now working with them to get a new color scheme approved for the exterior paint.

In the meantime, Franks said he plans to raise additional concerns at the City Council's May 8 meeting.

City staff has called Franks inquiries into the apartment issue "aggressive" and "intimidating" to staff, according to an internal city email obtained by the Placer Herald.

Last summer Franks questioned the fairness of the city's competitive bid process during construction of a city-owned parking lot.

After a two week investigation, the city declared a "bid irregularity," but admitted no wrongdoing.

Franks, an agent for Sierra Surety Bonds, represented two of the 14 construction contractors that did not win the bid for the \$306,000 project.

City Manager Rick Horst declined to comment on Frank's rocky relationship with the city. Franks said he could have brought a suit against the city over the bid irregularity, but chose not to.

"What we have in Rocklin is similar to other small California towns, local officials squeezing tax dollars from property owners and developers and under the auspices of laws," Franks said. "They perform badly."

Third Board retains non-emergency chargeable service policy with modifications May 2, 2012

Based on resident input and feedback, and staff's review of the current operating practices with improvement recommendations, the Third Board has rescinded Resolution 03-11-154 and will retain the delivery of Non-Emergency Chargeable Services by the Maintenance Division. The Non-Emergency Chargeable Service Policy will be modified to discontinue some services, and the chargeable service fee will be increased to reflect the cost of service.

Non-Emergency Chargeable Services are offered as a convenience to the residents. Emergency work for the protection of Mutual property; and routine maintenance of Mutual property is prioritized higher than Non-Emergency Chargeable Services, and the prioritization of this work will continue under the modified policy.

The modified Non-Emergency Chargeable Services policy will be phased in, becoming fully effective July 1, 2012. Third Mutual has already phased out toilet replacements and appliance repairs as chargeable services. Between now and July 1, the Mutual will also phase out providing faucet replacements and diffuser panel replacements as chargeable services. Residents will still be able to request repairs of standard plumbing components, but not replacements.

Any Non-Emergency Chargeable Services rendered on or after July 1 will be performed under the new policy, regardless of the date the work was scheduled. Residents of Third who would like to request Non-Emergency Chargeable Services before the July 1 cutoff date should do so as soon as possible; however, scheduling may not be possible depending on volume.

Third Mutual has increased the service charge for Chargeable Services from \$10 to \$25. This is the first time the fee has been increased in over 25 years. In addition, the Board has established a new \$25 permit processing fee for work that requires a City of Laguna Woods building permit. A \$15 charge will continue to be collected when the resident (or representative) is not home for a scheduled appointment and fails to cancel in advance. All fees related to Non-Emergency Chargeable Services are non-refundable.

Third Mutual supplies a referral list in an effort to assist Laguna Woods Village residents in locating a contractor. The Contractor Referral List can be found at www.lagunawoodsvillage.com by clicking Resident Links: Contractor Referral List, or can be obtained at the Permits and Inspections counter at the Community Center. It is recommended that residents verify a contractor's status by contacting the Contractors State License Board at (800) 321-2752 or website www.cslb.ca.gov.

To view Third's Chargeable Services Policy, go to www.lagunawoodsvillage.com and click on Resident Links: Operating Rules.

This change in policy does not affect residents of United Mutual or the Towers.

John Drayman's condo still in turmoil

By Brittany Levine

May 2, 2012

After the latest round of inspections last week regarding a controversial renovation to his condominium, the headaches still haven't dissipated for former Glendale City Councilman John Drayman.

For months, Drayman has been working to secure proper building permits for a disputed \$213,000 renovation, which was originally reported to the city as being worth \$30,000 — an error he has blamed on the contractor, National Fire Systems & Services Inc.

Drayman has since disputed National Fire's price tag, included in a lawsuit, asserting that he paid about \$117,000 for the project.

The work became mired in controversy amid allegations that National Fire Systems & Services performed the work at the behest of Advanced Development Inc., an affordable housing developer that allegedly bilked millions from Glendale and other cities by overbilling for construction.

Since that time, Drayman has paid about \$2,819 in permit fees and fines to legalize the project. After multiple inspections, city building officials paid Drayman another visit last week to ensure that 10% of the work on several outstanding permits for plumbing, electrical and other items had been completed. That benchmark allows for an extension to be granted if the work has yet to be finished.

While most of the issues have been resolved, one permit remains unfulfilled and is being reviewed by the city attorney's office, officials said.

Meanwhile, National Fire Systems & Services is seeking to foreclose on Drayman's condominium to recoup what the firm claims is about \$98,000 — plus 10% per year interest since November 2010 — on what it describes in a lawsuit as a roughly \$213,000 project. The firm filed a lien on the property in April 2011, according to court records.

The ADI subcontractor also wants the right to purchase Drayman's condo at the foreclosure sale.

Drayman said National Fire did not have a valid contractor's license when the company began working on his condo, making the claims moot.

"When someone acts as a general contractor and performs unlicensed work, the courts provide no means for any financial recovery, and that the owner can ask the court to compel the unlicensed party to disgorge all monies paid to them by the property owner," Drayman said in an email.

Mediation hearings and settlement conferences on National Fire Systems & Services foreclosure case are scheduled for next month, according to court records. If those efforts fail, a jury trial is scheduled for July 9.

Sevak Bagumyan, an attorney for National Fire Systems & Services, declined to comment on the lawsuit.

National Fire only secured city permits after the fact, and even then, the company only included work worth \$30,000 in its applications. National Fire's March 2010 contract states permits were not included in the estimate, but Drayman said National Fire was responsible for them and billed him later.

Venus Stromberg, a spokeswoman for the California Contractors State License Board, said the law does not specify who's responsible for securing the construction permits, but added, "but you as the contractor have got to make sure that you have one."

Drayman passed most of the inspections on Thursday and was given a 180-day extension to finalize electrical work because he met the 10% benchmark. The city attorney's office is reviewing the permit for mechanical work, which was less than 10% complete, said city spokesman Tom Lorenz.

Mechanical permits cover gas piping, heating and ventilation and ducts.

"We will work with him to bring him into compliance," Lorenz said.

In the meantime, the foreclosure case is moving forward. National Fire claims its lien is in line with state law giving contractors 90 days to file after a project is completed.

Drayman contends he stopped the work in September, roughly 200 days before the lien was filed.

He also said he's filed a complaint against National Fire with the Contractors State License Board.

Citing privacy protections, Stromberg said she could not reveal if a review of National Fire was in progress, only that one had not been carried out. If a contractor violates state laws, their license could be suspended or revoked. Additionally, the contractor could face fines of up to \$5,000, she said.

Business owner faces insurance-fraud charges

By Alejandra Molina (via Orange County Register)

May 2, 2012

A construction business owner is scheduled for arraignment Wednesday on charges that he under-reported over \$3.5 million in payroll to his workers' compensation insurance carrier.

George Osumi II, 64, of Irvine, was indicted on numerous felony counts of misrepresenting facts to State Compensation Insurance Fund; failing to file a return with intent to evade tax; and willful failure to pay tax, unemployment insurance, and disability insurance deductions, according to the Orange County District Attorney's Office.

He was also charged with one felony count of identity theft and one felony count of perjury.

Osumi faces sentencing enhancement allegations for misrepresenting facts to the state insurance fund, committing an aggravated white collar crime over \$500,000, property damage over \$65,000, and committing a crime while released from custody on bail on another felony.

If convicted, Osumi faces a sentence ranging from probation to 63 years in state prison.

Between 2001 and 2011, prosecutors said Osumi created companies under the ownership names of family and close friends to avoid tax liability while personally operating his businesses. From December 2001 to March 2006, prosecutors said Osumi committed worker's compensation insurance premium fraud by reporting his payroll to SCIF at just over \$1 million. This resulted in a loss of over \$814,000 in premium owed to the insurance fund, prosecutors said.

Osumi is also accused of obtaining an American Express card under the name of one of his former business associates and making unauthorized purchases, the District Attorney's Office said.

According to the district attorney, Osumi committed perjury under the California Contractors State License Board contract code by declaring and stating as true a material matter he knew was false: that he did not operate a business which required workers' compensation insurance.

Between 2009 and 2011, Osumi is accused of withholding state taxes and disability insurance benefits payments from his employees and not forwarding these withholdings to the state or filing payroll reports.

Melchiori Terminated from UCSB Project as General Contractor

By Lara Cooper

April 30, 2012

A local contractor was removed from a \$6.5 million UCSB construction project earlier this month when work was left unfinished after months of being behind schedule.

Melchiori Construction Co. was hired to construct UCSB's Ocean Sciences Education Building, which sits at the corner of Lagoon and UCEN Roads, in March 2010.

Work was to have been completed in August 2011, according to a statement from UCSB.

"Because the \$6.5 million project is still unfinished and the contractor is many months behind schedule, the university terminated the Melchiori contract April 18," the statement said.

UCSB has demanded that Western Surety Co. of Woodland Hills meet its obligation to complete the work under the performance bond.

The statement also said the university holds a payment bond issued by Western Surety, which guarantees payment to subcontractors and material suppliers.

Because of pending lawsuits by others in this case, and since this is an ongoing matter with Melchiori, UCSB said it could not provide further information.

Melchiori's removal as contractor of the project is the latest of a series of woes the company is facing.

The Contractor State Licensing Board issued a citation to Melchiori Construction in March, claiming the Santa Barbara firm has failed to pay subcontractors that worked on Santa Barbara County's new Emergency Operations Center. Melchiori attorney Kristine Mollenkopf told Noozhawk earlier this month that the company has appealed the citation.

The complaint from the state panel, filed late last month, comes as dozens of subcontractors continue to complain that they haven't been paid for their work on several large public works projects done by Melchiori.

At the beginning of April, 17 EOC subcontractors still had not been paid, even though the project was completed last year.

As for the UCSB project, Melchiori maintains that university officials refused to sit down to mediate their conflicts. That forced Melchiori to issue its own termination letter for the project, according to Mollenkamp.

The project's contract said Melchiori had 30 days written notice to terminate the deal, while the university only has to give five days notice, she said.

"Therefore, the university was able to terminate before MCC," she said. "Melchiori will be supporting its surety, Western Surety, in exploring why MCC was wrongfully terminated by the university."

She also said that the company has invested more than \$2.5 million in labor and materials in the project "that has gone unpaid by the university for several months with nothing but excuses."

Melchiori is pursuing claims for wrongful termination and breach of contract, she said.

In the meantime, the project remains unfinished, and Melchiori's name as general contractor has been removed from the project's billboard on Lagoon Road.

THE SACRAMENTO BEE

Nine painting, flooring and concrete workers caught in Lincoln sting

By Bill Lindelof

April 30, 2012

Nine men received notices to appear in court for misdemeanor violations of state home improvement contracting laws during a sting in Lincoln.

The nine workers bid on painting, flooring and concrete jobs during a sting, according to the Contractors State License Board. The board's investigative fraud team set up an undercover operation on Tuesday in a single-family home in Lincoln.

Seven who bid more than \$500 for labor and materials face misdemeanor charges for contracting without a license. Some also must appear in court for illegal advertising. Contractors must place their license numbers in all advertisements.

Workers without a license may advertise to do jobs valued at less than \$500 but the ads must make it clear that they are not a licensed contractor.

First conviction penalties for contracting without a license are up to six months in jail and/or up to \$5,000 in fines.

Sting suspects set for arraignment July 10 in Placer County Superior Court:

- Leonid Romanyuk, painting, contracting without a license, illegal advertising
- Roberto Rivas, painting, contracting without a license, illegal advertising
- Roberto Silva Barboza, painting, unregistered salesperson
- Justin Kautz, painting, contracting without a license, illegal advertising
- Jeremy Kautz, painting, contracting without a license
- Jose Francisco Alvarez, concrete, contracting without a license
- Ricardo Delreal, flooring, contracting without a license, illegal advertising
- The Phan, concrete, contracting without a license, illegal advertising
- Walter Lee Pitts, concrete, illegal advertising

Action Line: Licensed contractors right choice for home projects

By Vickie Sanders

April 28, 2012

Editor's note: Action Line is a weekly column from the Better Business Bureau answering consumers' questions and concerns about money and business issues.

Dear Action Line:

I need some home improvements done and I am not handy with tools. I can hang a small picture but that's about the limit of my skills. People leave fliers on my porch all the time offering to clean gutters, trim trees and do every type of job from plumbing to roofing to hanging fans. A guy I work with says I need to hire a licensed handyman, but I thought licenses were just for contractors. Several of the people who have left fliers have been leaving the same ones for a couple of years now so I am betting they are reliable and OK. Otherwise, they wouldn't still be in business, right? After all, I don't need someone to build me a new house.

Dear Reader:

I wish I gambled because I would take your bet and win.

Repeatedly leaving fliers on doorsteps is grassroots, shotgun-style marketing. It's cheap and easy to do and if they leave enough fliers they are bound to attract some customers.

That does not automatically mean they are reliable or even skilled in the work they claim they can do for you. Anyone can say they are a handyman or that they can fix your roof, your plumbing, trim your trees and more. They may give you a really great quote for doing the work and, let's face it, those of us (myself included) who are handy-challenged welcome low prices.

However, anyone doing work for more than \$500 in the state of California must have a contractor's license. And not all contractors' licenses are the same. Just because someone has a license to repair your plumbing doesn't mean he or she is licensed to reroof your home. The \$500 figure includes everything about the job, labor and materials.

It is always the consumer's responsibility to check the status of a license and the insurance needed before allowing someone to work on their property. Verifying a contractor's license and insurance is easy to do. Just go to www.cslb.ca.gov and enter either the individual's name or the license number they have provided to you.

Check their reliability at www.cencal.bbb.org and talk to any neighbors who might have used their services.

Remember that you, as the property owner, can be held responsible if a worker is injured on your property or if supplies are purchased in your name and not paid for if you use an unlicensed contractor.

A licensed contractor will also know what permits are required to do the job in question. But it is the homeowner who will be in trouble if those permits are not applied for and the work is done in violation of city and state laws, so hoping that an unlicensed contractor will do the work adequately without anyone noticing is risky.

Perhaps it is time to eliminate the word "handyman" from our vocabulary. My grandfather and my dad were handy men to have around to do chores, hang pictures or even fix the occasional drippy faucet if it didn't involve more than replacing one of those little rubber washers.

Home repair contractor might be a more accurate description in today's world. With rising expenses, there aren't too many home improvement projects that will fall under the \$500 threshold. Taking the time to use a properly licensed professional may cost a bit more in the short run but it's worth it in the end if you protect the largest asset you will probably ever own.



Contractor sting in Redondo Beach

April 25, 2012

A sting operation by the Contractors State License Board in Redondo Beach netted 13 arrests, including a La Mirada man whose contracting license had been revoked, authorities said today. The operation was conducted on April 18 and 19 at a house where investigators sought bids for painting, tree service and concrete projects, according to the CSLB.

Among those arrested was Edward Alvarez, 69, of La Mirada, whose contractor license had been revoked in August. Alvarez could be sentenced to as much as a year in jail and fined up to \$10,000. A contractor's license is required for anyone changing more than \$500 for a construction job.

Some of the suspects face additional misdemeanor charges of soliciting an excessive down payment. Such payments are limited to \$1,000 or 10 percent of the contract price, whichever is less.

All were cited for illegal advertising. Contractors are required to display their license number in all ads, unless they are advertising for handyman work — or jobs that cost less than \$500. In that case, the ads must also say that the person does not have a contracting license.

Sting Nets 13 Unlicensed Contractors

By Nicole Mooradian

April 25, 2012

A sting operation conducted by the Redondo Beach Police Department, City Attorney's Office and the Contractors State License Board's Statewide Investigative Fraud Team (SWIFT) last week netted 13 people suspected of being an unlicensed contractor, according to a news release from the CSLB.

As part of the operation, "SWIFT investigators sought bids for painting, tree service and concrete projects at a Redondo Beach home," according to the CSLB. "All 13 who bid more than \$500 for labor and materials received the notices for contracting without a license."

Additionally, investigators discovered that the license of La Mirada resident Edward Arthur Alvarez, 69, was revoked in August. If convicted, he'll face a minimum of 90 days in jail and a maximum sentence of up to \$10,000 in fines and one year in jail, according to the CSLB.

Huntington Beach resident Abraham Gregory Erbabian, 48, and Orange resident Nathan Adam Philips, 27, both face charges of fraudulently using a license not issued to them.

Other alleged violations investigators discovered include illegal advertising and soliciting excessive downpayment, CSLB said.

All were cited for illegal advertising. Contractors are required to display their license number in all ads, unless they are advertising for handyman work—or jobs that cost less than \$500. In that case, the ads must also must say that the person does not have a contracting license.

Only one person was cited for soliciting an excessive down payment. According to the CSLB, the legal down payment for a project is \$1,000 or 10 percent of the contract price, whichever is less.

裝修商無執照 18人被逮 (18 Unlicensed Contractors Were Arrested)

【洛杉磯訊】

April 24, 2012

發布廣告時，承包商必須公布所持執照號碼；若無執照，須如實說明，並告知只能承包500元以下工程。(本報檔案照片)

南巴沙迪那警方與加州承包商執照委員會 (Contractors State License Board) 日前聯手打擊無執照裝修業者，在南巴市抓獲18名無照裝修工程承包商，其中一名承包商曾被控告搶劫、收贓、盜竊。這18人將面臨無證作業起訴，部分人還將面臨虛假廣告起訴。

加州承包商執照協會發言人斯特朗寶 (Venus Stromberg) 表示，該委員會一直嚴密監控網路及報紙上發布的裝修廣告，並採取臥底和釣魚式手段，查獲無證承包商。

日前，該委員會調查人員在網站Craiglist上發現一批疑似無證者，調查人員於是扮成業主聯繫裝修。如約見面後，調查人員當場查出他們沒有執照。

斯特朗寶說，法律規定總金額500元以上工程，承包商必須持有執照；500元以下工程可免除。發布廣告時，承包商必須公布所持執照號碼；若無執照，須如實說明，並告知只能承包500元以下工程。

該委員會統計，裝修行業共有43種不同類別執照，涵蓋裝修所有環節，包括油漆、水管、櫥櫃、電路、屋頂、地磚、圍欄等。加州現有30萬持證承包商，「但無證從業人員也廣泛存在」，斯特朗寶說。

許多民眾並不清楚工程承包商須有執照，或怕麻煩乾脆不理不問，一旦發生意外，屋主將面臨巨額賠償甚至被起訴。斯特朗寶說，無證從業者都沒對施工人員投保賠償保險，若施工人員發生意外，屋主需承擔賠償。而正規承包商對施工人員有1萬2500元賠償保險，屋主不會成為替罪羊。

加州承包商執照委員會提醒民眾，施工前需登錄www.cslb.ca.gov或致電800-321-2752查詢承包商許可證編號，並確定承包商有為雇員購買員工賠償保險。

Read more: [世界新聞網-北美華人社區新聞 - 裝修商無執照 18人被逮](#)

18 Unlicensed Contractors Nabbed in Undercover South Pas Sting

By Melanie C. Johnson

April 23, 2012

A Rowland Heights man was among 18 caught in a two-day sting in South Pasadena of unlicensed contractors.

Jose David Torres, 51, faces misdemeanor charges of suspicion of contracting without a license and advertising illegally, according to a news release. He is listed as a painter.

The Contractors State License Board's Statewide Investigative Fraud Team teamed up with the South Pasadena Police Department, the Los Angeles County District Attorney's Office, the Employment Development Department, and the Division of Labor Standards Enforcement on last week's sting, which targeted those believed to be violating state contractor license, labor, and employment laws.

"This operation's results are exactly why CSLB stresses how important it is for consumers to check the license of anybody they plan to hire for home improvement jobs on their property," said CSLB Registrar Steve Sands.

"It only takes a few minutes to use our Instant License Check online or call our automated toll-free line to verify that a contractor has a California license and workers' compensation insurance for employees."

Investigators solicited bids from suspected unlicensed contractors for painting, flooring, drywall, and tree services at a home built in the 1920s, authorities said.

Those who submitted bids of more than \$500 for labor and materials received notices to appear in court on misdemeanor charges of contracting without a license (Business and Professions Code section 7028). Some face additional charges for Business and Professions Code violations including soliciting excessive down payments (7159.5(a)(3)(b)), and illegal advertising (7027.1).

Under California law, home improvement contractors cannot solicit a bid for more than 10 percent of the contract price or \$1,000, whichever is less. An exception to that law exists for two dozen licensees who purchase blanket performance and payment bonds that provide additional protection for consumers who pay down payments greater than 10 percent.

State law also mandates that contractors include their license numbers in all advertisements. Those who are unlicensed may advertise and do home improvement jobs for less than \$500, but their ads must state that they are not licensed contractors.

"Consumers face undue financial risk by allowing workers who aren't covered by a workers' compensation policy onto their property, as the homeowner could be held liable if a worker is injured while performing the job," the CSLB warns in a news release.

"Unlicensed, uninsured operators who pay employees in cash also compete unfairly with contractors who follow state laws and regulations, and cheat all Californians who pay taxes on their wages."

CSLB urges consumers to follow these tips before hiring anyone to work on their property:

- Hire only licensed contractors and ask to see their license and a photo ID to verify their identity.
- Always check the license number on CSLB's website at www.cslb.ca.gov or www.CheckTheLicenseFirst.com to make sure the license is in good standing, and that there is workers' compensation coverage for employees.
- Don't pay more than 10 percent or \$1,000, whichever is less, as a down payment. There is an exception for about two dozen licensees who carry special bonds to protect consumers. These exceptions are noted on CSLB's website.
- Don't pay in cash, and don't let payments get ahead of the work.
- Get at least three bids, check references, and get a written contract.

The Contractors State License Board operates under the umbrella of the California Department of Consumer Affairs. More information and publications about hiring contractors are available on the CSLB website or by calling 800-321-CSLB (2752). You can also sign up for CSLB email alerts. CSLB licenses and regulates California's 300,000 contractors, and is regarded as one of the leading consumer protection agencies in the United States. In fiscal year 2010-11, CSLB helped recover nearly \$45 million in ordered restitution for consumers.

Dos residentes de Baldwin Park arrestados en operación encubierta de contratistas April 23, 2012

Dos residentes de Baldwin Park que trabajaban independientemente se encuentran entre los 18 detenidos de una operación encubierta en South Pasadena encaminada a buscar a contratistas sin licencia.

José Refugio Castillo-Vidal de 45 años y Crispin Gallegos de 49 enfrentan cargos por realizar trabajos de contratista sin licencia y publicidad ilegal, entre otros, de acuerdo con un comunicado.

Según el parte oficial Castillo-Vidal es pintor y Gallegos un profesional de servicio para podar árboles.

El Equipo de Investigación de Fraudes de la Junta de Contratistas de licencia del Estado (CSLB) colaboró con el Departamento de South Pasadena, el Fiscal de Distrito de Los Ángeles, el Departamento de Desarrollo del Empleo y la División de Cumplimiento de Normas Laborales en la operación que se enfocó en aquellos que presuntamente violaron el reglamento de licencias de contratistas y las leyes de laborales del estado.

“Los resultados de esta operación son precisamente la razón por la cual el CSLB enfatiza la importancia de que los consumidores revisen la licencia de cualquier persona que contraten para realizar mejoras en su propiedad,” dijo el representante del CSLB Steven Sands. “Sólo toma unos minutos utilizar nuestro Revisor de Licencias Instantáneo en línea o llamar a nuestra línea automatizada gratuita para verificar que el contratista tiene un licencia de trabajo y seguro de desempleo para sus empleados”, agregó.

Los investigadores licitaron públicamente presupuestos de supuestos contratistas para pintar, poner piso, tabla de yeso y servicios de podado en una casa que se construyó en los 20's, dijeron las autoridades.

Aquellos que respondieron a la licitación con ofertas de trabajo por más de \$500 de materiales y trabajo recibieron notificaciones para presentarse ante los tribunales por cargos de delitos menores de contratar sin licencia (sección 7028 de Código Profesional y de Negocios).

Algunos de los detenidos enfrentan cargos adicionales por violaciones al Código Profesional y de Negocios incluyendo pedir adelantos excesivos (7159.5(a)(3)(b)) y publicidad engañosa (7027.1).

Bajo la ley de California, los contratistas no pueden solicitar un adelanto por más del 10 por ciento del precio del contrato o \$1,000, cualquiera que sea menor.

Una excepción a esa ley existe para dos docenas de poseedores de licencias que obtienen permisos especiales que le proporcionan una protección adicional a los clientes que pagan adelantos por más del 10 por ciento.

Las leyes del estado también requieren que los contratistas incluyan su número de identificación en toda su publicidad. Aquellos que no tienen licencia se pueden publicitar y realizar mejoras en hogares por menos de \$500, pero su publicidad tiene que informar que nos son contratistas con licencia.

“Los consumidores enfrentan un riesgo financiero al permitir que los trabajadores que no están cubiertos por la póliza de seguro laboren en su propiedad, ya que el dueño puede ser responsable si se lastima el empleado mientras realiza su trabajo,” advirtió el CLBS.

“Operadores sin licencia y sin permiso que le pagan a sus empleados con dinero en efectivo compiten de manera injusta con contratistas que siguen las leyes del estado y el reglamento, y le hacen trampa a todas las personas que pagan impuestos sobre sus ingresos”.

Two Baldwin Park Men Caught in Contractor's Sting

By Melanie Johnson

April 23, 2012

Two Baldwin Park men were among 18 others caught in a two-day sting in South Pasadena of unlicensed contractors.

Jose Refugio Castillo-Vidal, 45-year-old and Crispin Gallegos, 49, faces misdemeanor charges of suspicion of contracting without a license and advertising illegally, among others, according to a news release.

Castillo-Vidal was listed as painter and Gallegos as a tree service man.

The Contractors State License Board's Statewide Investigative Fraud Team teamed up with the South Pasadena Police Department, the Los Angeles County District Attorney's Office, the Employment Development Department, and the Division of Labor Standards Enforcement on last week's sting, which targeted those believed to be violating state contractor license, labor, and employment laws.

"This operation's results are exactly why CSLB stresses how important it is for consumers to check the license of anybody they plan to hire for home improvement jobs on their property," said CSLB Registrar Steve Sands. "It only takes a few minutes to use our Instant License Check online or call our automated toll-free line to verify that a contractor has a California license and workers' compensation insurance for employees."

Investigators solicited bids from suspected unlicensed contractors for painting, flooring, drywall, and tree services at a home built in the 1920s, authorities said. Those who submitted bids of more than \$500 for labor and materials received notices to appear in court on misdemeanor charges of contracting without a license (Business and Professions Code section 7028). Some face additional charges for Business and Professions Code violations including soliciting excessive down payments (7159.5(a)(3)(b)), and illegal advertising (7027.1).

Under California law, home improvement contractors cannot solicit a bid for more than 10 percent of the contract price or \$1,000, whichever is less. An exception to that law exists for two dozen licensees who purchase blanket performance and payment bonds that provide additional protection for consumers who pay down payments greater than 10 percent.

State law also mandates that contractors include their license numbers in all advertisements. Those who are unlicensed may advertise and do home improvement jobs for less than \$500, but their ads must state that they are not licensed contractors.

"Consumers face undue financial risk by allowing workers who aren't covered by a workers' compensation policy onto their property, as the homeowner could be held liable if a worker is injured while performing the job," the CSLB warns in a news release. "Unlicensed, uninsured operators who pay employees in cash also compete unfairly with contractors who follow state laws and regulations, and cheat all Californians who pay taxes on their wages."

License sting results in 18 arrests in South Pasadena

By Lauren Gold, SGVN

April 23, 2012

The South Pasadena Police Department, in partnership with the Contractors State License Board, arrested 18 people during an undercover sting operation on April 17 and 18.

The agencies, along with the Los Angeles County District Attorney's Office, the Employment Development Department and the Division of Labor Standards Enforcement, targeted people suspected of violating state contractor license, labor and employment laws.

Those arrested include unlicensed contractor Robert Neal Anderson, 57, of Rosemead, unlicensed contractor Henri Chammas, 32, of Sierra Madre and unregistered home improvement salesman Ioan Giurgi, 54, of Montebello.

"This operation's results are exactly why CSLB stresses how important it is for consumers to check the license of anybody they plan to hire for home improvement jobs on their property," CSLB Registrar Steve Sands said.

CSLB encourages consumers to always check a worker's license number on CSLB's website at www.cslb.ca.gov.

Operativo contra estafas de contratistas en Los Angeles



BERTHA TODARY

8:06 50 años HD

CSLB

BOLETIN 34

IFICACION, NI PRESTACIONES.

MANTENGASE INFORMADO

Las autoridades advierten a la comunidad sobre posibles fraudes en este tipo de trabajos

+ Más

Correa to host a Senior Scam Stopper Seminar on April 27, in Anaheim
April 18, 2012

State Senator Lou Correa is hosting a "Senior Scam Stopper" event featuring the California State Contractors License Board on April 27, 2012, from 9:00 a.m. – 11:00 a.m., at the West Anaheim Senior Center, located at 2271 W. Crescent Avenue, in Anaheim.

The seminar will include:

- Talk to Senator Correa about what the Legislature is doing to address the issue.
- Learn how the district office can assist you.
- Learn from experts how to protect yourself from fraud relating to home repair, insurance, finances, identity theft, and more.
- Seniors, their families and caregivers are welcome to attend this free seminar.

For more information and to RSVP, contact Senator Correa's district office at (714) 558-4400. If you are unable to attend, more information can be found on the Contractors State License Board's website at www.cslb.ca.gov/consumers.



Illegitimate Bee Removal Companies Putting Homeowners at High Financial Risks

April 13, 2012

During this time of year, honeybees begin to swarm & flourish in Southern California as they search for new territories to nest. Consequently, residential and commercial structures are often selected by the beehive as suitable nesting grounds.

Homeowners with bee infestations request service from businesses that specialize in bee eradication. Often these companies are small businesses without licensing or insurance coverage performing accident-prone work on private property.

As exemplified in relevant situations last year, numerous homeowners in San Diego County were left responsible for structural damage and/or medical bills from mishaps during a bee removal service.

In California, the state requires a license for any individual applying pesticides, rodenticides, or allied chemicals for the purpose of eliminating pests or organisms. If a company is unlicensed then it is not possible to obtain insurance coverage and vice versa.

Legally, homeowners are potentially liable for injuries sustained by a worker not covered by worker's compensation insurance. Homeowners face significant financial loss and risk of worker injury when they hire unlicensed, uninsured contractors.

Recently, the Contractors State License Board set up a sting operation program, titled "California Blitz", around seven different counties in the state of California. The operation led to 110 arrests and Notices to Appear in criminal court with misdemeanor charges of contracting without a license.

Homeowners are encouraged to verify licenses of pest control applicators at pestboard.ca.gov/license.



Free scam prevention workshop for seniors Friday
April 12, 2012

Seniors are becoming the target of more and more scam artists in California, a problem that Assemblyman Jared Huffman and the Contractors State License Board are seeking to address by hosting a "Senior Scam Stopper" seminar in Petaluma on Friday.

Those who attend the two-hour seminar will learn about scams involving finances, Internet and telephone solicitations, insurance, home repair and improvements, landscaping and automotive repair.

A panel of representatives from various government agencies will talk about the techniques scammers use and how to avoid falling victim to them.

The event will take place at Springfield Place, 101 Ely Boulevard South, from 2-4 p.m.

To RSVP, contact Huffman's district office at (415) 479-4920.

LOIS HENRY: Back story on service folks? State not much help

By Lois Henry

April 7, 2012

Lois Henry hosts Californian Radio every Wednesday on KERN 1180 AM from 9 to 10 a.m. You can get your two cents in by calling 842-KERN.

Whenever you're hiring someone to do work in your home (or on your car, your hair, your taxes, etc.) it's best to heed the adage "caveat emptor," Latin for buyer beware.

In the State of California, however, I wasn't aware of just how "caveat" we all should be.

Neither was Barbara Kosmin when she and husband Michael decided to spruce up their newly purchased Tehachapi-area home in the summer of 2010.

She was new to town, so she got some bids and then went to California's Contractor's State License Board (CSLB) to see if the potential contractor had any complaints.

Little did she know, and I didn't either, that the board doesn't publicly disclose complaints if they haven't resulted in full blown legal actions or citations.

A contractor could be bristling with complaints or even pending court cases but as long as the CSLB hasn't made an official finding (which can take up to two years, Kosmin was told), anyone looking them up on the board's website would be none the wiser.

Kosmin got a contractor, but things didn't go well. And after her ordeal, which took two years, cost thousands of dollars, countless court dates and involved several questionable stutter steps by the CSLB, Kosmin has come away with almost more frustration toward the board and the State of California than the contractor.

"How are consumers supposed to protect themselves if the state doesn't give us the information to do that?" she asked.

Checking a contractor using the state licensing board is just one tool, Rick Lopes, a spokesman for the CSLB told me.

"Our system is limited," he acknowledged.

No kidding.

Judging from what's on the CSLB website, I'd say the information is about as useful as a blunt screwdriver.

You can see whether a license is active, expired, suspended or revoked. But in the case of even a suspended license, you can't always see the complaint that resulted in the suspension. And any prior complaints that didn't result in legal action are tucked far away from the public's eye.

Even in cases where CSLB believes the contractor may have violated the law, if that violation didn't result in "public harm," as determined by CSLB staff, it'll stay under wraps as well.

It's not just contractors.

Complaints against any business that falls under an agency or board overseen by the Department of Consumer Affairs are handled the same way.

Several years ago, Consumer Affairs established a minimum standard for disclosing complaints that I believe hamstring actual disclosure by saying they can only be opened if:

* The complaint will be referred for legal action.

* A probable violation of law has occurred or there is a possible risk of harm to the public.

That's a pretty high bar.

investigation due to a determination by an enforcement representative that a probable violation of law has occurred, and that, if proven, would be appropriate for suspension or revocation of the contractor's license or criminal prosecution."

The idea was to protect businesses from frivolous complaints, Lopes said.

Still, he insisted, "We do disclose a lot."

Citations are disclosed and remain online for up to five years, he said. And when a complaint gets to the point of an "accusation" within the department, then the back up complaints will be opened for public review as well.

Again, though, that's at a fairly high level.

Which is not the case for all states.

In Hawaii and Washington, for example, consumers can glean a lot of information about contractors, travel agents, manicurists, mechanics, etc. from state websites.

The sites even show complaints that were found unwarranted or were satisfactorily resolved.

"We give consumers the full information so it's not up for interpretation," said Daria Goto, the acting Complaints and Enforcement Officer for Hawaii's Regulated Industry Complaints Office.

Imagine that? Trusting the public with public information? It really is paradise over there!

Given that other states haven't suffered any ill effects by opening complaints, not to mention the myriad websites such as Yelp! and Angie's List that regularly air grievances to anyone and everyone, California's stance seems downright obstinate.

Had the CSLB been even slightly more open, it might have saved the Kosmins a lot of trouble.

Initially, things progressed as expected. The Kosmins filed a complaint with the CSLB against Richard W. Tripp, who did business in Tehachapi as Setco Tile and Stone Inc. The CSLB had an inspection done that found woefully inadequate workmanship that would cost thousands of dollars for the Kosmins to repair.

I called Tripp's business phone, which was disconnected, and left a message on another number. I didn't receive a call back.

As the Kosmins were proceeding with their small claims case against Tripp, they were shocked when the CSLB shelved its initial investigation and notified them it was opening a new investigation.

The Kosmins later discovered Tripp had pleaded his case to Assemblywoman Shannon Grove's office, and a staffer asked the CSLB for a second investigation on his behalf without ever speaking to the Kosmins.

Grove reviewed the incident recently and told me it was a mistake and her office never should have been involved when a court case was ongoing.

That mistake resulted in the Kosmins having to withdraw their original complaint with CSLB because, as they were told, it would be faster to get a court judgment and use that to go after Tripp's license than rely on the CSLB.

Ultimately, that's what happened when a judge found in the Kosmin's favor. Tripp failed to pay the balance of the judgment beyond what his bond had covered and his license is currently suspended.

The CSLB did briefly reinstate his license when Tripp sent them a court-stamped request to make payments. There was no payment agreement, just his request, which was denied. But the CSLB said "okie dokie," until the Kosmins discovered and corrected their error.

Even after all of that, what you'll see on CSLB's website is simply that his license has been suspended for an outstanding civil judgment and he doesn't have the proper bond.

No complaints are listed and no further information is afforded to consumers

Action Line: Hiring a contractor? Do your homework first

By Dennis Rockstroh

April 6, 2012

Q I hired a contractor to do some repairs to my house. He subcontracted part of the work to another.

On completion of the repairs, I paid the total agreed upon price to the contractor. He did not pay the subcontractor. The subcontractor now wants me to pay him.

Am I legally responsible to pay the subcontractor even though I have already paid the contractor?

B.K.

Daly City

A Probably, B.K.

You may need an attorney, especially if this involves a lot of money

The subcontractor is probably talking about a "mechanic's lien" or a "hold" against your property that, if unpaid, could lead to a foreclosure action, forcing the sale of your home.

The lien is recorded with the County Recorder's office by the unpaid contractor, subcontractor or supplier.

Sometimes liens occur when the prime contractor has not paid subcontractors or suppliers.

Legally, the homeowner is ultimately responsible for payment -- even if they have already paid the prime contractor.

But this can get plenty complicated, so that's why you might want to consult an attorney. The subcontractor has to follow certain rules before filing a lien or he is out of luck.

If the subcontractor is not paid by the prime contractor, the subcontractor is entitled to file a lien.

But if the subcontractor misses a legal step

Advertisement

in the process, you might be able to get out of paying the subcontractor anything.

Working with contractors can be complicated, and you need to do your homework.

You should not pay the contractor unless you have an agreement to make sure the subcontractors and material suppliers are paid or will be paid from a fund. You, the owner should insist on lien releases and set the payment program.

And, if you really want to be safe, require the general contractor to post a payment bond.

Your other remedy is to complain to the California Contractors' State License Board.

For a wealth of information, check out www.cslb.ca.gov. For online guides and pamphlets, see www.cslb.ca.gov/GeneralInformation/Library/GuidesAndPamphlets.asp.

To file a complaint, go to www.cslb.ca.gov/Consumers/FilingAComplaint.

ANOTHER VIEW: Customer Refutes Watson Claims

By Mike Comfort

April 5, 2012

This is in response to J.R. Watkins and his public statements.

Watkins claims we were friends. I did not know Watkins before this job.

He says he paid for an arbitrator on his dime. Watkins never paid for an arbitrator. He paid for an attorney, Robert Orr. He and Orr signed the stipulation agreements in 1996. He fought the CSLB's findings right to the end.

Watkins claims he walked away because he could not afford to defend himself anymore in the lawsuit brought against him by the state yet had an attorney during the entire process. I paid for the engineering reports.

Watkins claims he paid out \$115,000 for this job. No! I paid Watkins that amount and he was to deliver a safe, built-to-code-home. Watkins failed to do that as proved by two engineering reports. In the stipulation, he agreed. Watkins makes it sound like he is the victim. Not true, my three children, my wife and I were the victims.

Watkins claims there is no court order to make restitution. There is an order telling him that if he wants his license back, which he did apply for in 1999, he has to make restitution.

Watkins stated he was a young, inexperienced contractor when he took on my job. His license was issued in 1987 and he was on his third two-year cycle of renewals. Watkins had to take a competency test that includes reading and understanding blueprints and contracting laws. Watkins had to provide four years of prior experience before testing in order to obtain that license.

John stated he didn't realize that state law trumped local laws. Watkins was a sworn peace officer with the LBPD when he started my job. First thing a peace officer is taught in an academy is the different types of law and the application of them. The most important part of the CSLB (50% of the test requirements) is the legal/laws of contracting. John freely admits today in the face of a court order that he owns a construction company when he signed a legal document telling him he can no longer do.

I have the entire file for this down to actual checks written and notes taken from that time, including all correspondences from and to Watkins. There are many more points that can be made in this including his claim that things went wrong at the end when in fact they were going wrong from the very start. The state lists all of the things he did wrong and some are tic-tacky, however reflect the quality of the job and the overall results that I received from Watkins. Also, I have pictures taken during the job and upon completion.

I started this process with Watkins in 1992. He walked away in 1993 and my family and I lived with this mess for another four years after spending almost the same amount of money that I paid to Watkins to repair his mistake as he calls or refers to it. Then due to the financial hardships of it all, I ended up having to sell the house at a diminished value just to get out of it. And then I had to go back at this whole nightmare again with Watkins in 1999 when he tried to get his license back. His answer to the CSLB was again as is now, oh, I forget.

Last and final thought here. If Watkins is such a great business man, philanthropist and can afford to give up his salary for two years from the City Council, why has he not offered to make restitution to me and my family to square this away not only privately, but for the voters of Long Beach to see versus excuses? I would think the mileage in doing that would push him over the top as the best candidate for the Fourth District.

Watkins made public claims that his moral compass is headed in the right direction and he is a good, solid Christian man. Let us see if this is true. Make restitution, make the situation right and then we can all say "Okay, Watkins is a man of good moral Christian values and can run the business of this great city." I await his response.

Michael Comfort is a Long Beach resident.

Licensing Board Cites Melchiori Construction for Failure to Pay Subcontractors

By Lara Cooper

April 4, 2012

The Contractor State Licensing Board has issued a citation to the Melchiori Construction Company, claiming the Santa Barbara firm has failed to pay subcontractors that worked on Santa Barbara County's new Emergency Operations Center.

The complaint from the state panel, filed late last month, comes as dozens of subcontractors continue to complain that they haven't been paid for their work on several large public works projects done by Melchiori.

The company served as the general contractor on the Emergency Operations Center, which was completed last year near the county's Fire Department headquarters off Cathedral Oaks Road. But there are still 17 stop-notice payments to subcontractors, according to county officials, with \$837,000 owed.

The licensing board issued the citation on March 22, alleging failure to timely pay a subcontractor. Officials from the oversight agency didn't disclose the amount of the fine or the company that wasn't paid.

Melchiori attorney Kristine Mollenkopf said the company has appealed the citation.

In addition to the EOC, Melchiori has been involved with several high-profile public works projects, such as the UCSB Ocean Sciences Center and the county's Public Defender's Office. Stop-notice payments also have been filed on the Ocean Sciences Center, with some of the subcontractors in litigation.

For those types of projects, the government agency commissioning the project must pay a general contractor when the work is completed. The general contractor in turn pays the subcontractors. Once a subcontractor has been paid, it files a release to the county or other government agency.

"It's been very difficult to track those releases on the EOC project," said Celeste Manolas, EOC project manager for the county.

The public code governing the payments was written during a time when it was very easy to pay subcontractors, but "things have changed because a lot of subcontractors are going out of business daily, and the onus is on contractor," she said.

While the county has received releases from some of the larger subcontracts on the EOC, others are still waiting to see any money.

Manolas said the county stopped making payments to Melchiori last summer, and she couldn't comment on whether the complaints are legitimate or if Melchiori is simply waiting for paperwork from subcontractors.

Manolas, who is also working on the Public Defender's Office, said a similar situation is unfolding there. Though that project is close to being completed, the county says Melchiori has submitted incomplete pay applications. The company is still on site and the work is continuing, but some of the subcontractors have stopped work, Manolas said.

The county does put general contractors through a questioning process before they are hired, to check on lawsuits against the company and how many stop-notice payments it has from subs. But Melchiori passed all the checks, and didn't have those issues when it was approved in 2009.

The county's Emergency Operations Center was completed last year near the Fire Department headquarters off Cathedral Oaks Road. The county's Emergency Operations Center was completed last year near the Fire Department headquarters off Cathedral Oaks Road. (Lara Cooper / Noozhawk photo)

A number of the subcontractors on the EOC project are also suing the county.

One such case involves Wolf CGS, an EOC subcontractor out of Arroyo Grande. It is suing for breach of contract and fraud, and has accused Melchiori of violating the RICO Act, alleging that the company shows a pattern of related offenses on other government projects. Melchiori has filed a counter suit against Wolf.

Filed in February of this year, the suit claims Wolf CGS entered into a contract two years ago to provide labor and materials to install storefronts, windows and glazing on the EOC. The suit states that on Feb. 1, 2011, Melchiori told the county that it had been billed by Wolf for labor and materials for the month previous. But the company hadn't actually done any work during that time period, or billed Melchiori at all, the complaint states.

After submitting an application for payment to Melchiori, Wolf was told that it would be paid as soon as the county paid Melchiori. When Melchiori did not pay, Wolf filed stop notices with the county.

Melchiori did issue two "notices to cure" to the county in July and August 2011, alleging that the work done by Wolf was "completely unacceptable," according to the suit, and said it would pay the subcontractor once the work was deemed satisfactory.

and the adjustment of two screws on the opening mechanism on another window," the suit states. The other notices deal with non-work performance issues.

Wolf's lawsuit also alleges that Melchiori has unlawfully delayed or refused to pay several other contractors on the project.

"In each of these cases, Melchiori issued similarly frivolous notices to cure, alleging substandard work," the lawsuit states.

It alleges that Melchiori is withholding \$57,000 from a company called Merit Metals, "challenging whether some exposed rivets meet the architects specifications."

The lawsuit even names Manolas, who they allege continued to authorize payments anyway even though she knew Melchiori had not paid subcontractors.

Wolf alleges that it's had to lay off workers, and its credit rating has been ruined, making it difficult to bid on other projects and order materials.

Anger for the lack of payment has been building among those owed.

One EOC subcontractor, who spoke with Noozhawk on the condition of anonymity, said he was even interviewed by a Santa Barbara police detective last month about a death threat sent via cell phone to a Melchiori official.

"This thing has gone way too far," the subcontractor said. "I know several subs are waiting on hundreds of thousands of dollars in payment from Melchiori. ... These guys are out in the trenches, just trying to pay bills. There's a lot of emotion out there."

Santa Barbara police Sgt. Riley Harwood confirmed that a detective had been working the case after a threatening message was sent to Melchiori Vice President Jean Mollenkopf, but that the case had been closed for lack of leads.

Mollenkopf, Melchiori's attorney, said she had no comment on the threat, but said the company is sorting through the cases.

"The thing to bear in mind is that the county only recorded the notice of completion on Feb. 29," she said, noting that date triggers when the county is obligated to release retention bond funds. "I know everybody wants to make it sound like this is extremely unusual or something sinister going on," but that the process isn't out of the ordinary.

But Manolas said that even though the release of the retention bond funds has been triggered, the county is still required to withhold 125 percent of amounts claimed under filed stop notices until a release of those notices is received.

"We can't make any payment because the sum of stop notices exceeds the amount remaining in the contract," she said.

While the county has \$500,000 to cover the stop notices, Melchiori actually owes more.

Mollenkopf said that the construction environment, with such little work for subcontractors, "has made it a somewhat difficult process."

Not only have subcontractors filed their stop notices, but their own subcontractors and suppliers have as well, she said.

"It makes the total amount of claims look like they're larger than they really are," she said.

That level of complication is what the company is sorting through now. Several of the cases are in Superior Court, and "we're really just working through the litigation," she said.

As for the Contractors State Licensing Board complaint, Mollenkopf said Melchiori just received the formal notification from last week.

She said the information is vague in the letter, but she suspects the case involved is related to the claim with Wolf CGS.

"We filed a lawsuit against them, and it's a little unusual for the board to get involved with something that's still in litigation," she said.

Mollenkopf said she expects to hear a response from the CSLB within the next 60 days.

Defunct Fresno firm ordered to restore \$520K to retirement plan April 4, 2012

A defunct Fresno-based construction company has been ordered to restore nearly \$520,000 to its 401(k) profit-sharing plan following a judgment in federal court today.

Chief Judge Anthony W. Ishii at the U.S. District Court in Fresno made the order resolving a lawsuit filed by the U.S. Department of Labor against Explore General Inc. and its former president and owner, Jaime Gonzalez.

According to the lawsuit, the company was required to pay its workers an hourly prevailing wage rate, including a fringe benefit for each participant in the form of contributions to the retirement plan when contracted to perform work on projects financed by government agencies.

The suit, filed in July 2010, goes on to say that Explore General failed to remit more than \$300,000 to the plan between 2002 to 2005, choosing instead to use the money for general operating expenses.

In addition to that amount, Judge Ishii also ordered the company to restore lost earnings to the plan for a full amount of \$519,601.

Explore General was established in Fresno in 1998. The company went out of business in 2010.

The Contractors State License Board now shows Gonzalez as the proprietor of Mission Construction in San Francisco.

Variations in an Entity's Name Will Not Bar a Contractor's Suit
April 4, 2012

The California Court of Appeal recently issued another opinion on contractor licensing that has important implications to contractors and owners in California's construction industry. In *Montgomery Sansome LP v. Rezai*, Nos. A130272, A130694, 2012 WL 1021079 (Cal. Ct. App. Mar. 28, 2012), the First Appellate District held that where a contractor's name on a construction contract does not identically match the name under which it holds its contractor's license, Business and Professions Code § 7031 ("Section 7031") does not bar recovery by the contractor so long as "the entity that contracted with [the owner] is the same entity that held a license."

Montgomery Sansome is important in that it further illuminates the bounds of Section 7031's bar on suits by unlicensed contractors and disgorgement claims against unlicensed contractors. Specifically, the case holds that minor variations between the name a contractor's license is issued under and the name used by the contractor on a construction contract will not prevent the contractor from suing on the contract, so long as the licensed entity is the same entity that entered into the contract. Although *Montgomery Sansome* did not specifically address disgorgement claims, it also stands for the broader proposition that a licensed contractor is not required to return all sums paid to it when it enters into a contract under a name that is slightly different from the name under which it holds a contractor's license.

Case Discussion

In *Montgomery Sansome*, the contractor filed a certificate of limited partnership for an entity named "Montgomery-Sansome, LP" with the Secretary of State. Shortly thereafter, the Contractors State License Board ("CSLB") issued a contractor's license to a limited partnership named "Montgomery Sansome LTD." The limited partnership also filed a fictitious business name statement ("FBN Statement") that incorrectly identified itself as a general partnership with the fictitious business name "Montgomery Sansome Ltd., L.P."

A project owner entered into a construction contract with "Montgomery Sansome Ltd. Lp" for work to be done on an apartment building. After paying the contractor \$65,000, the owner terminated the contract. The contractor filed suit against the owner as "Montgomery Sansome LP," seeking to recover \$203,061.67 for work performed. The owner moved for summary judgment, arguing that Section 7031, which precludes compensation to unlicensed contractors, barred the contractor's claims because the contracting entity, *Montgomery Sansome Ltd. Lp*, was not licensed. The trial court granted the owner's motion and the contractor appealed.

On appeal, the owner argued that, based on the rebuttable presumption created by the FBN Statement that the contractor was a general partnership, *Montgomery Sansome Ltd. Lp* was, in fact, a general partnership and a separate legal entity from the limited partnership that was licensed by the CSLB (*Montgomery Sansome LTD*). The owner further argued that, because the general partnership was a separate entity from the licensed limited partnership entity, the contractor's suit was barred under Section 7031 because it was not licensed. In support of its position, the owner relied on *Opp v. St. Paul Fire & Marine Insurance Co.*, 154 Cal. App. 4th 71 (2007), and *WSS Industrial Construction, Inc. v. Great West Contractors, Inc.*, 162 Cal. App. 4th 581 (2008). In *Opp*, the court held that an unlicensed corporation could not rely on its president's individual contractor's license in pursuit of its payment claim against a project owner. Similarly, in *WSS*, the court held that a corporation could not recover under a subcontract because it was not licensed, and it was irrelevant that the corporation's president and a related partnership had valid licenses.

In contrast, the contractor argued that "there [was] a single *Montgomery Sansome* business entity, and the slightly different names used in different documents [were] just 'trivial' variations on the name for that single entity." The contractor relied on *Ball v. Steadfast-BLK*, 196 Cal. App. 4th 694 (2011), to support its position. In *Ball*, the court held that an individual, who was licensed as a sole proprietorship and operated under a fictitious business name, could bring suit in his individual capacity, despite entering into contracts in the fictitious entity's name, because the individual was licensed and he was not bringing suit as a separate legal entity.

In its analysis of these competing positions, the *Montgomery Sansome* court initially identified the critical, determining factor: "[W]hether the *Montgomery Sansome* entity that contracted with [the project owner] was a general partnership and a separate legal entity from the licensed limited partnership." The court noted that under *Opp* and *WSS*, if the contracting party was a separate legal entity, its suit would be barred. The court, however, also noted that "if the entity that contracted with defendants is the same entity that held a license, then, under *Ball*, the use of slightly different names for that entity on different documents . . . would not bar its recovery under [S]ection 7031."

The *Montgomery Sansome* court then reviewed the evidentiary record and concluded there was evidence supporting a finding that there was only one *Montgomery Sansome* partnership. The court found it significant that the FBN Statement referenced the same address as other documents of the limited partnership and that the FBN Statement referred to the date of the entity's formation as the same date the CSLB issued its license to the limited partnership. Ultimately, the court concluded that it appeared that rather than several related *Montgomery Sansome* entities, those filling out the various forms "were just inconsistent regarding the exact name they used to refer to [the] limited partnership." Based on these findings, the *Montgomery Sansome* court reversed the trial court's summary judgment ruling in favor of the project owner.

Experts tell seniors in San Rafael how to avoid being victims of fraud

By Richard Halstead

April 3, 2012

Francis Rosenstein, who lives in the AlmaVia assisted living community in San Rafael, says she has received letters informing her that she has won hundreds of lotteries in foreign countries.

If her luck sounds unbelievable, it should; foreign lottery scams are just one of a growing number of approaches criminals are using to prey on seniors. Rosenstein said she fell for this particular con about 10 times, mailing back small amounts of money each time, before wising up.

"They looked so real. It's scary," Rosenstein said.

Rosenstein won't make the same mistake again.

On Tuesday, she was one of more than two dozen seniors who attended a senior scam stopper seminar at AlmaVia of San Rafael. Representatives of the Contractors State License Board, the state's Board of Pharmacy, the U.S. Postal Inspection Service and California Health Advocates provided attendees with tips on how to avoid being victimized. This and three more senior scam stopper seminars are being sponsored in Marin this month by Assemblyman Jared Huffman, D-San Rafael.

According to Marin County's division of Aging and Adult Services, of the 850 cases of elder abuse reported to the county in 2011, 361 were cases of financial abuse.

The experts who spoke at the AlmaVia Tuesday gave seniors advice on how to deal with crooked home contractors, how to help the federal government crack down on Medicare fraud, how to make sure they get the right medication from pharmacies and how not to become victims of mail fraud.

"We're having a big problem with unlicensed contractors right now," said Jane Kreidler, an outreach coordinator for the Contractor State License board. She noted that earlier this year a Santa Rosa contractor with a suspended license pled guilty to several counts of elder financial abuse after he collected money to make repairs for several mobile homes and then disappeared.

"It happens all up and down the state," Kreidler said. "It doesn't matter who you are. It doesn't matter how much money you have."

Kreidler provided a list of steps seniors should take before authorizing a home improvement job costing \$500 or more. She said to:

- Hire only state-licensed contractors.
- Check contract's license numbers by calling 800-321-2752.
- Get at least three bids.
- Get three references from each bidder and review past work in person.
- Make sure all project expectations are in writing.
- Confirm the contractor's workers' compensation insurance policy for employees, to avoid being held liable for injuries.
- And never pay more in advance than \$1,000 or 10 percent of the total project cost.

Marta Erismann, a spokesperson for California Health Advocates, a nonprofit that educates people about Medicare, said that about 10 percent of all the federal money allocated to Medicare, about \$40 billion annually, is lost to scammers. She provided several examples of recent Medicare frauds.

First of all, there was the Santa Clara retirement community whose members spent more than \$500,000 to buy over-priced wheelchairs — which many of the residents didn't yet need — because they bought the lie that Medicare would stop paying for wheelchairs when "Obamacare" took effect. Then there was the scam that involved people selling special diabetic shoes costing \$450 a pair, which could have been purchased at a specialty shoe store for \$80 or \$90. And finally, there was the billing company that charged seniors on Medicare for colonoscopies they never received. When seniors complained, Erismann said the company told them there was something wrong with their memories.

"How many of you would forget if you had a colonoscopy?" Erismann asked her audience. She advised them to report any suspicion of fraud to the federal Office of Inspector General by calling 1-800-HHS-TIPS.

Catherine Hodnett, an inspector with the Board of Pharmacy, told seniors that they need to check their medications carefully when they pick them up from pharmacies to make sure they match what their doctor prescribed. And she cautioned against purchasing medications via the Internet.

"Ninety-five percent of the Internet pharmacies are not legitimate," Hodnett said. "You have no idea if the medication is expired or what is really in it. Don't do it."

Alex Hill, an enforcement officer with the U.S. Postal Inspection Service, spent most of his time describing foreign lottery scams like the one that hooked Rosenstein. Hill said the scams usually tell seniors they've won a lot of money but that they must send a check to cover certain auxiliary charges before they can collect their jackpot. He said the con artists often send checks, which they say are initial payouts. Hill said the checks may clear the bank initially but eventually bounce leaving the senior holding the bag.

Hill said. "Foreign lotteries are illegal under federal law so even if you did win you couldn't collect your winnings."

Seminars planned in Marin to help seniors avoid scam artists

March 27, 2012

The Contractors State License Board and Assemblyman Jared Huffman are hosting four free "Senior Scam Stopper" seminars in Marin to help seniors avoid scam artists.

Seminars are designed to educate seniors about scams involving finances, Internet and telephone solicitations, insurance, home repair and improvements, landscaping and automotive repair. Seminars will be held from:

- 10 a.m. to noon April 3 at Alma Via of San Rafael, 515 Northgate Drive in Terra Linda.
- 2 to 4 p.m. April 3 at The Tamalpais Marin, 501 Via Casitas in Greenbrae.
- 2 to 4 p.m. April 4 at Drake Terrace, 275 Los Ranchitos Road, Terra Linda.
- 10 a.m. to noon April 13 at The Redwoods, 40 Camino Alto, Mill Valley.

To RSVP, call Huffman's office at 479-4920 or visit his website at <http://tiny.cc/erqubw>.

15 Minutes with ... Long Beach City Prosecutor Doug Haubert

By Tiffany Rider

March 27, 2012

LBBJ: Not all misdemeanors come through your office, so your system may have some margin of error?

Haubert: One of the most complicated things about prosecution is that you are dealing with a number of different agencies. For example, many of our cases come from the Long Beach Police Department. But many cases come from other agencies such as the California Highway Patrol, other city departments like the health department and code enforcement and the fire department. We also get cases from Cal State Police, from Cal EPA [environmental protection agency], from Cal Fish and Game, and the contractor's state licensing board. Every law enforcement agency handles their cases a little differently, but if it's a state law misdemeanor violation that comes through our office . . . we handle different cases in different ways. Some are directly filed with the court and we handle the cases when they are in court, but other cases come through our office and we prepare the complaints and file them for the agency in court.

There are also a wide number of types of cases that we handle. I mentioned DUIs and vehicle-related cases. We handle a lot of battery cases, theft, prostitution, being under the influence of drugs or possessing drugs. We handle commercial burglary cases, public intoxication, animal cruelty, hit-and-run, carrying a concealed weapon and the list goes on. There is no way to describe what we do on a day-to-day basis without getting your hands around the variety of cases that we handle.

Allegations that unlicensed contractors are owed money from Sacramento Airport Project

March 27, 2012

There have been allegations made that subcontractors were used on the project that were not licensed in the state of California. These types of issues are investigated by the CSLB since they handle the licensing aspect of becoming a contractor in CA. These subcontractors that are not licensed are claiming that they are owed \$2.5 million dollars. There are some licensed contractors that are also owed money and they have filed mechanics liens in order of having their claims investigated. These claims are centered on the construction of the restaurants and shop located within the airport.

The construction of the restaurants and shops was being managed by a company out of Tennessee that has recently gone bankrupt. The officials at the airport have not commented on how this company was awarded the project of managing the construction for the shops and restaurants. The subcontractors that were licensed are being taken care of and the airport has funds still available to take of the liens and lawsuits filed. In CA the law is very clear that if the contractor is not licensed in the state then they have no rights in court. Unfortunately, it is likely that the unlicensed subcontractors will not be able to collect on their receivables and if taken to court is likely the court will side with the CSLB as it has done in the past. It is very important to investigate all license requirements prior to doing work in that state because the bad consequences always fall on the contractor not the owner.

State says lax rules might let builders use questionable licenses

By Les Mahler
March 26, 2012

The agency overseeing companies that build houses and office buildings across California has for years trumpeted its ability to sniff out phony contractors, often publishing photos of dramatic undercover police stings of unlicensed builders at work on half-finished suburban cul-de-sacs.

But now the agency, the Contractors State License Board, is looking into a problem of the state's own making — a program that allows contractors to essentially lease out their licenses.

The board has allowed some licensed contractors to earn extra income by supervising as many as three projects across the state. In some cases, licensees would have to travel hundreds of miles to oversee work performed by others, which experts in the field say could pose liability problems.

The agency said it has no way to search records that might reveal whether convicted felons are using the program as a loophole to work as contractors legally. Alerted by a reporter to one case in which this could be happening, investigators say they are looking into possible improprieties.

The idea of the "responsible managing officer" program was to provide a bridge to licensure for those just starting their businesses. But stories of improper use of licenses worry industry representatives. One of the state's largest companies that trains licensed contractors is asking the board to monitor its own graduates.

The market for leased licenses is "an industry we don't regulate," said Venus Stromberg, a spokeswoman for the state licensing board. "It's a complicated and convoluted issue, and that's what we're struggling with. Does it rise to the level of consumer harm and is it worth addressing? That's what we're going to determine."

Stromberg said in early February that the agency would hire programmers to restructure its databases to allow investigators to look for inappropriately licensed contractors.

"The board is taking a look at this to make sure people are legitimate, and are legitimately acting in the capacity they say they are," said contracting industry expert David Kalb, president of Capitol Services, a licensing consulting firm in Sacramento.

The responsible managing officer program allows builders to start without having to go through the state's exam or qualify based on journeyman's experience. Under the state licensing board rules, responsible managing officers can oversee three businesses or corporations, and they do not have to be clustered geographically.

That's part of the problem, said David Fogt, chief of enforcement with the licensing board. He said his office investigates cases to determine if the licensed officers, or "qualifiers," are actually participating in a job. "If we find the qualifier is not actively involved, we allege there's a violation."

Industry trainers worry that abuse of state licenses could make it harder for the state to claim the license actually means something. And it could also deprive them of business if more contractors use the backdoor method that does not require a test.

"With three licenses, who's going to be responsible if there's failure on the field?" said Gary Fiehmman, the founder of Industry Schools, which says its staff have trained more than 100,000 would-be California contractors over more than three decades. "Somebody has to be the liable person."

Ultimately, he said, the rules are in place to protect consumers: If things go wrong with contractors, the state board has a system in place to clear up any problems between homeowners and contractors.

Fiehmman sees problems if a sublicensed company goes bankrupt and workers aren't paid.

Another problem, he said, is on-site safety monitoring. While the responsible managing officer is on location at one job, who is responsible for work at another location at the other end of the state? "That's dangerous," he said.

Wide geography

Now the state is investigating whether the responsible managing officer program has been used irresponsibly to sanction work on jobs that are so spread out that they are hard for one person to monitor regularly.

In 2007, Paul Herman Hayhurst II was the qualifier for two businesses in Southern California: Oceans Builders Seven Inc. in Studio City, and ABS Construction Group in Los Angeles.

While he was the responsible managing officer for ABS Construction, he was fired for being an absentee license holder, said the company's president, Amos Ben Shmuel.

"He was here from February 2007 until November 2007," Shmuel said. A responsible managing officer "is supposed to help, but he was never around."

inc., in Livermore, according to state records.

Stromberg, the licensing board spokeswoman, said she thought that being a responsible managing officer for a business in Southern California and Northern California would present a problem.

"Perhaps if the two businesses were in Los Angeles, if they weren't far apart, that would be feasible," she said. "But if he was in Livermore — where is he physically?"

Hayhurst is not listed on the company's phone directory. He did not return a request for comment over email.

The accusation of absentee licensing by ABS Construction sparked the licensing board's interest in Hayhurst.

World Exteriors founder John Arbuckle was convicted in court in 2011 for lying about his roofing experience. The company's president, George A. Coelho, pleaded guilty last year to embezzling \$150,000 from his previous employer, Pinnacle Roofing Company in Tracy, where Arbuckle had also worked.

Arbuckle was removed from his position with World Exteriors at an administrative hearing in Sacramento in June 2011. After his embezzlement plea in Manteca Superior Court in San Joaquin County, Coelho removed himself as president and CEO in June 2011, Stromberg said.

Now, both men are permitted to be only employees at the company they used to run. Their sons have taken over the business. Coelho is serving a year in home detention.

The state decided to investigate when a reporter asked questions about Coelho's licensing status in the wake of the conviction.

Although Coelho is not listed as president of World Exteriors on state documents, he is still listed as such on the company's local business license, according to staff at the city of Livermore's business department. Coelho also lists himself as the contact person for World Exteriors, according to the city's economic development department.

"He's the only officer we have listed for the Livermore business," said Siobhan Tyler, a staff member at the city's business department. The department was updating its list of businesses officers in February, she said. "There's a possibility it's in the mail. There's a possibility it's not."

Coelho and Arbuckle did not respond to emails or to messages left for them on company voice mail at their listed phone numbers.

Listing a recent felon as the president of a licensed company is a violation of the licensing board's rules that bars Coelho from holding a contractor's license for seven years after a conviction.

"That's part of our investigation," Stromberg said. "Taken into context altogether, we'll see if there's cause to discipline the licensee or him for running the business without a license."

Finding felons

Fiehmman said it's not uncommon for ex-convicts who are having a difficult time getting a job sometimes to find a way into the construction industry on someone else's license.

Fingerprinting of licensees has "been on the books since 2005," Stromberg said. "Before that, we didn't do background checks." That presents the possibility that someone with a felony conviction could qualify "if they could show journeymen experience, had the \$2,500 operating capital and pass the exam."

The far bigger problem of felons in the industry is unlicensed contractors, Stromberg said.

Consumers who might think they are saving money could be employing a felon. In police stings throughout the state about twice a month, one-third of unlicensed contractors caught are "sexual predators," she said.

Just how many state-registered sex offenders are working in the construction trade is unknown, she added. The board has no authority over sex offenders. Enforcement is up to the local police, the sheriff and the Department of Justice.

"We are charged with enforcing the business and profession's code," Stromberg said. "We can't cite someone because they hired a sex offender."

The monitoring of the licensing database will take a while to get going because the agency is still developing a protocol.

The hang-up right now is building computer programs that can find repeated licenses and records in other databases that flag felons — "the technical stuff."

"We don't know how complicated the program will be," she said. "So it could be six months from now."

Statewide "California Blitz" Sting Comes to Chico

March 23, 2012

Gridley, Calif. —

The Contractors State License Board's (CSLB) Statewide Investigative Fraud Team (SWIFT) teamed with investigators from the Butte County District Attorney's Office as part of its spring "California Blitz" that included two-day sting operations in seven cities from Chico to Murrieta (Riverside County). The sting conducted at a Humboldt Avenue home in Chico produced 11 of the 110 state-wide notices to appear in court during the March 14-15, 2012 operation.

CSLB investigators invited suspected unlicensed contractors to bid on landscaping, tree trimming, fencing, and concrete work. Those who bid more than \$500 for labor and materials at the Chico house were issued a notice to appear for contracting without a license. Some face additional charges for failure to carry workers' compensation insurance, soliciting excessive down payments, and illegal advertising.

Many homeowners are unaware of the serious financial loss and risk of worker injury on their property, including potential liability for injuries sustained by laborers not covered by workers' compensation insurance. Many also do not know that it is illegal to solicit or accept a down payment larger than 10 percent of the contract price, or \$1,000, whichever is less, for a home improvement contract.

Butte County District Attorney Mike Ramsey said, "Homeowners need to be aware of the risk they take when they hire someone who is not licensed to do work in their home. What seems like a good deal almost always ends up costing a lot more. Many of these phony contractors are people you really don't want inside your house or around your family."

"CSLB is gratified for its partnership with the Butte County District Attorney and prosecutors' offices throughout the state to achieve our goals of the "California Blitz" including drawing attention to these consumer protection laws, educating unlicensed workers about contractor license law, and encouraging those who qualify to obtain their contractor license," said CSLB Registrar Steve Sands.

CSLB urges consumers to follow these tips before hiring anyone to work on their property:

- Hire only licensed contractors and ask to see their license and a photo ID to verify their identity.
- Always check the license number on CSLB's website at www.CheckTheLicenseFirst.com or <http://www.CheckTheLicenseFirst.com> to make sure the license is in good standing, and that there is workers' compensation insurance coverage for employees.
- Don't pay more than 10 percent or \$1,000 (whichever is less) as a down payment. There is an exception for about two dozen licensees who carry special bonds to protect consumers. These exceptions are noted on CSLB's website.
- Don't pay in cash, and don't let payments get ahead of the work.
- Get at least three bids, check references, and get a written contract.

In addition to Chico, the two-day undercover stings took place in Clovis (Fresno County), Grover Beach (San Luis Obispo County), Lawndale (Los Angeles County), Murrieta (Riverside County), Redwood City (San Mateo County), and Visalia and Porterville (Tulare County).

The Contractors State License Board operates under the umbrella of the California Department of Consumer Affairs. More information and publications about hiring contractors are available on the CSLB website or by calling 800-321-CSLB (2752). You also can sign up for CSLB email alerts. CSLB licenses and regulates California's 300,000 contractors, and is regarded as one of the leading consumer protection agencies in the United States. In fiscal year 2010-11, CSLB helped recover nearly \$45 million in ordered restitution for consumers. Those cited in the Chico sting:

Carl Jeffrey Quandt
Chico
49
Earthwork, Paving
Contracting without a license

Jay Kerby Ruff

Oroville

28

Landscaping

Contracting without a license, failure of an unlicensed person to comply with a citation

Derek John Francyk

Paradise

50

Painting

Contracting without a license, illegal advertising, no workers' comp ins.

Scott Roberts

Chico

48

Tree Services

Contracting without a license, illegal advertising

Angel Erwin Arrellano-Rivera

Chico

39

Landscaping

Contracting without a license, illegal advertising

Gerardo Segura Uribe

Oroville

46

Concrete

Contracting without a license, illegal advertising

Raymond Anderson

Paradise

56

Fencing

Contracting without a license, illegal advertising

Anthony John Anderson

Chico

25

Fencing

Contracting without a license, illegal advertising

Jordan Roscoe Borean

Chico

25

Painting

Contracting without a license, illegal advertising

Jerald Lee Bennett Jr.

Chico

46

Fencing

Contracting without a license, illegal advertising

Jason F. Mogavero

Oroville

35

Landscaping

Contracting without a license, illegal advertising, no workers comp.

Chico contractor sting nets 11 citations

March 23, 2012

CHICO — Working with investigators from the Butte County District Attorney's Office, the Contractor's State License Board operated a sting in Chico last week that resulted in 11 people being cited for contracting without a license.

Anyone bidding on work exceeding \$500 must be licensed, said District Attorney Mike Ramsey. State investigators checked local bulletin boards, some free newspapers and craigslist for people advertising to do contracting work, Ramsey said, then invited them to a home on Humboldt Avenue to bid on various repairs and improvements.

The undercover operation was one of six being carried out simultaneously in sections of Southern, Central and Northern California. Other counties targeted included Riverside, Los Angeles, San Luis Obispo, Fresno, Tulare and San Mateo.

A similar action last year in Oroville resulted in 19 citations.

NorthHollywood-TolucaLakePatch

East Valley News: Man Arrested For Firing Gun in Apartment Building; Suspected Unlicensed Contractors Arrested March 22, 2012

Editor's note: These are Police/Fire stories from areas around the East San Fernando Valley not covered by Patch. Check North Hollywood-Toluca Lake Patch, Studio City Patch and Sherman Oaks Patch for new in those areas.

Burbank

A Burbank man who allegedly fired a gunshot in his apartment and threatened a neighbor was in custody today, authorities said.

Jahanbakhsh Azhdarinezhad, 62, was arrested at his residence about 9:10 p.m. Wednesday, and he was booked on suspicion of negligent discharge of a firearm, and making terrorist threats, Burbank police Sgt. Darin Ryburn said. Azhdarinezhad was held on \$50,000 bail.

Officers went to the apartment building in the 600 block of Harvard Road on a shots-fired report, Ryburn said.

"Responding officers determined that in addition to firing one shot, the male suspect threatened a neighbor," Ryburn said. "Officers determined the specific apartment where the shot was fired, and ordered the occupant to exit the residence."

"A male resident exited and re-entered the apartment several times, ignoring police commands," Ryburn said. "Finally, the male exited and began walking towards the officers, yelling at them to shoot and kill him."

"The male failed to comply with the directions, and turned towards the officers while reaching into his waistband," Ryburn said. "Officers discharged less lethal sponge bullets and a Taser to effectively subdue the male and take him into custody."

Azhdarinezhad was treated for minor injuries suffered during the arrest. No other injuries were reported.

Sylmar

Investigators from the Contractors State License Board arrested nine suspected unlicensed contractors in a sting operation at a house in Sylmar, authorities said today.

The operation was conducted on Tuesday in a house near the Sylmar/San Fernando Metrolink Station, the CSLB reported. Participating in the sting were personnel from the CSLB, the Los Angeles Police Department, the Los Angeles City Attorney's Office, the state Division of Labor Standards Enforcement (DLSE), and the state Employment Development Department (EDD).

San Fernando Valley

The City Council this week to unanimously approved the transfer of \$200,000 in discretionary funds to purchase police equipment for three San Fernando Valley divisions.

The motion by Councilman Dennis Zine will send \$80,000 each to the Topanga and West Valley stations and \$40,000 for the Valley Traffic Division, said Jessica Tarman, Zine's communications director.

"We're not making the list of requested equipment public at this point but it includes things like radios and vests, no guns, but other specialized equipment that the department has, but is stored downtown," Zine told City News Service.

The specialized equipment is designed to give the officers a better chance to contain whatever threat they are dealing with, said Zine, a former Los Angeles Police Department sergeant.

"For example, in my district we have one of the biggest malls in the city, the Westfield Mall in Warner Center, and there are lots of banks and temples in the area, so this kind of equipment will really help the officers if they need to respond to large places like the mall or other large containment situations that might occur," Zine told City News Service.

"As things stand right now, these divisions have to call downtown and wait for the department to transport the specialized tactical equipment up to the valley. This way these divisions will have that equipment in the San Fernando Valley and it will cut down on the response time by the officers."

Zine told City News Service he made the request for the equipment came after meeting with the captains from the Topanga and West Valley stations and the deputy chief in charge of that area.

State licensing board busts 9 suspected unlicensed contractors in Sylmar sting

March 22, 2012

SYLMAR - Investigators from the Contractors State License Board arrested nine suspected unlicensed contractors in a sting operation at a house in Sylmar, authorities said today.

The operation was conducted on Tuesday in a house near the Sylmar/San Fernando Metrolink Station, the CSLB reported. Participating in the sting were personnel from the CSLB, the Los Angeles Police Department, the Los Angeles City Attorney's Office, the state Division of Labor Standards Enforcement (DLSE), and the state Employment Development Department (EDD).

Three of the arrestees were repeat offenders.

-- Joe Cabrera, 39, doing business as Professional Touch Painting, had failed to appear in court after being caught in a CSLB sting in March 2010. Cabrera was jailed on a \$10,000 arrest warrant. DLSE issued him a "stop order" along with a \$1,500 citation for having an employee with him and no workers' compensation insurance. EDD will open a tax audit on his business.

-- Spiro Kamar, 26, allegedly was working as an unregistered salesperson for a licensed contractor. During a sting operation in Lawndale a week ago, Kamar was cited for contracting without a license. CSLB investigators plan to meet with the licensee who illegally hired Kamar, and that company also faces an EDD tax audit.

-- Benjamin Rivera Jr., 47, doing business as Painting by Ben, allegedly was contracting without a license, and also was allegedly advertising illegally. He had been cited by CSLB in 2000 for illegal advertising.

State law requires that all home improvement contracts of \$500 or more for labor and materials be undertaken by a licensed contractor, and licensees must put their state-issued license number in all advertisements.

Those who work without a license may work on jobs valued at less than \$500, and their ads must indicate that they are not a licensed contractor.

"This operation shows the power we have when we form partnerships to go after phony contractors," said CSLB Registrar Steve Sands. "Not only can we hit them with criminal charges, our partners from DLSE and EDD can hit them right in the wallet."

DLSE issued five "stop orders" and \$13,000 in citations for workers' compensation insurance violations. EDD will open seven tax audits.

Sands said homeowners hiring unlicensed contractors face serious financial loss and risk of worker injury on their property, including potential liability for injuries suffered by a worker not covered by workers' compensation insurance.

Also, licensed contractors face unfair competition from illegal operators who skirt laws that protect homeowners and workers, Sands said.

The following tips were recommended:

- Only hire state-licensed contractors, and ask to see their license and a photo ID to verify their identity.
- Always check the license number on the websites www.cslb.ca.gov or www.CheckTheLicenseFirst.com to make sure the license is in good standing, and that there is workers' compensation insurance coverage for employees.
- Don't pay in cash, and don't let payments get "ahead of" the work.
- Don't pay down payments of more than 10 percent or \$1,000, whichever is less.

There is an exception for about two dozen licensees who carry special bonds to protect consumers. Those licensees are noted on CSLB's website.

- Get at least three bids, check references and get a written contract.

The nine suspects are set for arraignment on either June 4 or 5 at 8:30 a.m. at the San Fernando Courthouse.



Unlicensed Contractors Cited

March 22, 2012

Eleven unlicensed north state contractors have been caught in a statewide sting. It was all part of a two day operation called California Blitz that was organized by the Contractors State License Board.

Last week, the Butte County District Attorney's office along with the Contractors State License Board invited suspected unlicensed contractors to a home in Chico to bid on various projects.

Those cited in the Chico sting:

Suspect's Name and Business	Age	Work Class	Violations
Carl Jeffrey Quandt Chico	49	Earthwork, Paving	Contracting without a license
Jay Kerby Ruff Oroville	28	Landscaping	Contracting without a license, failure of an unlicensed person to comply with a citation
Derek John Francyk Paradise	50	Painting	Contracting without a license, illegal advertising, no workers' comp ins.
Scott Roberts Chico	48	Tree Services	Contracting without a license, illegal advertising
Angel Erwin Arrellano-Rivera Chico	39	Landscaping	Contracting without a license, illegal advertising
Gerardo Segura Uribe Oroville	46	Concrete	Contracting without a license, illegal advertising
Raymond Anderson Paradise	56	Fencing	Contracting without a license, illegal advertising
Anthony John Anderson Chico	25	Fencing	Contracting without a license, illegal advertising
Jordan Roscoe Borean Chico	25	Painting	Contracting without a license, illegal advertising
Jerald Lee Bennett Jr. Chico	46	Fencing	Contracting without a license, illegal advertising
Jason F. Mogavero Oroville	35	Landscaping	Contracting without a license, illegal advertising, no workers comp.

Sara Boyns: Labor Enforcement Task Force

By Sara Boyns
March 22, 2012

Q: I remember reading in your column late last year that the "California Labor Compliance Bureau" was not an actual government entity and that as an employer, I should disregard any notices I received from them. Now I'm hearing about the "Labor Enforcement Task Force." Is that a legitimate agency?

A: The Labor Enforcement Task Force, or LETF, was launched by the California Department of Industrial Relations on Jan. 1. Previously known as the Economic and Employment Enforcement Coalition (EEEC), its purpose is to combat the underground economy.

LETF task force members, which work collaboratively, include the Labor and Workforce Development Agency, the Department of Industrial Relations, the Employment Development Department, the Contractor's State Licensing Board, the California Department of Insurance, the Board of Equalization, the Bureau of Automotive Repair, the state Attorney General, and district attorneys throughout California.

The LETF lists as its goals:

- To ensure that workers receive proper payment of wages and are provided a safe work environment;
- To ensure California receives all employment taxes, fees, and penalties due from employers;
- To eliminate unfair business competition by leveling the playing field; and
- To make efficient use of the state and federal resources in carrying out the mission of the LETF.

It is expected the LETF will concentrate on industries that traditionally pay low wages. Its predecessor, the EEEEC, focused on industries including agriculture, auto body, car wash, tire shops, garment manufacturing, janitorial services, horse racing tracks, and restaurants. It also focused on the construction industry.

The LETF will focus on a variety of potential violations. Its agencies will determine if businesses have all of the appropriate licenses to conduct business. It will investigate whether employers are paying cash wages to workers, and whether they are providing them with itemized statements of deductions from wages.

The agencies will examine whether businesses are registered with the Employment Development Department, and whether there are any records of the employees with the Board of Equalization.

The LETF will determine if a business has workers' compensation insurance and if it does not, it may issue a stop order to shut down the business until a valid policy is secured.

If a business has classified its workers as independent contractors, the task force will determine whether they were properly classified. When a business involves use of certain equipment, the agencies will inspect whether the machinery has all of the appropriate safeguards in place.

Although the LETF is primarily targeting certain industries, all businesses should ensure that they have the necessary licenses in place, are paying the appropriate wages and making deductions, are maintaining records required by law, and are providing employees with a safe work environment. Businesses that use independent contractors should ensure that they have properly classified their workers.

Even though the LETF was created to battle the underground economy, businesses with good intentions that unwittingly violate legal provisions may find themselves the subject of an LETF inspection and possible ensuing penalties.

Sara Boyns is a lawyer with Fenton & Keller in Monterey. This column is intended to answer questions of general interest and should not be construed as legal advice. Mail queries to "Workplace Law," c/o The Monterey County Herald, Box 271, Monterey 93942.

BLOG: Arrested contractor speaks out

By Gabriel Dillard

March 22, 2012

What would you do to support your 3-year-old child?

According to an anonymous commenter to a recent story about an unlicensed contractor sting, you risk repeated arrest.

The Contractors State License Board conducted a sting last week that resulted in 35 arrests of contractors bidding illegally on work in Clovis, Visalia and Porterville. I can't verify its authenticity, but a commenter on our website claimed he was one of those arrested and gives another side to the story. Visit our website to read the entire comment and the story — Contractor sting nets 35 in the Central Valley.

Here are some excerpts exactly as they were written by the commenter:

"I was one of the arrested in this "sting". I am a single father with a 3 year old son I do not receive welfare nor do i ask for money. We are poor after a bad leg injurey i sustained almost 2 years ago. I also do not have my drivers license due to the fact I owe back child support from a previous marrige. I had just began to return ito the floorcovering buisness to provide for my little handsome guy when i received a call for a lady interested in some tile work to be done so 2 days later i arive to talk with the lady I do no about the 500.00 and under law but i aparently was takeing to long when 3 more people came out from the back rooms and just started asking and answering questions and trying to force me to take a down payment i refused and i was then arrested in what was a "insulting display of premeditated entrapment with no morals or repect to my 15 years of experience" they came out saying were is all the drugs what do you have in your pockets treating me like a piece of garbage. I had a tape measure a notebook and a pencil not once did they ask me if they could search me. They just did !"

Many a homeowner has gotten screwed by unscrupulous contractors. And legitimate contractors suffer from the lost work. But what do you think of this guy's story (if it's real)? Are these stings hurting people just trying to make a living?

State Contractors License Board Stipulation in Settlement & Decision (1996) Signed by John Watkins Following Agency Accusation

March 22, 2012

LBReport.com publishes below the State Contractors License Board Stipulation in Settlement & Decision (1996) signed by John Watkins (now a candidate for LB's 4th City Council district) follow that state agency's Accusation (1995). For publication, we redacted the parties' personal signatures.

Order to Adopt, Stipulation in Settlement and Decision, Accusation

These documents are public records and speak for themselves. We note that paragraph 7 of the Stipulation states:

- Respondent admits the truth of the charges and allegations contained [in the Accusation]

Admissions made by respondent herein are for purposes of this proceeding, for any other disciplinary proceedings by the Board, and for any petition for reinstatement, reduction of penalty, or application for relicensure, and shall have no force or effect in other case or proceeding.

As LBReport.com previously noted, these items above are civil, not criminal. They were handled by the Contractors State License Board in an administrative proceeding in which the state agency was the Complainant and was represented by the state Attorney General's office.

By email on March 20 (7:15 a.m.) and again on March 21 (10:40 a.m.), LBReport.com sent Mr. Watkins copies of these documents (via an email address used by him in previous correspondence with us) after he told us on March 19 that he didn't have the documents at hand and couldn't recall them in detail. We invited his comments and sent our emails with a return (as read) receipt. As of Mar. 22 at 8:45 a.m., we have received no response or a return (as read) receipt from him; we continue to invite his comments.

Mr. Watkins' campaign to become LB's next 4th district City Councilmember cites his ownership of a construction company and home building activities. He is also endorsed by the LB Area Chamber of Commerce PAC citing his work as a small business owner and builder.

Mr. Watkins' official ballot statement to voters states in part: "I also own a construction company and have built many homes in Long Beach. You learn a lot about jobs and the economy by signing the front of a paycheck."

News of interest to Novato's 'seasoned citizens'

March 21, 2012

Scam stoppers seminars

California state Assemblyman Jared Huffman and the Contractors State Licensing Board hosts a series of "scam stoppers" to help educate senior citizens about scams involving finances, Internet and telephone solicitations, insurance, home repair and improvements, landscaping and automotive repair.

A panel of representatives from various government agencies will discuss the methods these scam artists use and how to avoid becoming a victim.

Seminars are slated for:

- April 3, 10 a.m-noon, at Alma Via of San Rafael, 515 Northgate Drive, San Rafael.
- April 3, 2-4 p.m., at the Tamalpais Marin, 501 Via Casitas, Greenbrae.
- April 4, 2-4 p.m., at Drake Terrace, 275 Los Ranchitos Road, San Rafael.
- April 13, 10 a.m-noon, at the Redwoods, 40 Camino Alto, Mill Valley.
- April 13, 2-4 p.m., at Springfield Place Retirement Community, 101 Ely Blvd. South, Petaluma.

The seminars are free, but an RSVP is requested. Call Huffman's office at 479-4920.

Long Beach City Council candidate Watkins responds to charges

By Eric Bradley

March 21, 2012

LONG BEACH - Financial hardship caused City Council candidate John Watkins not to contest charges that led to the revocation of his contractor's license in the mid-1990s, he said Wednesday.

He also maintained that he had the proper permits and passed regulatory checks at each step of the disputed job.

"Due to the financial situation this project put me in, I was forced to abandon the project after spending several thousand dollars in legal fees to deal with the (Contractors State License Board), which I could not afford," said Watkins, a retired Long Beach police officer.

Although the License Board initially had sought to require Watkins to pay restitution to his clients if he attempted to reinstate his license, that requirement wasn't ordered by the board, as the Press-Telegram erroneously reported Wednesday.

The License Board rescinded the license of J.R. Construction of Lakewood, operated by Watkins, in 1995 for what the agency determined to be substantially deficient work on a \$113,000 remodel of the Rossmoor home of Michael and Diane Comfort.

State records show that Watkins reapplied for a contractor's license in October 1997. A denial letter was sent the following April.

He appealed the decision and was denied once more in July 1999.

Records detailing the applications were in state archives and not immediately available, said License Board spokesman Rick Lopes. Because the paperwork is archived,

Lopes said he couldn't be certain about why the applications were denied.

"But, I am confident when I see that although the stipulated settlement does not note anything about restitution of financial injury to the (Comforts), CSLB would not allow a revoked licensee to get their license back if they haven't settled all financial injuries that remained from their previous construction practice," Lopes wrote in an e-mail.

"No repayment of financial injury would be reason enough for the CSLB to deny Mr. Watkins' application for licensure."

Watkins confirmed Wednesday that he had not paid reparations to the Comforts.

"I had no money. I was broke," Watkins explained.

He said he didn't remember the reason his license reinstatement was denied.

Since he lost his license, he said he has worked with several homeowners on their owner-builder projects, renovated homes he bought to resell and supervised crews of local contractors. Such work doesn't require a contractor's license, according to the License Board.

Michael Comfort said he decided not to file a lawsuit to recover damages because legal advisers told him action could cost up to \$30,000.

Comfort also feared that if a judgment was awarded, Watkins could declare bankruptcy after making attempts to pay, and then possibly seek reinstatement of his license on the grounds that he tried to fulfill the License Board's command.

"The best option for me, not only financially but to keep John from doing to others what he did to me, was not to sue him," said Comfort.

Watkins has touted his business experience, including the development of a planned community in Idaho, as he has campaigned for the Los Altos-based 4th District City Council seat.

The Idaho development is in Bonner County, near the Canadian border, Watkins said. Work is done as an owner-builder, and the state doesn't license general contractors on private-sector residential projects.

Watkins is running against business marketing consultant Daryl Supernaw and Councilman Patrick O'Donnell, who is running for a third term as a write-in candidate.

Donning and doffing

Also Wednesday, Watkins addressed his participation, along with almost 900 Long Beach police officers, in the "donning and doffing" class action lawsuit settled by the city in December 2010, which the Press-Telegram also reported this week.

The suit was brought by police seeking payment for allegedly unpaid time spent putting on their uniforms and protective gear, waiting in court, attending briefings, attending classrooms and other routine tasks.

Watkins said his participation was based solely on getting on-call pay as a supervising sergeant at the Long Beach Airport where his shifts made him responsible for being available to work from 5 a.m. to 11 p.m.

"That's an 18-hour span, and we were paid for 10 hours," Watkins said.

Long Beach agreed to pay \$300,000 in attorney fees and give 47 vacation hours over four years to the 883 officers in the department.

Watkins retired the month the settlement was reached. Under the deal's terms covering retirees, his portion of the settlement was put into his sick hours bank, an account that can be used for medical expenses post-retirement.

Airport contractor denies allegations

By Michael Shaw, Staff Writer

March 19, 2012

A representative of a defunct Tennessee-based construction firm that has been accused of working on the new Sacramento International Airport terminal without a California contractor's license on Monday disputed the claim and said another company seized on a technicality to avoid paying the firm.

FS Construction Group officials could not be reached for a story about the issue last week. But Paul Ironmonger, who identified himself as the company's former chief operating officer, wrote a lengthy email to the Business Journal saying the company's license was in its president's name.

The Contractors State License Board is investigating allegations by the concession company SSP America Inc., which hired FS Construction to build several restaurant and retail spaces at the terminal, that the firm lacked a license.

FS Construction has since ceased operating.

"We welcome an open investigation on the matter," Ironmonger wrote.

The dispute surfaced after several subcontractors filed claims to receive \$2.5 million in pay from SSP and another concessionaire.

According to Ironmonger, the company's former president Dave Carey passed the exam for a general contractor license specifically for the projects at the airport.

However, the name FS Construction does not appear in the Contractors State License Board's database. That could be considered a violation even if Carey was properly licensed, according to a license board spokesman. That's because said the airport contracts are with FS Construction as contractor — not Carey, the spokesman said.

A lawyer for SSP America, contacted about Ironmonger's claims, said the facts speak for themselves.

Ironmonger said FS Construction is still owed more than \$1.1 million after the project was completed in October. The legality of the license was not raised until work was completed and it was time to pay, he said.

"FS did make a mistake in trusting a valued client," he wrote.

He said the company ran out of funds to fight a legal battle. It is now in bankruptcy court and its officials have been assisting the bankruptcy trustee in collecting funds owed by SSP, Ironmonger said.

SSP's lawyer told the Business Journal last week that the company will pay legitimate claims of subcontractors.

The Simple Reason You Should Always Pay Your Contractor By Credit Card

By Mandi Woodruff

March 19, 2012

Whether you're dealing with a friendly firefighter-turned-roofer or a professional service, the old paper methods of paying for your contractor are on their way out, according to contractor review site Angie's List.

Nearly two-thirds of contractors told the site in a March survey they accept plastic now, and just about one-fifth said they actually prefer it over a thick wad of cash or a check.

But what's best for the consumer?

Credit cards are the best way to go, Angie says, and there's a simple reason: You're far better protected against contractor fraud or botched projects by a credit card company—especially if your card comes with a zero-liability policy.

There's also a bit of a lag for credit card processing, which gives you a little extra legroom if a job goes bad and you need to cancel a payment.

"Many highly qualified and reliable companies still aren't equipped for credit card payment, though, and unless consumers insist on credit card payments, this shouldn't be a large factor in determining who to hire," Hicks says. "But payment options and payment terms are an important discussion point in the hiring process, so be prepared to talk about how you will pay well before you decide."

Here's what you can do to protect yourself, no matter how you pay:

Stagger your payments. Even the simplest home improvement project could take weeks or months to complete. Stagger your payments based on the workers' progress rather than forking over a lump sum at the beginning. In fact, that's one sign you're dealing with a shady business. You shouldn't pay more than 10 percent of the estimated contract price upfront, according to the Contractors State License Board.

Ask about fees. Pay by credit when you can, but keep in mind some contractors will charge a "processing fee" for the convenience.

Debit and credit are not created equally. Many consumers think debit cards are interchangeable with credit cards, but liability issues make all the difference. Some banks don't offer the same protection for debit transactions as they would for credit purchases. It's like writing a check—once the cash is gone, it's gone.

Checks reign supreme. The vast majority of consumers dole out checks for contract work, and keeping the paper trail alive is crucial. Fill out the memo field with exactly what you're paying for and keep a copy for your own records.

DON'T pay in cash. "With cash, you have no paper trail should something go wrong, and if a contractor is insisting on cash, that's a red flag," Hicks warns. That hasn't kept consumers from hitting the ATM anyway: Nearly 40 percent of respondents in an Angie's poll said they paid in cash, and even more troubling were the 12 percent who said they paid up front.

No matter what, run your contractor's information by the Better Business Bureau and National Association of Home Builders, which both maintain logs of prior complaints against contractors. Angie's List is consumer review-based and also a great way to vet contractors.

Statewide sting nabs unlicensed contractors

March 18, 2012

RIVERSIDE — Eleven Riverside County men were among 110 arrested statewide in a sting to catch unlicensed contractors offering landscaping, fencing, flooring and other services that require state certification, it was announced Friday.

“Homeowners need to be aware of the risk they take when they hire someone who is not licensed to do work in their home,” said Steve Sands, registrar for the Contractor State License Board. “What seems like a good deal almost always ends up costing a lot more. Many of these phony contractors are people you really don’t want inside your house, or around your family.”

Results of the CSLB’s annual spring “California Blitz” were revealed during a news briefing at the Riverside County District Attorney’s Office in downtown Riverside.

Officials said undercover stings were conducted in seven counties Wednesday and Thursday.

The Riverside County operation was centered in Murrieta, where 11 citations were issued to individuals who had responded to requests for quotes on home improvements and repairs.

CSLB investigators posing as property owners asked the unlicensed operators to bid on work that included installing patio covers, painting interiors and exteriors, plumbing, roofing, flooring, and other upgrades, according to the CSLB.

Any construction-related work valued at more than \$500 requires a license to perform in California.

According to the CSLB, not only were some of the 110 people cited for unlicensed contracting during the stings, but also for illegal advertising, soliciting excessive down payments and failing to carry workers’ compensation insurance.

One person arrested during the Murrieta sting turned out to be a convicted sex offender, officials said.

Four of the individuals detained in other locations had outstanding arrest warrants, and several people had illegal narcotics in their possession, according to the CSLB.

The suspects face up to six months in jail and \$5,000 in fines if convicted of the misdemeanor contracting violations.

The CSLB noted that hiring an unlicensed contractor can leave a homeowner at risk of financial loss if there’s a disagreement about the project or the contractor pulls out without finishing. The person doing the work probably won’t be bonded or insured.

The agency’s tips:

Ask to see a prospective contractor’s credentials up front and verify them through the CSLB at either of two websites: www.cslb.ca.gov or www.CheckTheLicenseFirst.com

Never offer more than 10 percent, or \$1,000 — whichever is less — as a down payment for work

Don’t pay in cash

Always get at least three bids.

More information is available at (800) 321-2752.

Undercover Sting Finds Many Unlicensed Contractors

By Bianca Rae

March 17, 2012

RIVERSIDE, Calif. -- People have work done on their homes to fix problems, not create new ones.

"We have over 300,000 licensed contractors in California. The vast majority of them are very qualified," Rick Lopes of the Contractors State License Board said.

A bad hire may leave you with the minority, though.

"There are a certain number we do focus on who are trying to skirt the laws," Lopes said.

The contractors state license board --CSLB-- conducted a two-day undercover sting operation to find unlicensed contractors. In seven counties, including Riverside County, the CSLB posed as homeowners and brought in suspected unlicensed contractors offering services that require state certification.

"Here in Riverside County, the sting location was in the city of Murietta," Lopes said.

The sting resulted in one hundred and eleven notices to appear in court statewide. Eleven were handed out in Murietta. Of the one hundred and eleven, two were convicted sex offenders, four had active arrest warrants, and several were repeat offenders.

One of the sex offenders was found here in Riverside County. Lopes says many homeowners don't realize the risk they take when hiring someone without a license.

"Chances are pretty darn close to 100% that they're not going to cover any insurance on their workers. So, if you have someone who is on your property and they get injured, they're going to come after you as the homeowners to pay for their medical bills," Lopes added.

Many of their targets lie right here in the desert.

The Coachella Valley, what we're seeing a lot of times, a lot of the senior areas, Sun City out in Coachella Valley, being victimized because they're vulnerable," Riverside County District Attorney Paul Zellerbach said.

So what can you do to avoid getting taken? Don't dial a contractor's number without seeing a few other numbers as well.

California law requires contractors to put their six digit license number in all advertising," Lopes said.

If they can qualify for a contractors license, we'll do everything we can to help them," he added.

Lopes said the goal of the operations wasn't to put people out of business, but rather to get them to follow the law.



Eleven arrested in Murrieta as part of unlicensed contractor sting

March 17, 2012

RIVERSIDE - Eleven Riverside County men were among 110 arrested statewide in a sting to catch unlicensed contractors offering landscaping, fencing, flooring and other services that require state certification, it was announced today.

"Homeowners need to be aware of the risk they take when they hire someone who is not licensed to do work in their home," said Steve Sands, registrar for the Contractors State License Board. "What seems like a good deal almost always ends up costing a lot more. Many of these phony contractors are people you really don't want inside your house, or around your family."

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Board investigators posing as property owners asked the unlicensed operators to bid on work that included installing patio covers, painting interiors and exteriors, plumbing, roofing, flooring and other upgrades, according to Sands.

Any construction-related work valued at more than \$500 requires a license to perform in California.

According to the board, not only were some of the 110 people cited for unlicensed contracting during the stings, but also for illegal advertising, soliciting excessive down payments and failing to carry workers' compensation insurance.

One person arrested during the Murrieta sting turned out to be a convicted sex offender, officials said.

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The suspects face up to six months in jail and \$5,000 in fines if convicted of the misdemeanor contracting violations.

Sands said hiring an unlicensed contractor can leave a homeowner at risk of financial loss if there's a disagreement about the project or the contractor pulls out without finishing. The person doing the work probably won't be bonded or insured.

The agency offered the following tips:

-- Ask to see a prospective contractor's credentials up front and verify them through the board at either of two websites: www.cslb.ca.gov or www.CheckTheLicenseFirst.com;

-- never offer more than 10 percent, or \$1,000 -- whichever is less -- as a down payment for work;

-- don't pay in cash; and

-- always get at least three bids.

More information is available by calling (800) 321-2752.

Sting Operation Targets Unlicensed Contractors

By Mirna Alfonso

March 16, 2012

State contracting licensing officials and law enforcement officers this week collared more than 100 people in seven counties for allegedly working without contracting licenses and/or illegal advertising for services.

Locally, the following people were arrested, cited and released as part of a sting operation in Murrieta:

- Juan Francisco Castaneda, 34, of Moreno Valley, a landscaper cited on suspicion of contracting without a license;
- Felix Ramirez Lopez, 42, of Temecula, a landscaper cited on suspicion of contracting without a license;
- Gregory Michael Fouad, 48, of Murrieta, for painting without a license and illegal advertising;
- David Andrew Foute, 48, of Riverside, for allegedly performing framing and rough carpentry work without a license and illegal advertising;
- Donald Harry Hudson, 63, of Hemet, for allegedly painting without a license, using a contractor's license not issued to him and illegal advertising;
- Jeffrey Lawrence Manka, 52, of Hemet, for allegedly illegal framing and rough carpentry work and illegal advertising;
- James Gregory Tucker, 50, of Hemet, for alleged illegal painting, charging an excessive down payment and illegal advertising;
- Mario Herchovichz, 48, of Murrieta, for alleged illegal landscaping and illegal advertising;
- Ruben Alvarez Morales Sr., 48, of Hemet, for alleged illegally pouring concrete and illegal advertising;
- Franz George Klobetanz, 52, of Murrieta, for alleged illegal painting and illegal advertising;
- Nicandro Limatola, 58, of Murrieta, for allegedly illegally pouring concrete and illegal advertising.

Local prosecutors and Employment Development Department representatives also took part in the sting operation, run over a two-day period Wednesday and Thursday, an official said.

CSLB investigators posed as homeowners and invited suspected unlicensed contractors to bid on various construction jobs ranging from landscaping, patio covers, painting and plumbing, to roofing, concrete and tile work, flooring, fencing, and tree trimming.

State law mandates that all contractors who perform work that cost \$500 or more for labor and materials must be licensed by CSLB.

Since 2005, those who apply for new or renewed licenses or to change their licenses have been required to submit fingerprints for criminal background check.

Those who received notices to appear will face misdemeanor charges of contracting without a license and, in many cases, illegal advertising, soliciting excessive down payments, and failure to carry workers' compensation insurance coverage.

"Homeowners need to be aware of the risk they take when they hire someone who is not licensed," CSLB Registrar Steve Sands said.

"What seems like a good deal almost always ends up costing a lot more," he added. "Many of these phony contractors are people you really don't want inside your house or around your family."

The 11 local contractors were ordered to appear in court June 7.

CSLB urges consumers to follow these tips before hiring anyone to work on their property:

• Hire only licensed contractors and ask to see their licenses and photo IDs to verify identities.

• Always check the license number to ensure the license is in good standing and that there is workers' compensation insurance coverage or employees.

• Don't pay more than 10 percent or \$1,000 (whichever is less) as a down payment. There is an exception for about 12 licensees who carry special bonds to protect consumers. These exceptions are noted on CSLB's website.

• Don't pay in cash, and don't let payments get ahead of the work.

• Get at least three bids, check references, and get a written contract.

The Contractors State License Board operates under the umbrella of the California Department of Consumer Affairs.

More information and publications about hiring contractors are available by calling 800-321-2752.

Unlicensed Contractors Caught in Undercover Sting

Investigators posed as homeowners and invited suspected unlicensed contractors to bid on jobs

By Jacob Rascon

March 16, 2012

A two-day, statewide undercover sting by the California State License Board nabbed unlicensed contractors in seven counties, including Riverside County. Jacob Rascon reported on what has been called the annual "California Blitz."

Posing as homeowners, investigators nabbed 111 unlicensed contractors, including 11 in Riverside County, this week.

The California State License Board conducted a two-day, statewide sting in seven counties during what has been dubbed the annual "California Blitz."

Undercover investigators invited suspected unlicensed contractors to bid on various construction jobs, from plumbing and flooring to roofing.

Riverside County's District Attorney Paul Zellerbach said he was satisfied with the results.

"First and foremost, you get shoddy work done," he said of the sting's targets. "Second off, most of these unlicensed contractors will quit halfway through the job."

High unemployment means more unlicensed contractors, and while some are just trying to make a living, others are more questionable, according to Rich Lopes, of the Contractor State License Board.

"We caught four different people who actually had arrest warrants against them, we caught two registered sex offenders," Lopes said.

Homeowners can protect themselves by asking potential contractors for a license number, which is required in California for any job costing more than \$500.

Behavior could also be a key into weeding out unlicensed contractors.

"You're only supposed to pay 10 percent of the price up front," Zellerbach said. "If they ask more than that, it's suspicious. Don't do it."



11 unlicensed contractors busted in Riverside County
March 16, 2012

RIVERSIDE, Calif. (KABC) -- Authorities rounded up unlicensed contractors in a two-day statewide sting operation.

A fraud team with the Contractors State License Board, working with local agencies, arrested 110 unlicensed men in seven counties, 11 of them in Riverside County.

Investigators say homeowners who hire unlicensed contractors put themselves at enormous financial risk.

Residents can be held responsible for injuries to workers not covered by workers compensation insurance.

Contractor sting nets 35 in the Central Valley

March 16, 2012

A recent sting targeting unlicensed contractors in the Central Valley resulted in 35 contractors receiving notices to appear in court.

The Contractors State License Board recently conducted its annual spring "California Blitz" effort in seven different counties across the state yesterday and Wednesday to catch unlicensed contractors bidding on work they aren't legally allowed to perform. Altogether, 110 arrests and notices to appear in court were issued across the state.

The Central Valley sting resulted in the following actions:

- Clovis — 13 notices to appear in court
- Visalia — 11 notices to appear in court
- Porterville — 11 notices to appear in court

A suspect in Visalia, Benjamin Davidson, was arrested with six active arrest warrants (four with no bail) related to driving under the influence. He is awaiting extradition to Humboldt County.

In addition, two suspects in the Clovis sting had arrest warrants, and others were found to be in possession of drugs or drug paraphernalia. One Visalia suspect, Ernie Zubia Pinon, had his contractor's license revoked in 2009.

By law, contractors who perform work that totals \$500 or more for labor and materials must be licensed. Since 2005, the Contractors State License Board has required new license applicants to submit fingerprints for a criminal background check.

Contracting without a license carries a maximum of six months in jail and/or a fine up to \$5,000 for a first offense. A second violation carries a mandatory 90-day jail sentence and another possible fine up to \$5,000.

REGION: 11 arrested in Murrieta in statewide unlicensed contractor sting

By Dave Downey

March 16, 2012

Undercover state investigators arrested 110 people this week, including 11 in Murrieta, in a seven-county sting rounding up unlicensed contractors who illegally work on homes, officials said Friday.

Among those detained in the two-day blitz by the Contractors State License Board were four people with outstanding arrest warrants, several who had continued to work without a license after being caught, and two paroled sex offenders, said Rick Lopes, a spokesman for the agency in Sacramento.

One of the sex offenders was picked up in Murrieta, Lopes noted; authorities said that for legal reasons, they could not release his name.

The stings are part of an annual exercise the license board conducts to urge homeowners to avoid hiring unlicensed contractors and to spur contractors to get licenses, Lopes said.

The stings were conducted Wednesday and Thursday in Riverside, Los Angeles, San Luis Obispo, Tulare, Fresno, San Mateo and Butte counties. Murrieta was the lone target in Riverside County, according to a news release.

Unlicensed contractors work on virtually everything from flooring and fencing, to patios and painting, to roofing and tree trimming.

"Our goal is not to put them out of business," Lopes said. "Our goal is to get them to follow the laws."

He said the board also was trying to prevent homeowners from being harmed.

"They don't realize many of the risks they face when they hire a contractor who is not licensed," Lopes said.

He said homeowners can be saddled with damaged houses and unfinished projects after spending huge amounts of money up front. And if the contractor gets hurt, he said, the homeowner could be on the hook for medical bills because the worker isn't covered by workers' compensation insurance.

"You may potentially lose your house," Lopes said.

Lopes announced the results with Riverside County District Attorney Paul Zellerbach at a news conference in downtown Riverside.

Zellerbach said unlicensed contractors often prey on the elderly.

To underscore that point, the county's top prosecutor pointed to a blown-up photo of a contractor, Renaldo Romero Roldan, 42, of Menifee, who pleaded guilty to operating without a license earlier this month. According to arrest warrants, three Sun City residents ranging in age from 63 to 82 complained that Roldan overcharged them for home improvements in 2010 and 2011, and made mistakes that cost thousands to fix.

Lopes said this week's Murrieta sting was conducted at a vacant home, the location of which he declined to reveal.

An undercover investigator posed as the homeowner, setting up appointments in half-hour increments with suspected unlicensed contractors. The investigator made arrangements to install a patio cover, pour concrete, paint the house inside and out, and put in landscaping.

Once contractors established prices in excess of \$500, they were arrested, Lopes said.

Under state law, only licensed contractors may perform more than \$500 worth of work on a home.

Because some of the contractors were late for appointments, at one point Wednesday three contractors were there at the same time. But apparently no one suspected anything, Lopes said.

"These people aren't the smartest, but they are very convincing con men," Lopes said.

However, on Thursday someone got wind of the sting and posted a warning online, he said. And appointments abruptly stopped at 1 a.m.

According to the license board, they were: Juan Francisco Castaneda, 34, of Moreno Valley, a landscaper; Felix Ramirez Lopez, 42, of Temecula, landscaper; Gregory Michael Fouad, 48, of Murrieta, painter; David Andrew Foute, 48, of Riverside, carpenter; Donald Harry Hudson, 63, of Hemet, painter; Jeffrey Lawrence Manka, 52, of Hemet, carpenter; James Gregory Tucker, 50, of Hemet, painter; Mario Herchovichz, 48, of Murrieta, landscaper; Ruben Alvarez Morales Sr., 48, of Hemet, concrete worker; Frank George Klobetanz, 52, of Murrieta, painter; and Nicandro Limatola, 58, of Murrieta, concrete worker.

Hudson also was suspected of using someone else's license number, according to the board. And Tucker was suspected of soliciting an excessive down payment.

The men are scheduled to appear in court on June 7.

There are a variety of reasons why contractors don't get licenses, Lopes said.

Since 2005, he said, state law has required criminal background checks for licenses and some contractors have criminal histories. Others want to avoid being tracked down for child support. Still others are looking for a competitive edge, he said.

Because of the many underground operators, Lopes advises homeowners to check to make sure a contractor is licensed and that a given license number is valid. They can do that through the board's website at www.cslb.ca.gov or www.checkthelicensefirst.com.

Lopes also suggests getting three bids and checking references before selecting a contractor.

Once a contractor is hired, Lopes suggests making a down payment of no more than 10 percent of the project cost, or \$1,000, whichever is less.

And never pay in cash, he said.

"Be careful when anyone asks you for a lot of money up front," Lopes said. "And you never want to allow the payments to get ahead of the work done."

Fontana man is charged with fraud, according to District Attorney's Office

March 16, 2012

A Fontana man has been charged with one count of conducting business as an uninsured employer, according to the San Bernardino County District Attorney's Office.

Last December, members of the Workers' Compensation Fraud Prosecution Unit at the D.A.'s Office, along with the Contractors State License Board, conducted compliance checks of contractors working in the Rancho Cucamonga area.

During the compliance check, 30-year-old Francisco Barajas-Castellanos and an employee were observed preparing the interior of a residence for painting.

According to Senior Investigator Steve Rivera, Barajas admitted that he was the contractor and business owner and that the employee was his employee. Barajas further admitted not having workers' compensation insurance to protect his employee.

"Unfortunately, the problem here is that these unlicensed contractors can under-bid jobs, thereby having unfair advantage to those contractors who are licensed and have insurance," said Rivera.

On March 15, Barajas was arrested at his residence after a warrant for his arrest was issued, charging him with failure to secure workers' compensation insurance.

Barajas was transported and booked into the West Valley Detention Center for the warrant and his bail was set at \$10,000.

"The time spent investigating these crimes is time well spent," said Rivera. "What a lot of homeowners don't realize is that if a contractor does not have workers' compensation insurance, any injuries that occur on the homeowner's property have now become the liability of that homeowner."

If convicted, Barajas faces one year of prison time to be served in county jail and a fine starting at \$10,000. This case will be prosecuted by Deputy District Attorney Michael Chiriatti.

State and DA target unlicensed contractors

By Jack Katzanek

March 16, 2012

State and local law officials turned up the heat on unlicensed contractors this week, arresting and citing 11 people who thought they were bidding on a home repair project in Murrieta.

The sting, on Wednesday and Thursday, was part of a statewide effort that had undercover "homeowners" setting up shop in seven California counties. In all, 111 people were arrested and cited for operating without a contractor's license.

In Murrieta, the authorities used a residence loaned by an elderly couple who had been burned by an unlicensed plumbing contractor in the past.

State investigators, backed up by officers from the Riverside County's District Attorney's office, posed as the homeowners. A few times, would-be contractors were asked to wait outside while other bidders were being arrested in the house.

The stings were announced Friday at a joint press conference by a state Contractors License Board spokesman and Riverside County District Attorney Paul Zellerbach. Other undercover operations were in Fresno, Butte, Los Angeles, San Luis Obispo, San Mateo and Tulare counties.

During the past year, Zellerbach said his office received 80 complaints from residents who said they were burned by unlicensed contractors. Prosecutors took action in at least 50 complaints, he said,

"We are actively prosecuting those cases, but we need to get the word out to our communities" about the risks to property owners, Zellerbach said.

Rick Lopes, spokesman for the Contractors License Board, said homeowners who hire workers without paying attention to a license number run a risk that goes far beyond poor performance.

Lopes said it's unlikely that an unlicensed contractor carries workers' compensation coverage. That means if a worker is injured, the homeowner would be liable for medical bills, a cost that could end up high enough to cost the homeowner his or her house.

"This is not like buying a television set, when you look for the best model at the best price," Lopes said.

The state averages about one sting per week statewide, Lopes said. Several times a year it undertakes a multi-county effort similar to this week's.

Stings such as these are also seen as a way to protect contractors who follow the law. These tradesmen are licensed but often underbid by less-scrupulous contractors.

Under the law, workers who offer to perform services that cost more than \$500, including the price of materials, must be licensed by the state. The 111 arrests statewide this week included several repeat offenders, four with active arrest warrants and two convicted sex offenders, officials said.

First-time offenders face maximum penalties of up to six months in jail and fines as high as \$5,000, but Lopes said the goal is to convince them to go through the licensing process, not put them in jail.

However, many remain extremely evasive. Some have been known to go to the websites of legitimate contractors and steal their license numbers.

They are very convincing con men," Lopes said. "They're slick sales people."

Tom Torres, a licensed roofer from Moreno Valley, said investigators can find plenty of unlicensed contractors on Craigslist and other online advertising vehicles.

Legitimate contractors are out there competing against these guys," Torres said. "But for a lot of people in this economy, it's dollars overense."

Most print publications encourage inclusion of a license number for contractors who advertise. Lopes said he was aware that unlicensed contractors advertise on the online classified listing Craigslist and similar sites.

We're working with them and trying to get them to tighten up," Lopes said of Craigslist.

11 Alleged Bogus Contractors in Murrieta Arrested

By Mirna Alfonso
March 16, 2012

A sex offender was among 11 suspects arrested or cited in Murrieta for alleged unlicensed contracting.

State contracting licensing officials and law enforcement officers this week collared 110 people in seven counties for alleged illegal operations.

As illustrated in the YouTube video attached to this article, arrested or cited in Murrieta were:

- Juan Francisco Castaneda, 34, of Moreno Valley, a landscaper cited on suspicion of contracting without a license;
- Felix Ramirez Lopez, 42, of Temecula, a landscaper cited on suspicion of contracting without a license;
- Gregory Michael Fouad, 48, of Murrieta, for painting without a license and illegal advertising;
- David Andrew Foute, 48, of Riverside, for allegedly performing framing and rough carpentry work without a license and illegal advertising;
- Donald Harry Hudson, 63, of Hemet, for allegedly painting without a license, using a contractor's license not issued to him and illegal advertising;
- Jeffrey Lawrence Manka, 52, of Hemet, for allegedly illegal framing and rough carpentry work and illegal advertising;
- James Gregory Tucker, 50, of Hemet, for alleged illegal painting, charging an excessive down payment and illegal advertising;
- Mario Herchovichz, 48, of Murrieta, for alleged illegal landscaping and illegal advertising;
- Ruben Alvarez Morales Sr., 48, of Hemet, for alleged illegally pouring concrete and illegal advertising;
- Franz George Klobetanz, 52, of Murrieta, for alleged illegal painting and illegal advertising;
- Nicandro Limatola, 58, of Murrieta, for allegedly illegally pouring concrete and illegal advertising.

Local prosecutors and Employment Development Department representatives also took part in the sting operation, run over a two-day period Wednesday and Thursday, an official said.

Melanie Bedwell, a spokesperson for CSLB, said those arrested in Murrieta were cited and released.

CSLB investigators posed as homeowners and invited suspected unlicensed contractors to bid on various construction jobs ranging from landscaping, patio covers, painting and plumbing, to roofing, concrete and tile work, flooring, fencing, and tree trimming.

State law mandates that all contractors who perform work that cost \$500 or more for labor and materials must be licensed by CSLB.

Since 2005, those who apply for new or renewed licenses or to change their licenses have been required to submit fingerprints for criminal background check.

The 110 who received notices to appear will face misdemeanor charges of contracting without a license and, in many cases, illegal advertising, soliciting excessive down payments, and failure to carry workers' compensation insurance coverage.

"Homeowners need to be aware of the risk they take when they hire someone who is not licensed," CSLB Registrar Steve Sands said.

"What seems like a good deal almost always ends up costing a lot more," he added.

"Many of these phony contractors are people you really don't want inside your house or around your family."

The 11 Murrieta contractors were ordered to appear in court June 7.

CSLB urges consumers to follow these tips before hiring anyone to work on their property:

• Hire only licensed contractors and ask to see their licenses and photo IDs to verify identities.

• Always check the license number here or here to ensure the license is in good standing and that there is workers' compensation insurance coverage for employees.

• Don't pay more than 10 percent or \$1,000 (whichever is less) as a down payment.

• There is an exception for about 12 licensees who carry special bonds to protect consumers. These exceptions are noted on CSLB's website.

• Don't pay in cash, and don't let payments get ahead of the work.

• Get at least three bids, check references, and get a written contract.

• The Contractors State License Board operates under the umbrella of the California Department of Consumer Affairs.

• More information and publications about hiring contractors are available by calling 800-321-2752.

AGENDA ITEM I

Legislative Committee Report



AGENDA ITEM I-1

Legislative Update



2012 Legislation

CA AB 1588	AUTHOR: TITLE: POSITION:	Atkins [D] Professions and Vocations: Reservist Licensees WATCH
CA AB 1655	AUTHOR: TITLE: POSITION:	Dickinson [D] Public Employees: Rights WATCH
CA AB 1750	AUTHOR: TITLE: POSITION:	Solorio [D] Rainwater Capture Act of 2012 WATCH
CA AB 1794	AUTHOR: TITLE: POSITION:	Williams [D] Contractors: Workers' Compensation Insurance Reporting SUPPORT
CA AB 1904	AUTHOR: TITLE: POSITION:	Block [D] Professions and Vocations: Military Spouses WATCH
CA AB 1920	AUTHOR: TITLE: POSITION:	Berryhill B [R] Contractors: Compensation WATCH
CA AB 2219	AUTHOR: TITLE: POSITION:	Knight [R] Contractors' Workers' Compensation Insurance Coverage WATCH
CA AB 2237	AUTHOR: TITLE: POSITION:	Monning [D] Contractors: Definition SPONSOR
CA AB 2482	AUTHOR: TITLE: POSITION:	Ma [D] Registered Interior Designers OPPOSE
CA AB 2554	AUTHOR: TITLE: POSITION:	Berryhill B [R] Contractors SPONSOR
CA AB 2570	AUTHOR: TITLE: POSITION:	Hill [D] Licensees: Settlement Agreements WATCH
CA SB 691	AUTHOR: TITLE: POSITION:	Lieu [D] Unemployment Insurance: Compensation SUPPORT
CA SB 975	AUTHOR: TITLE: POSITION:	Wright [D] Professions and Vocations: Regulatory Authority WATCH
CA SB 1185	AUTHOR: TITLE:	Price [D] Centralized Intelligence Partnership Act

AGENDA ITEM 1-2

Review and Approval of Recommended Position on SB 1185 (Price) Centralized Intelligence Partnership Act



CONTRACTORS STATE LICENSE BOARD LEGISLATIVE ANALYSIS

Bill Number: SB 1185 (Price)
Status/Location: Amended 4/9/12; Senate Appropriations Committee
Sponsor: Board of Equalization
Subject: Centralized Intelligence Partnership Act
Code Section: Government Code Section 15910

Summary:

This bill creates the Centralized Intelligence Partnership (CIP), led by the Board of Equalization (BOE) to collaborate in combatting the underground economy.

Existing Law requires various state agencies to enforce laws relating to taxation and legal operation of businesses throughout the state.

This bill:

1. Contains various findings and declarations, including that the underground economy in California is estimated to be between \$60 billion and \$140 billion each year.
2. Creates the CIP, composed of:
 - (a) Health & Human Services Agency
 - (b) Department of Consumer Affairs
 - (c) Department of Industrial Relations (DIR)
 - (d) Department of Insurance
 - (e) Department of Justice
 - (f) Department of Motor Vehicles
 - (g) Employment Development Department (EDD)
 - (h) Franchise Tax Board
 - (i) Board of Equalization (BOE)
3. Establishes an advisory committee, to meet at least quarterly, with one representative per member agency.
4. Requires the CIP to do all of the following to combat illegal underground operations:
 - (a) Provide a centralized intake process and organizational structure to document, review, and evaluate complaints.
 - (b) Establish a processing center to receive and analyze data, share complaints, and research leads from the input of each impacted agency.
 - (c) Provide participating and nonparticipating agencies with value-added investigative leads where collaboration opportunities exist for felony-level criminal investigations, including, but not limited to, referring leads to agencies with appropriate enforcement jurisdiction.
 - (d) Provide that each participating and nonparticipating agency retains jurisdictional authority over whether to pursue partnership strategies or collaborative investigative leads based upon the direction of their respective governing structures or available resources.
 - (e) Document and provide intake data analysis, analytic data findings, referrals, collaborative opportunities, outcomes, emerging evasion trends,

lessons learned, as well as additional enforcement, administrative and legislative opportunities.

5. Provides that the scope of activities and projects undertaken by the CIP shall be consistent with the amount of funds appropriated from the Legislature.
6. Provides that the advisory committee shall determine the appropriate agency to house the processing center for the partnership, and authorizes the CIP to hire an administrator and staff.
7. States that duly authorized representatives of CIP members may exchange intelligence, data, documents, information, complaints, or lead referrals for the purpose of investigating illegal underground operations. Provides that any information exchanged pursuant to this authorization retains its confidential status, as provides by existing law.
8. Requires the CIP to annually report to the Legislature regarding the following:
 - (a) The number of leads or complaints received by the CIP;
 - (b) The number of cases investigated or prosecuted through civil action or criminal prosecution;
 - (c) Recommendations for modifying, eliminating, or continuing operation of any or all of this bill's provisions.
9. Sunsets this act as of January 1, 2020.

Fiscal Impact for CSLB:

Unknown, potentially significant costs if CSLB were required to contribute staff and resources to the CIP. While the sponsor notes costs would be offset by increased state revenue in the form of increased tax collections, CSLB would only realize increased revenue through fines and any resulting increase in licensure applications.

Staff Recommendation and Comments:

WATCH. While CSLB supports the goal of combatting the underground economy, it is unclear how this bill would work in relation to existing state partnerships, particularly the Labor Enforcement Task Force (LETF) and the Joint Enforcement Strike Force (JESF).

LETF is led by DIR and focuses on working with industry partners to identify contractors operating in the underground economy and performing targeted inspections at active construction sites. Primary partners include EDD, BOE, CSLB, and the Bureau of Automotive Repair.

JESF is led by EDD and combines regulatory enforcement efforts with the Internal Revenue Service, Franchise Tax Board, BOE, and other state agencies that share information and partner with CSLB.

The California Professional Association of Specialty Contractors has expressed concerns with the bill. It is concerned the bill will take resources (specifically staff in the field) away from efforts to enforce against the underground economy, and it does not want resources diverted from LETF. If the focus is on tax collection, the association believes bad actors will continue to operate pending investigations, further harming legitimate licensees. Finally, because JESF focuses on tax collection, it is unclear why there is a need to create another statewide entity.

Cost Estimate

The Senate Appropriations Committee estimates the following:

- Unknown increased staffing costs to each of the participating state entities, likely exceeding \$1 million in total if each agency initially dedicates one full-time position to the Partnership (General and various Special Funds). Additional staffing costs, likely in the range of \$200,000 to \$500,000 in 2013-14, to hire an administrator and staff to the Partnership.
- Significant cost pressures to hire additional administrative, investigative, and enforcement staff among the participating state entities upon full implementation of the Partnership (General and various Special Funds). These costs would likely be mitigated by future revenue gains resulting from increased enforcement activities.
- Estimated costs in the range of \$250,000 to \$1 million to establish and house the Partnership's processing center (General Fund).
- Unknown programming and IT costs among the participating state entities, likely in the range of \$1 million to \$2 million in total annually (General and various Special Funds), to make necessary system improvements and handle ongoing data transfers between participating agencies and the central processing center.
- Unknown future revenue gains, likely tens of millions of dollars annually, related to enforcement actions and increased tax collections. A portion of the revenue gains could be offset by revenue losses to the extent Partnership activities supplant existing revenue-generating enforcement efforts among the participating entities.

Support:

Board of Equalization (sponsor)
 California Association for Health Services at Home
 California Building Industry Association
 California Chamber of Commerce
 California Grocers Association
 California Healthcare Institute
 California Manufacturing and Technology Association
 California Spa & Pool Industry Educational Council
 California Statewide Law Enforcement Association
 California Taxpayers Association
 City of Carson
 City of Gardena
 City of Hawthorne
 City of South Gate
 Construction Industry Legislative Council
 Culver City Chamber of Commerce
 Fullerton Chamber of Commerce
 Los Angeles Area Chamber of Commerce
 Southwest California Legislative Council

Opposition:

None on file.

Date: May 21, 2012

AGENDA ITEM J

Licensing Committee Report



AGENDA ITEM J-1

Licensing Program Update





CONTRACTORS STATE LICENSE BOARD

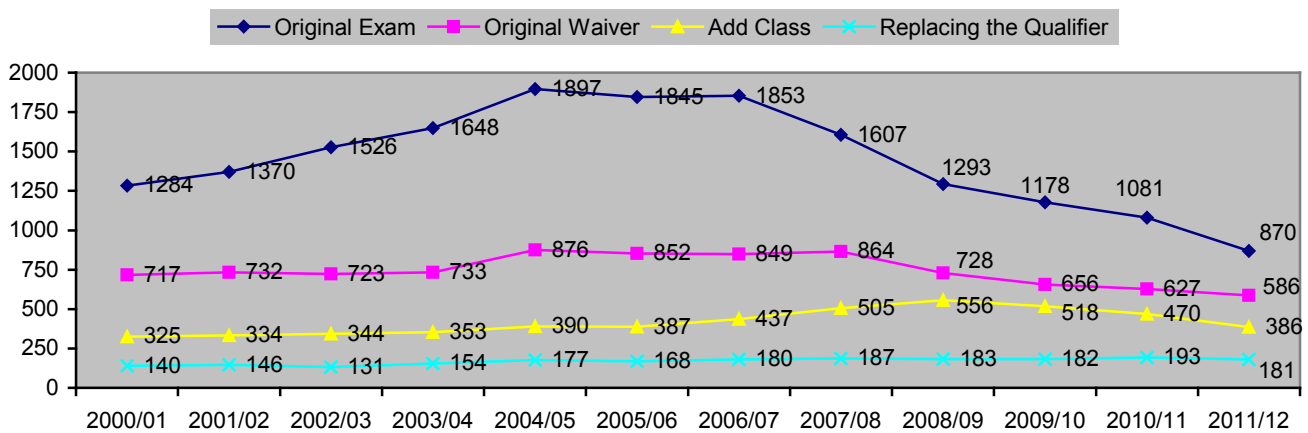
LICENSING PROGRAM UPDATE

License Application Workload

The following chart shows the average number of applications received per month for the past 11 fiscal years (FY). Fingerprint requirements went into effect January 2005.

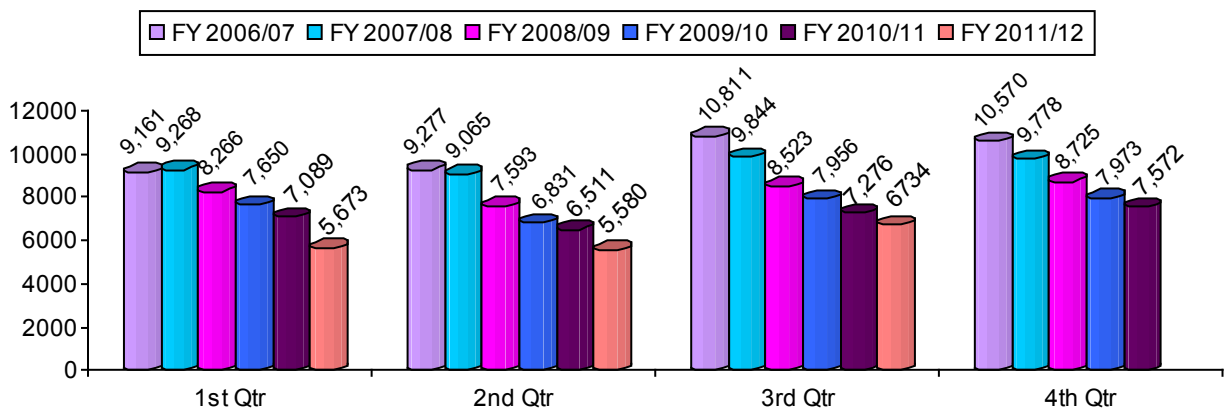
The number of applications received continues to decline due to the economic recession and housing downturn. The average number of original applications received per month for FY 2010-11 is down 30% from the overall average for the previous 10 years.

AVERAGE NUMBER OF APPLICATIONS RECEIVED PER MONTH



The following chart compares the total number of applications received by quarter for the past six fiscal years.

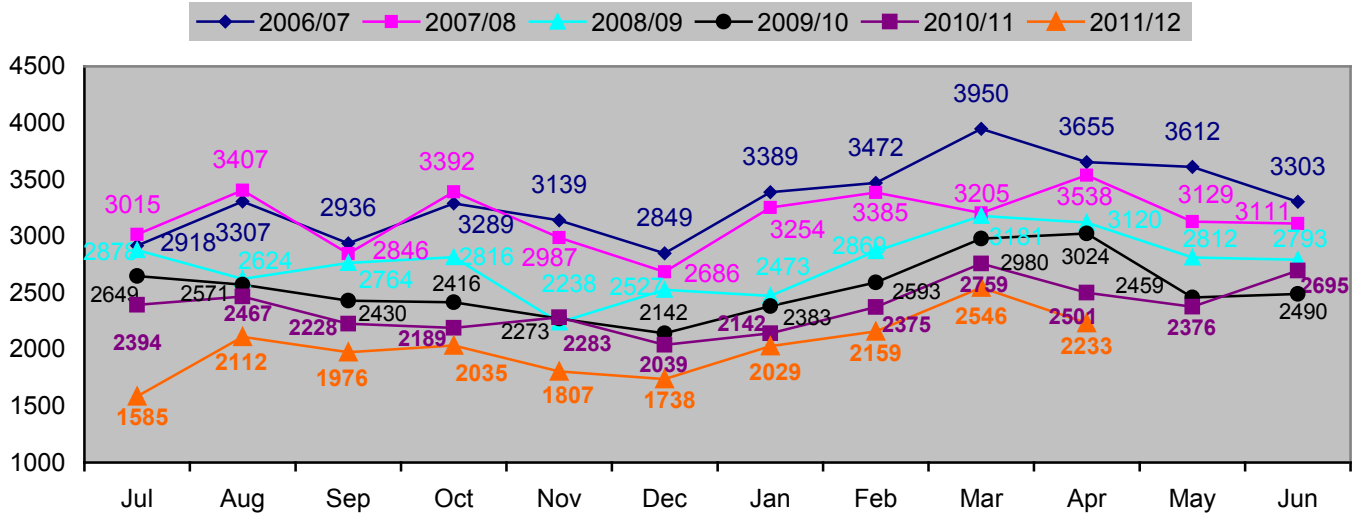
**COMPARISON OF APPLICATIONS RECEIVED PER QUARTER
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)**



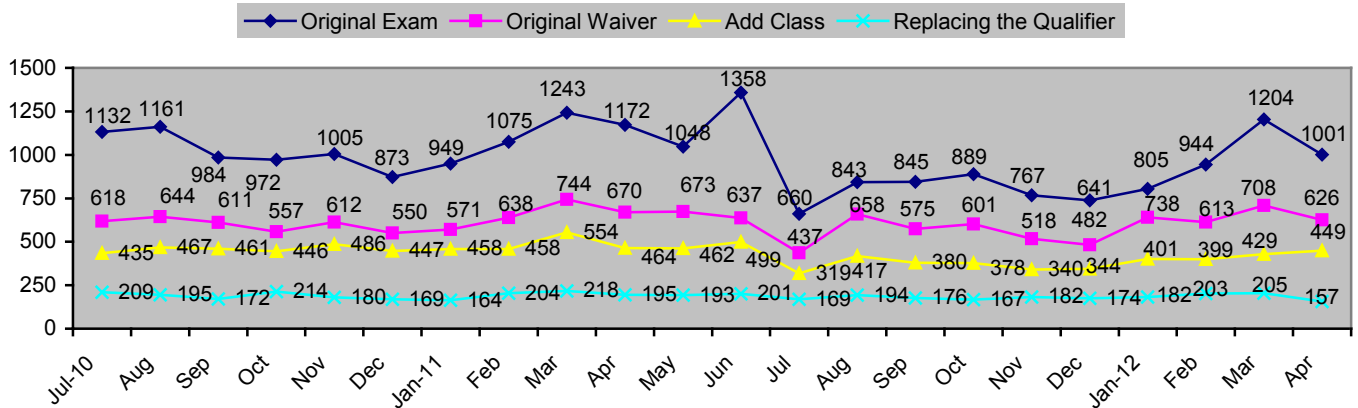
Decrease of 6.5% for total applications received for 2010-11 as compared to 2009-10



**TOTAL NUMBER OF APPLICATIONS RECEIVED PER MONTH
(Original Exam, Original Waiver, Add Class, Replacing the Qualifier)**



NUMBER OF APPLICATIONS RECEIVED





Limited Liability Companies (LLCs)

The new LLC program has been implemented. The passage of Senate Bill 392 (Statutes of 2010, Chapter 698) authorizes CSLB to issue contractor licenses to limited liability companies (LLCs). The law required CSLB to begin processing LLC applications no later than January 1, 2012; LLC applications were made available on the CSLB website on December 28, 2011.

In the bill, the Legislature noted that contractors have been allowed to operate as corporations, and to be designated as “S” or “C” corporations for many years, with well-established case law regarding the ability to “pierce the corporate veil.”

It was the intent of the Legislature that this doctrine shall also apply to LLCs. Since there is not yet case law establishing this principle in California an additional \$100,000 bond requirement for the benefit of workers, relative to payment of wages and fringe benefits, was established. This will ensure that workers are protected despite the absence of case law dealing with LLCs. This bond is in addition to the \$12,500 contractor bond.

LLCs will be qualified by responsible managing officers, responsible managing members, responsible managing managers, or responsible managing employees. All officers, members, managers, directors, and qualifiers of LLCs must be listed on the application as personnel of record.

LLCs also will be required to have \$1,000,000 in liability insurance when five or fewer persons are listed as personnel, with an additional \$100,000 required for each additional personnel, not to exceed \$5 million.

The chart below and on page 4 illustrates the number of LLC applications received from January 1, 2012 through April 30, 2012, and the disposition of those applications.





LLC APPLICATION PROCESSING - 2012

	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr	Exm	Wvr
Received	23	51	21	39	18	42	17	47				
Rejected	7	25	16	18	10	29	4	25				
Issued	0	4	0	1	0	0	0	1				
Post / Sched for Exam No Reject	7	0	3	0	3	0	0	0				
Post / Sched for Exam After Reject	8	0	1	1	2	0	0	0				
Post / Bond & Fee Sent No Reject	0	6	0	8	0	8	1	5				
Post / Bond & Fee Sent After Reject	0	13	0	2	0	4	0	1				
App Void or Withdrawn	0	3	0	0	0	1	0	0				
App Not Yet Processed	0	0	0	9	3	0	12	15				
	JAN		FEB		MAR		APR		MAY		JUN	

Source: Teale Program A768 – Action Codes

Most Common Reasons for Rejection:

1. Personnel listed on application needs to match the personnel listed on SOS records. (32) (34) (37) (23)
2. Personnel information needs clarification or is missing, i.e., DOB, middle name, title. (10) (9) (4) (14)
3. The LLC / SOS registration number is missing or incorrect. (9) (9) (4) (9)
4. The business name on the application does not match LLC / SOS registration information. (8) (9) (5) (8)
5. Questions (page 2 of application, #10-14) are missing or incomplete. (8) (9) (2) (2)

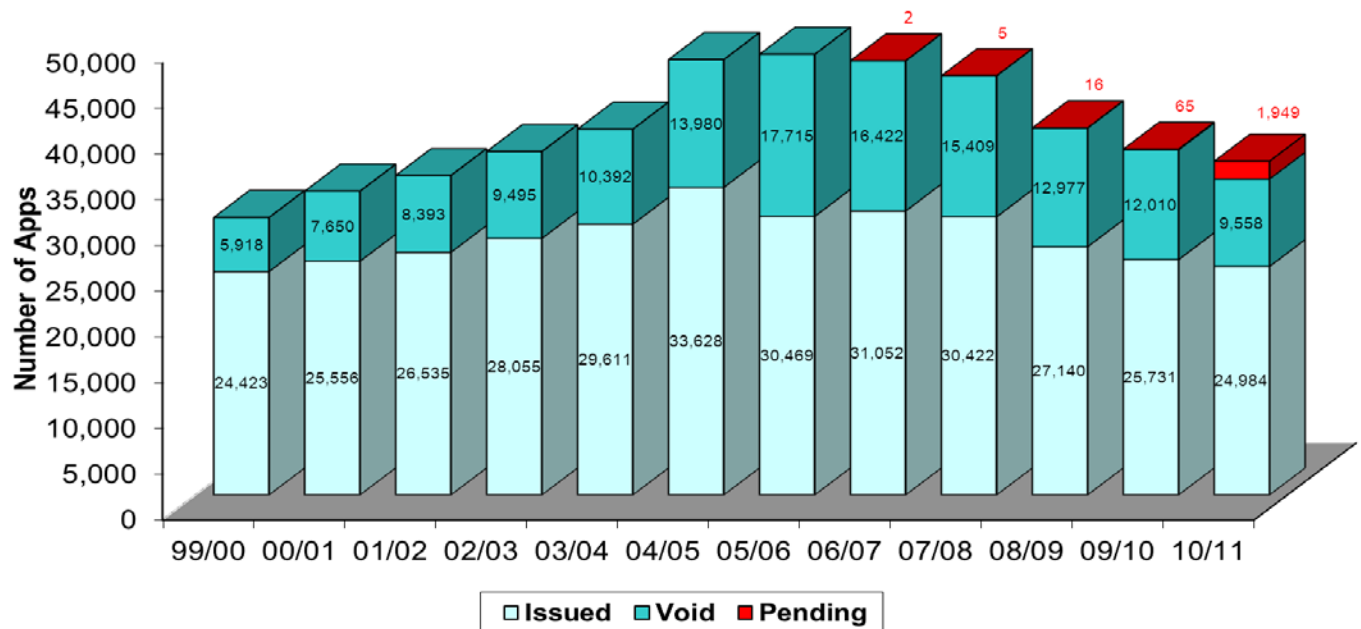
The most common reason for rejection is staff’s inability to confirm and match the name(s,) title(s) and total count of LLC personnel. The California Office of the Secretary of State (SOS) is still experiencing a delay in entering Statements of Information (SOI) into their database. This four-month backlog is beyond CSLB’s control. The SOI is required for processing the LLC application, as it provides staff with the total number and names of LLC personnel, crucial in determining the appropriate amount for the LLC liability insurance requirement (between \$1 million and \$5 million.) SOS offers expedited 24-hour processing of the SOI for an additional fee.

Applicants are also failing to furnish the required LLC business name and / or LLC registration number provided by SOS.



Disposition of Applications by Fiscal Year Teale Report S724: Run Date 04/01/2012

(Includes: Original, Add Class, Replacing the Qualifier, Home Improvement Salesperson, Officer Changes*)



License Transaction Processing Times

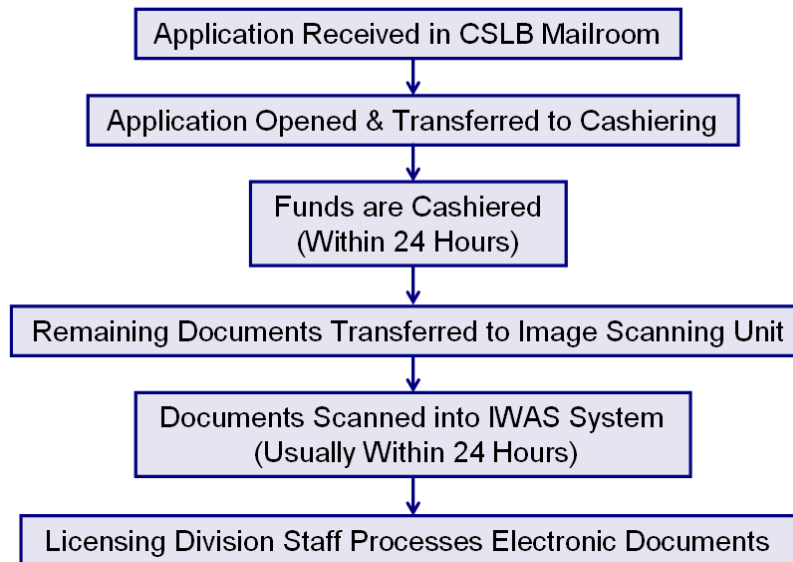
CSLB management continues to monitor processing times for the various units on a weekly and monthly basis. Charts on pages 16 - 18 display “weeks to process” tracking for the various application and license maintenance/transaction units.

The charts indicate the average number of weeks to process for that particular month. Processing times, or “weeks to process,” refers to the number of weeks after an application or document is received in the Board office before that application or document is initially pulled for processing by a technician.

When considering the weeks-to-process timelines, it is important to understand that CSLB’s application and renewal processing schedule automatically has approximately two days of backlog built into the timelines because of cashiering and image-scanning tasks that must be performed before the application or document can be pulled for processing.



CSLB Application Processing Route



Since FY 2008-09, the Licensing division has utilized a minimal amount of overtime in contrast to previous fiscal years when overtime was a regular occurrence. Despite the minimal amount of overtime and the 15% reductions in staff hours due to the three-day-a-month furloughs, the Licensing division has maintained acceptable processing times. This can be attributed to the significant decrease in applications as shown on the first page of this program update.



Fingerprinting/Criminal Background Unit

Since January 2005, all applicants for a CSLB license and each officer, partner, owner, and responsible managing employee, as well as all applicants to be home improvement salespersons, must be fingerprinted and undergo a criminal background check conducted by the California Department of Justice (DOJ). Individuals currently licensed by CSLB who do not apply for any changes to their license and applicants for a joint venture license are not required to be fingerprinted.

CBU staff begins processing Criminal Offender Record Information (CORI) on the same day it is received by conducting a triage and clearing those applicants that have minor, clearable convictions, provided the applicant was honest in disclosing this on the CSLB application. Applicants who did not disclose what would have been considered minor, clearable convictions on their application may be given the opportunity to withdraw the false application and submit a new application and fees on which they accurately disclose their conviction(s). These withdrawal offers are also processed as part of the triage.

Since the fingerprint program began, CSLB has received more than 257,000 transmittals from DOJ. These include clear codes and conviction information.

Of the applicants who were fingerprinted during that time period, CSLB’s Criminal Background Unit (CBU) received CORI for more than 44,000 applicants. That means that DOJ and/or the Federal Bureau of Investigation reported that the individual had a criminal conviction(s) on record.

As a result of CORI files received through April 2012, CBU denied 1,079 applications and issued 1,208 probationary licenses. Of the denied licenses, 540 applicants appealed their denials.

CBU has seen a reduction in the number of fingerprint submissions as a result of the decline in applications, as well as those adding classifications that have already undergone a background check.

Below is a breakdown of CBU statistics by fiscal year:

Criminal Background Unit Statistics									
	FY04-05	FY05-06	FY06-07	FY07-08	FY08-09	FY09-10	FY10-11	FY11-12*	TOTALS
DOJ Records Received	9,524	58,007	46,735	39,361	35,220	27,330	24,730	15,321	257,825
CORI RAPP Received	949	8,410	8,057	6,484	6,253	5,254	5,201	3,247	44,152
Denials	224	219	237	88	76	63	108	56	1,079
Appeals	71	113	130	45	47	29	62	34	540
Probationary Licenses Issued	0	0	126	290	206	203	243	128	1,208

*Through April 30, 2012



Licensing Information Center (LIC)

Call Center Workload

The volume of calls received during the first quarter of 2012 increased approximately 29% from the final quarter of 2011. Subsequently, call wait times have increased. The increased volume is seasonal; however, a large processing backlog of workers' compensation certificates led to many additional calls. Once the backlog was eliminated, call volume returned to normal levels.

Lack of call center agents continues to weigh on call wait time. Wait time increases dramatically during the lunch hours and, even with staggered lunch schedules, there is not enough staff to handle the incoming volume of calls. To prevent wait times from exceeding 45 minutes, the Automated Call Distribution (ACD) system queue was reduced from a 50 call capacity to 35. The reduced call queue keeps wait times at acceptable levels and prevents only a small number of callers from getting through to an agent during peak hours.

The lack of LIC staff has led the number of calls holding in the call queue to reach the system maximum on several occasions. When the call queue is maxed out, CSLB cannot receive any additional inbound calls. After 5:00 p.m., although no inbound calls can be received, callers already waiting in the queue prior to the 5:00 p.m. shut-off time remain on hold. Staff has been forced to stay after hours in order to answer all the calls waiting in the queue. This poses a problem since staff is working more than eight hours without authorized overtime. There have been four times during the quarter where the Call Center has been shut down towards the end of the day because the queue gets to levels where agents would be forced to work unapproved overtime to take calls after 5:00 p.m. These situations are rare but will continue to be monitored.

Staffing Update

LIC has continued to experience a high number of staff vacancies due to retirements and attrition. There are currently five vacant positions in the call center, one vacant position at the Front Counter, and one position on loan to the Department of Consumer Affairs. The statewide hiring freeze and lack of qualified candidates have been roadblocks to filling vacancies; however, LIC has worked diligently to increase staffing resources.

LIC has recruited two full-time Program Technician II's who started in May 2012. The call center has also added two part-time retired annuitants who will work during peak call hours (10:00 a.m. – 2:00 p.m.). Both of the retired annuitants have previously worked in CSLB's call center and are already trained on CSLB laws and policies.

Additionally, LIC has recruited five student assistant positions who will immediately add value to the Licensing division. The students will provide support in a number of areas, including assisting customers at the Front Counter, handling return mail, processing forms and publication requests, research, and special projects. A three-day orientation class will be held to introduce the students to the Board and the various units. They also will be provided training materials that will familiarize them with the Board's policies and procedures.



Overall, these personnel actions will lead to increased operational ability, lower call wait times, and a higher level of customer service.

Increased Training

LIC continues to strive to provide timely, efficient, and professional services to its customers. In working toward this goal, LIC established a position to serve as a trainer and expert resource to other LIC staff. LIC held a week-long licensing training program for new employees and existing employees who desired to increase their knowledge base. The training is an effective way to provide employees with an in-depth look at the board as a whole and the roles of the various units.

Quick Tip Program

For training and development purposes, the “Quick Tip” program was developed for the entire Licensing division. Every morning, a daily Quick Tip is e-mailed to all Licensing staff with information on CSLB laws, regulations, and policies. These daily reminders are an efficient way to distribute critical information and to keep staff apprised of any changing policies and procedures. A Quick Tip e-mail account has been set up (quicktips@cslb.ca.gov), which allows staff to provide feedback on the Quick Tips along with any questions, concerns, or suggestions.

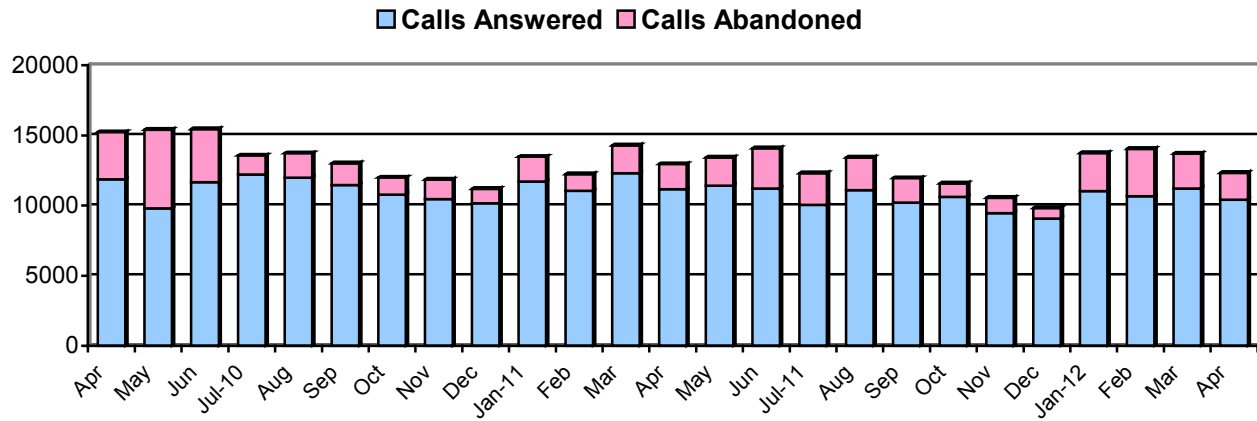
Call Center Processing

A call center processing e-mail inbox (callcenterprocessing@cslb.ca.gov) has been established as a full-service resolution program for licensees who need their licenses updated to satisfy a suspension or to avoid a suspension. These are urgent matters that often require immediate resolution. Having this processing capability allows these matters to be resolved on-the-spot and prevents these types of callers from being transferred to other processing units. Additionally, the call center now has the ability to scan and e-mail renewal applications to licensees whose licenses are going to expire within the month. Requests are processed within 24 hours at the call center level and licensees have been pleased with the increased level of service.

The call center will also start cross-training with other Licensing units to help increase their knowledge of policies and procedures. This will help create cohesion between the call center and other Licensing units and will help ensure that customers are receiving accurate, consistent information.



Licensing Information Center Call Data



	Apr 2011	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr
Calls Received	12,977	13,463	14,085	12,328	13,433	11,963	11,577	10,552	9,880	13,698	14,042	13,705	12,337
Calls Answered	11,164	11,423	11,214	10,047	11,090	10,203	10,629	9,465	9,080	11,036	10,667	11,220	10,427
Calls Abandoned	1,792	2,010	2,867	2,270	2,342	1,759	948	1,086	746	2,714	3,372	2,484	1,903
Longest Wait Time	17:26	19:36	22:09	27:18	20:39	20:49	17:18	12:25	10:39	25:20	39:00	26:14	16:17
Shortest Wait Time	1:19	2:28	3:07	4:16	3:39	3:10	0:30	1:34	1:02	4:41	4:03	2:47	2:54
Average Wait Time	6:57	7:41	10:31	10:01	9:43	9:16	8:07	7:39	4:21	7:44	14:38	8:49	8:59



Judgment Unit

Judgment Unit staff process all outstanding liabilities, judgments, and payment of claims reported to CSLB by licensees, consumers, attorneys, credit recovery firms, bonding companies, CSLB's Enforcement division, and other governmental agencies. In addition, the Judgment Unit processes all documentation and correspondence related to resolving these issues, such as satisfactions, payment plans, bankruptcies, accords, motions to vacate, etc.

Outstanding liabilities are reported to CSLB by:

- Employment Development Department
- Department of Industrial Relations
 - Division of Occupational Safety and Health
 - Division of Labor Standards Enforcement
- Franchise Tax Board
- CSLB Cashiering Unit

Unsatisfied judgments are reported to CSLB by:

- Contractors
- Consumers
- Attorneys

Payments of claims are reported to CSLB by:

- Bonding companies

When CSLB receives timely notification of an outstanding liability, judgment or payment of claim, an initial letter is sent to the licensee explaining options and a timeframe for complying, which are 90 days for judgments and payment of claims and 60 days for outstanding liabilities.

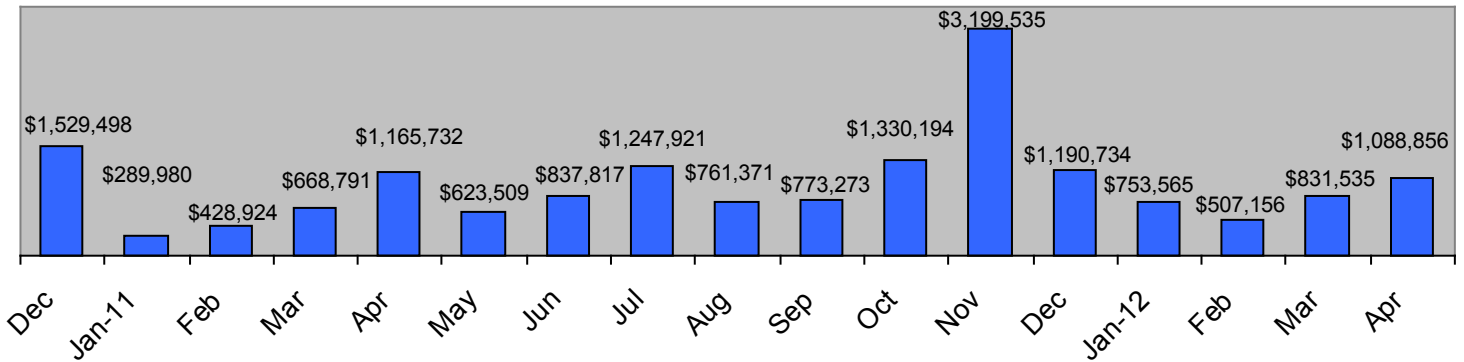
If compliance is not made within the allowed timeframe, the license is suspended and a suspend letter is sent to the contractor. A reinstatement letter is sent when compliance is met.



OUTSTANDING LIABILITIES

Letter Type Sent	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr
Initial	54	46	83	140	62	71	89	62	73	71	48	71	174	98	56	52	39
Suspend	88	54	52	50	30	104	56	36	57	56	64	42	89	79	66	53	52
Reinstate	31	15	40	91	70	84	59	28	38	52	41	32	117	48	35	32	48

SAVINGS TO THE PUBLIC

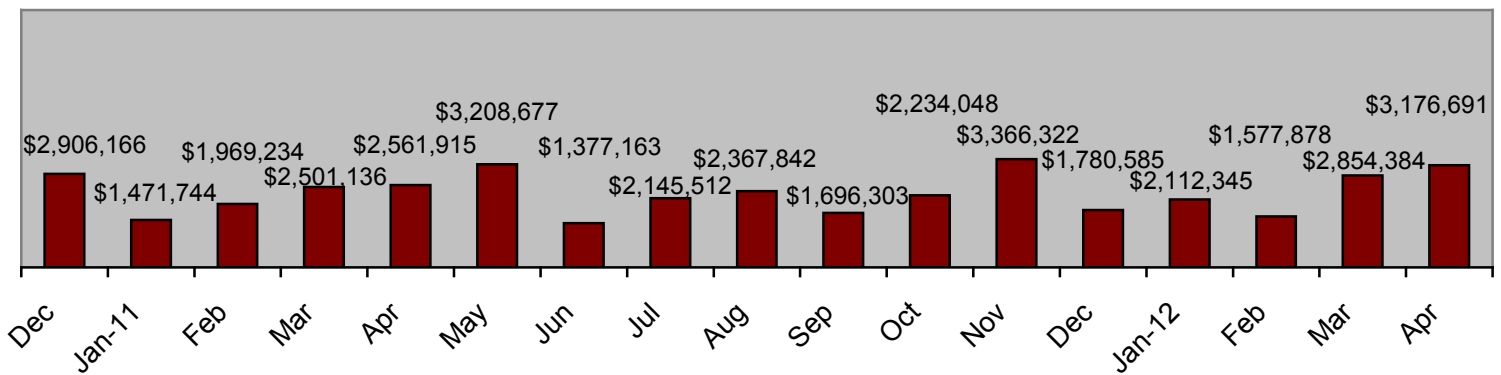




JUDGMENTS

Letter Type Sent	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr
Initial	239	183	208	224	212	220	227	222	205	225	219	170	192	186	177	204	190
Suspend	78	89	91	109	84	84	77	92	114	82	84	81	93	85	74	79	75
Reinstate	162	98	154	191	165	165	135	131	186	145	162	132	127	156	153	169	194

SAVINGS TO THE PUBLIC

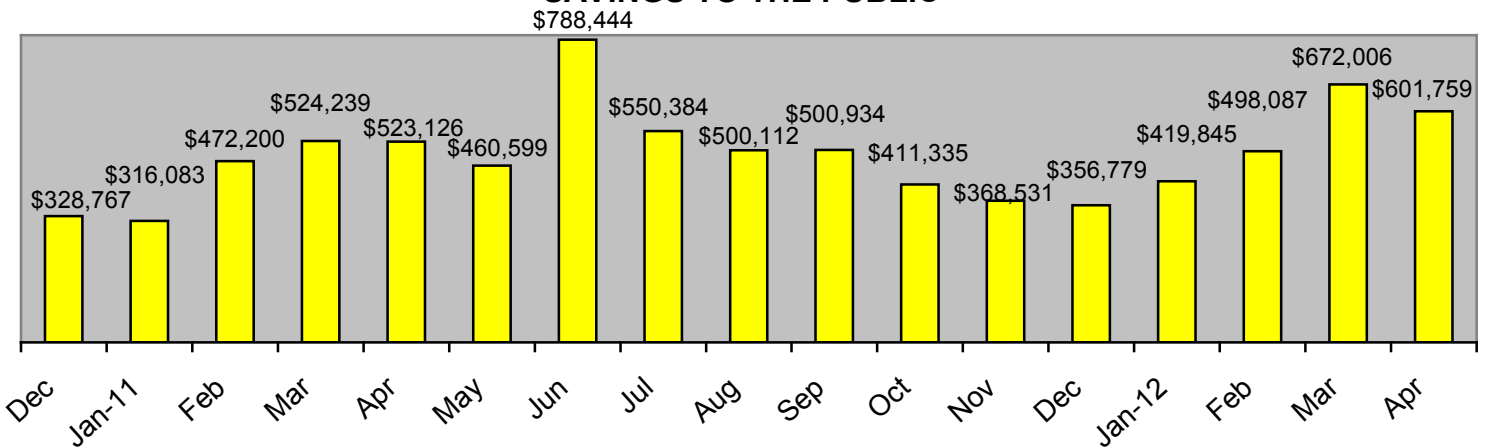




PAYMENT OF CLAIMS

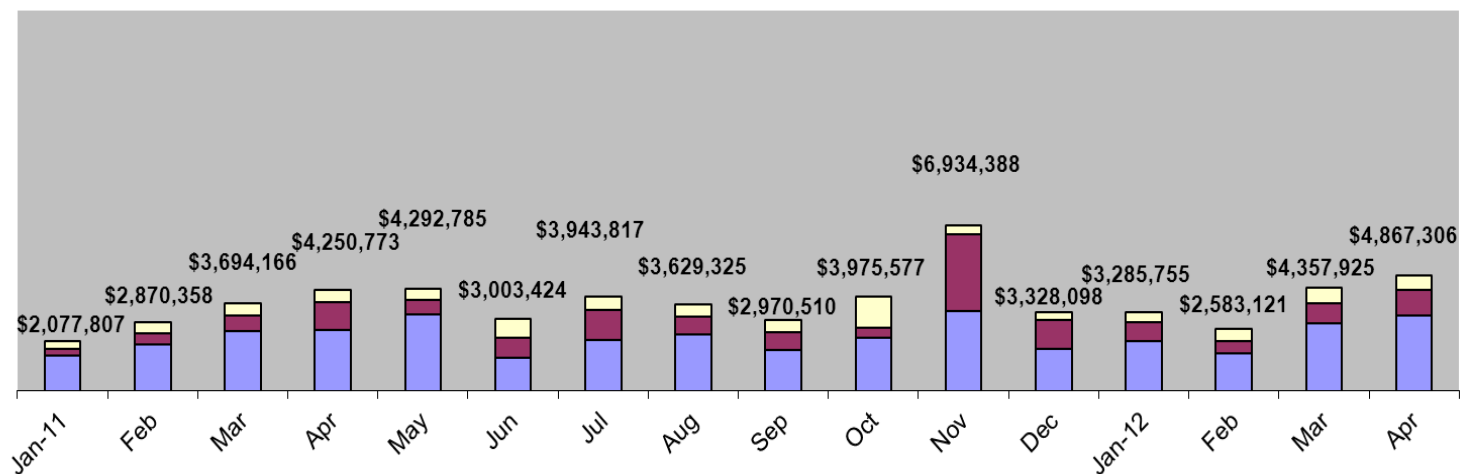
Letter Type Sent	Dec	Jan 2011	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2012	Feb	Mar	Apr
Initial	310	218	205	251	220	213	234	188	177	120	224	155	152	106	124	241	165
Suspend	74	60	96	226	182	163	171	161	159	116	139	103	86	174	99	103	92
Reinstate	70	68	109	119	136	110	137	130	110	114	84	78	85	87	116	130	124

SAVINGS TO THE PUBLIC



TOTAL SAVINGS TO PUBLIC

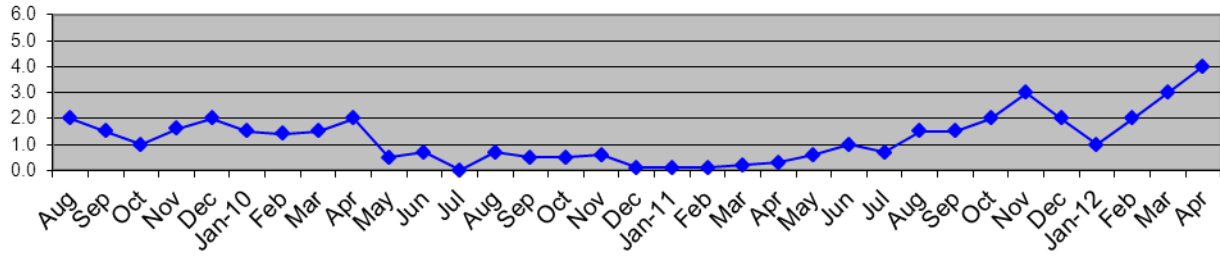
■ Judgments ■ Outstanding Liabilities □ Payment of Claims



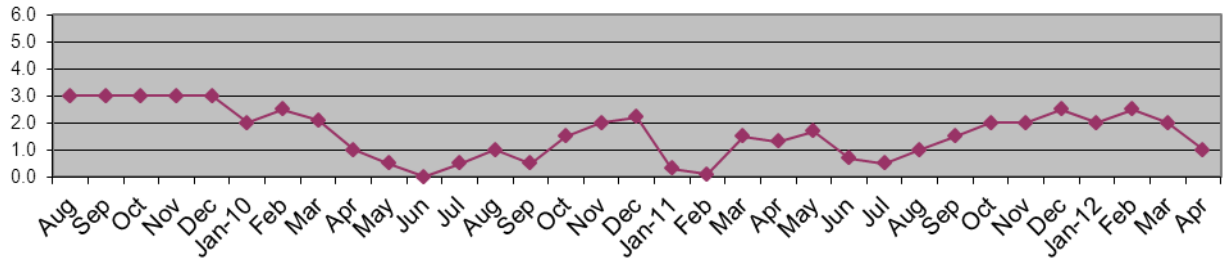


Number of Weeks Before Being Pulled for Processing

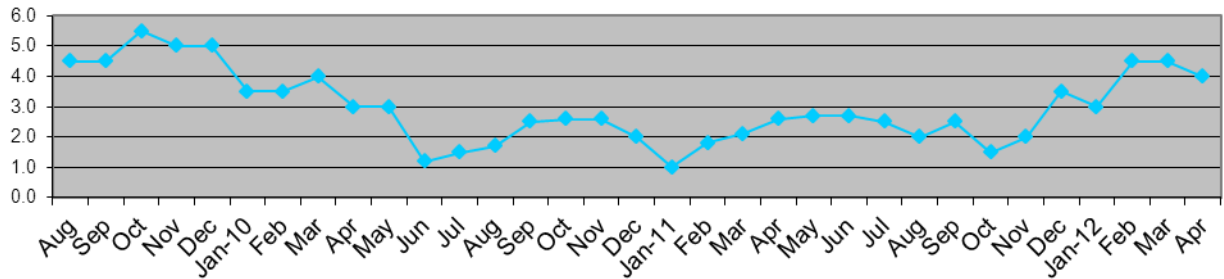
Application for Original License - Exam



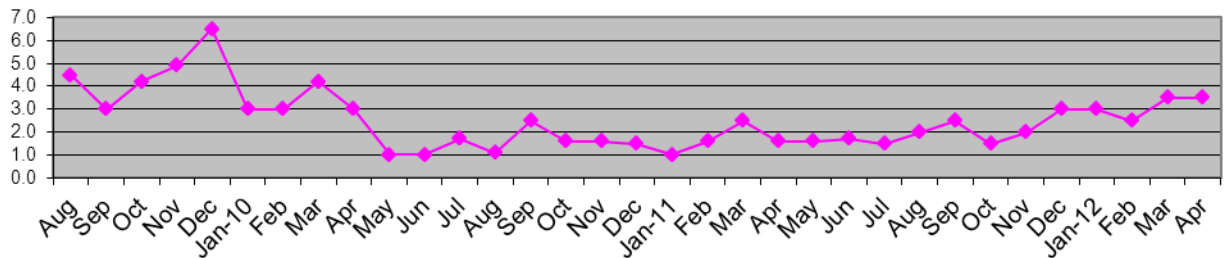
Application for Original License - Waiver



Application for Additional Classification



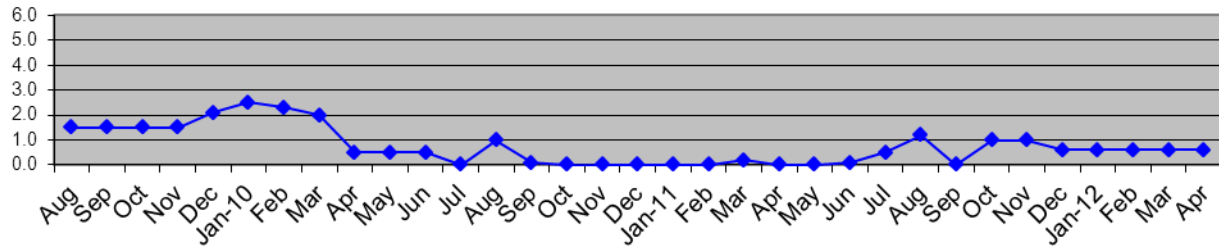
Application to Replace the Qualifier



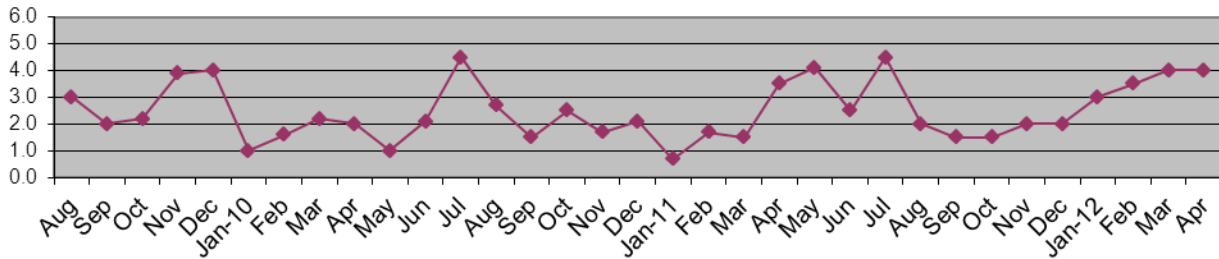


Number of Weeks Before Being Pulled for Processing

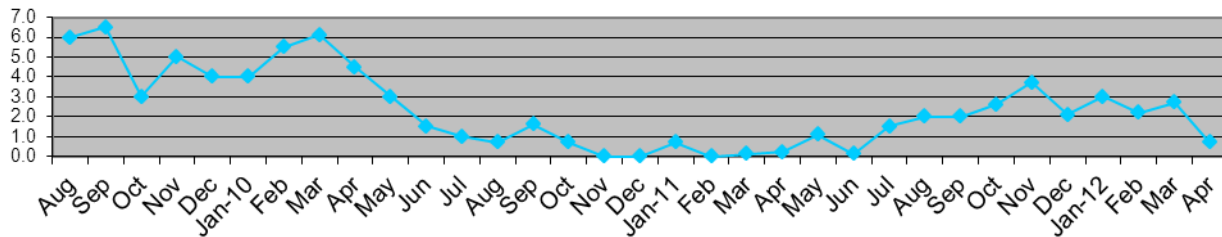
Application for Renewal



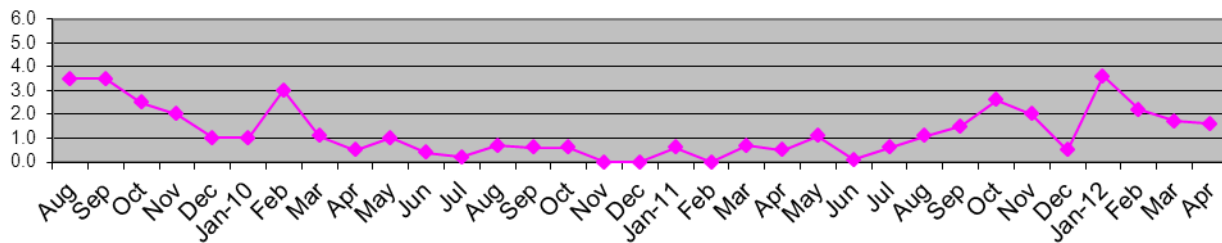
Home Improvement Salesperson (HIS) Application



Application to Report/Change Officers



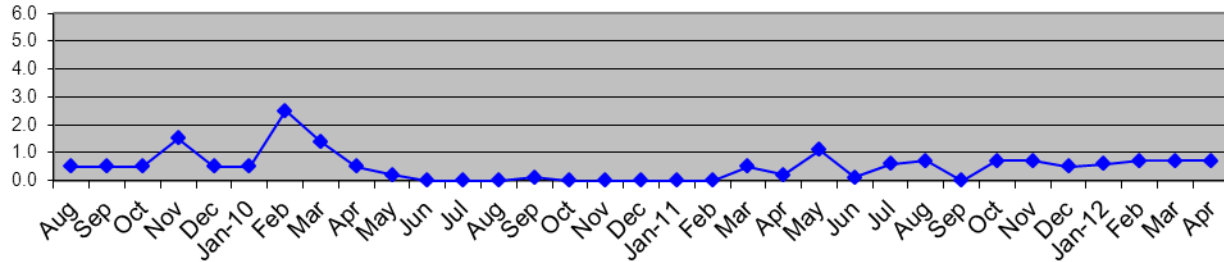
Application to Change Business Name or Address



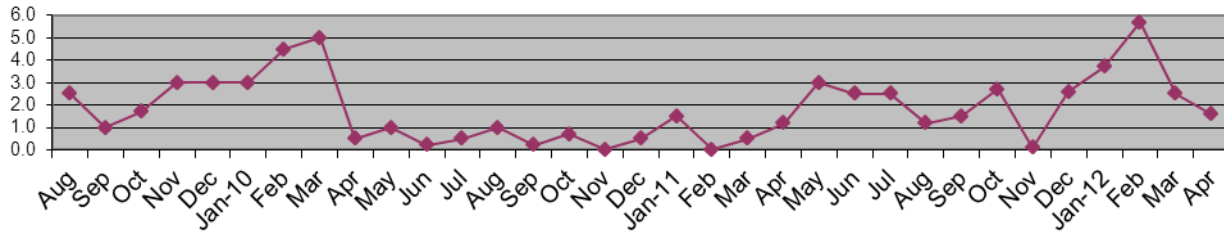


Number of Weeks Before Being Pulled for Processing

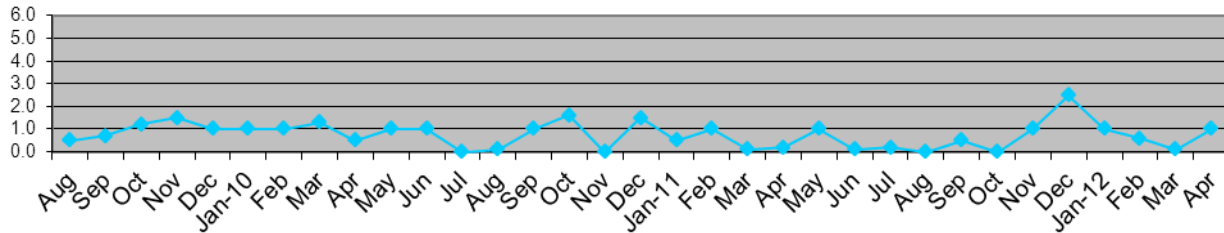
Contractor's Bond and Bond of Qualifying Individual



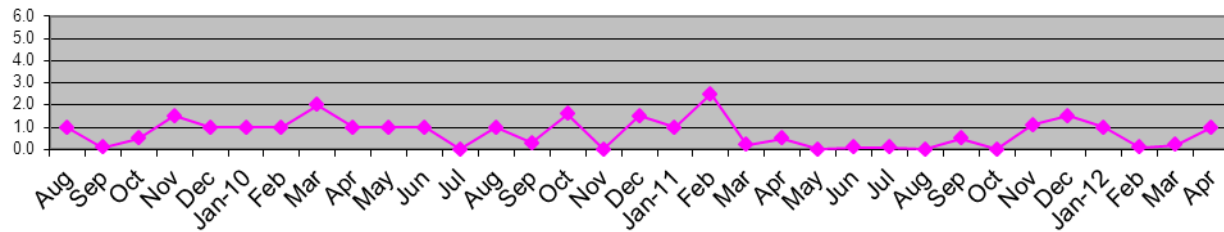
Workers' Compensation Certificates and Exemptions



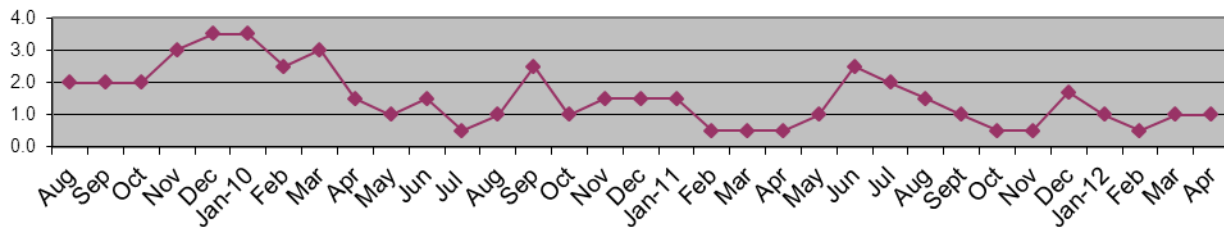
Certified License History



Request for Copies of Documents



Criminal Background Unit - CORI Review



AGENDA ITEM J-2

Testing Division Update





Staffing

The Testing division has a total of three vacant positions, one analyst who works in southern California in the Examination Administration Unit (EAU) and one testing specialist in the Examination Development Unit (EDU). All test monitor positions are filled. CSLB is still waiting for DCA and DPA approval to fill the position that supervises the EAU, and two analysts are designated as leads to manage the workload.

Examination Wait Time

The wait time for an examination date is three weeks, statewide. On any given day, walk-in applicants have an excellent chance of finding an available seat in any CSLB testing center.

Testing Center Status

CSLB maintains eight testing centers:

1. Sacramento
2. Oakland
3. San Jose
4. Fresno
5. Oxnard
6. Norwalk
7. San Bernardino
8. San Diego

The Oxnard and Fresno testing centers' seat spacing was reconfigured to allow applicants to move or get up from their seats comfortably. The interior of the Oakland testing center is scheduled to be repainted shortly.

Examination Development

The Testing division's Examination Development Unit (EDU) is responsible for ensuring that CSLB's 45 examinations are maintained and updated in accordance with testing standards, guidelines, and CSLB regulations.

The examination development process involves two phases: occupational analysis and new examination development, and must be completed every five-to-seven years for each of CSLB's examinations.

The occupational analysis phase determines what information is relevant to each contractor classification, and in what proportions it should be tested.

The new examination development phase involves reviewing and revising the existing test questions, writing new test questions, and determining the passing score for the new examination.



The EDU has recently completed new occupational analyses for the following classifications:

- C-42 Sanitation Systems
- C-46 Solar

In addition, the EDU has completed new examinations for the following classifications:

- C-2 Insulation and Acoustical
- C-31 Construction Zone Traffic Control
- C-53 Swimming Pool

The table that follows indicates the occupational analysis and examination development projects that are currently under way:

Occupational Analyses in Progress	New Examinations in Progress
C-34 Pipeline	C-4 Boiler, Hot-Water Heating and Steam Fitting
C-45 Sign	C-7 Low Voltage
C-50 Reinforcing Steel	C-16 Fire Protection
C-55 Water Conditioning	C-21 Building Moving and Demolition
C-57 Well Drilling	C-42 Sanitation Systems
Hazardous Certification	C-46 Solar
	C-47 General Manufactured Housing

The Testing division is using email surveys as much as possible for occupational analysis projects because they are quicker, less expensive, and they require no data entry. CSLB does not have email addresses for all contractors, however, so paper surveys are also being utilized to make sure CSLB reaches a large enough sample of licensees.

Utilization of CSLB Testing Centers for Other Projects

Due to the reduced number of CSLB licensing examinations being administered, the Testing division is extending the utilization of the CSLB testing centers for other purposes.

On June 12, 2012, the Testing division will again administer the Enforcement Representative I civil service examination at five CSLB testing centers. This project was the culmination of a partnership between the DCA Office of Human Resources, the CSLB Personnel Unit, the CSLB Information Technology division, and the CSLB Testing division.

Beginning in July or August, the Norwalk and San Bernardino testing centers will be used by DCA for BreZE training. The centers will be use twice a week for training for five weeks. This is the first time the centers have been used for training purposes.



Ongoing Consumer Satisfaction Survey

The Testing division conducts an ongoing survey of consumers whose complaint cases have been closed. The survey is design to assess overall satisfaction with the Enforcement division's handling of complaints in eight content categories, and the data is compiled into an annual report.

Prior to 2010, the CSLB mailed the survey to a random sample of consumers, and it often was mailed out 6-9 months after consumers' cases were closed. To speed up the survey distribution and improve efficiency, in 2010, CSLB began emailing the survey to all consumers with closed complaints who provide CSLB with their email address during the complaint process.

Beginning in 2011, consumers whose complaints were closed in the previous month were sent the survey in the following quarter. The 2011 data was recently compiled, and the 2011 report will be ready for the next CSLB Board meeting.

The IT division has streamlined operations for this project, and from this point forward the plan is to email the survey out monthly instead of quarterly. This will allow Testing to make the annual report available sooner, and quarterly reports could also be available.

AGENDA ITEM K

Executive Committee Report



AGENDA ITEM K-1

Administration and Information Technology Update





CONTACTORS STATE LICENSE BOARD

ADMINISTRATIVE AND IT PROGRAM UPDATE

ADMINISTRATIVE PROGRAM UPDATE

PERSONNEL UPDATE

Examinations

DIVISION	EXAM	STATUS
Enforcement	Enforcement Representative I, CSLB	Continuous merge; Statewide at CSLB testing centers.
	Enforcement Supervisor I, CSLB Enforcement Supervisor II, CSLB	New eligible list was established for both classifications on 3/14/12. List will expire on 3/14/16.
Information Technology	Assistant Information Systems Analyst	Continuous Filing; Open exam.
	Associate Information Systems Analyst	Continuous Filing; Open exam.
All CSLB	Associate Government Program Analyst	Continuous Filing; Open exam; online testing.
Licensing Division	Program Technician III	New eligible list was established on 2/2/12 and will expire on 2/2/16.
Testing	Test Validation & Development Specialist II	Continuous testing.
All CSLB	Staff Services Manager I	Continuous Filing; Open exam; online testing.
	Staff Services Manager II	Continuous Filing; Open exam; online testing.
	Staff Services Manager III	Continuous Filing; Open exam; online testing.

Positions

As of May 21, 2012, there are 52.5 vacant positions at CSLB. Between January 11, 2012 and May 21, 2012, CSLB had 15 departmental transfers, 8 promotions, and 18 new hires.

The following table illustrates the vacancy breakdown as of May 21, 2012:

DIVISION	AUTHORIZED PY'S	VACANCIES
Administration	31	6
Enforcement	222	20
Executive/Public Affairs	12.5	2
Information Technology	21	2
Licensing	115	18
Testing	31	4.5
TOTALS	432.5	52.5

Note: This does not include vacant positions for which hiring commitments have been made.



BUSINESS SERVICES UPDATE

Space/Leasing/Facilities:

San Bernardino – Final plans drawn and approved for a Public Counter with bullet-proof glass.

Bakersfield – New site selected; final plans drawn and approved, waiting for pre-construction meeting to be scheduled.

Oxnard Testing – Completed remodel of office to remove six testing stations to make more room for testing candidates.

Fresno Testing – Remodel office to increase space for testing candidates; scheduled for May 31st.

Fresno IC – Reconfigure modular furniture to accommodate six employees.

Fresno SWIFT – Vacate the State building and move to the Fresno IC office. The Department of General Services (DGS) is advertising a backfill for our space.

Oakland – Need to vacate; paperwork has been submitted to DGS. They are advertising a backfill for our space.

Contracts:

Sharp Copiers – Five copiers with maintenance

Pitney Bowes – Maintenance for inserter machine

In-a-Bind – Laminating machine with maintenance

Pitney Bowes – Rental and maintenance for field postage machines

Pitney Bowes – Rental and maintenance for HQ postage machine and folder

Workers Comp – Data access for Enforcement staff

Total Shred – Shredding services for field staff

CalHR – Peace officer testing

Fleet Management:

CSLB is in the process of surveying 15 enforcement vehicles throughout the board per the Governor's Executive order B-2-11, and also is in the process of replacing 10 enforcement vehicles throughout the board.

Records Management:

The file room staff is continuing to purge cancelled/expired license files from the HQ file room.



INFORMATION TECHNOLOGY DIVISION UPDATE

BreEZe

BreEZe will include e-payment/online licensure, licensing and enforcement, and imaging functions as well as workflow.

The Department of Consumer Affairs (DCA) has signed the contract with Accenture. The vendor started in late September and is currently working with state staff in defining the requirements for Phase I as well as developing standards for various data elements and interfaces. CSLB has two business subject matter experts (SME's) as well as two Information Technology staff working with the BreEZe team to define the requirements.

The BreEZe Change Control Board (CCB) has been established. CSLB Chief Deputy Registrar Cindi Christenson is a member of this board. The board's primary function is to review and approve changes to current systems that will impact BreEZe requirements and/or changes to BreEZe requirements that are not within the original scope.

Because the project is in its design phase of BreEZe, a controlled freeze was implemented. This controlled freeze requires all modifications made to CSLB's current system, which have the potential to impact BreEZe design, be brought before the CCB prior to the work beginning.

California Email System Mail

Executive Order S-03-10 mandated that State agencies transition to the State's shared email system (AKA: California Email System (CES) Mail Project). The Departments that fall under this executive order are being moved in three waves. CSLB (Amy Cox-O'Farrell) was lead of the CES Project for the DCA. All DCA entities have converted as of April 2012 to the CES.

Workers' Compensation

AB 397 mandates that at the time of renewal, an active contractor licensee with an exemption for workers' compensation insurance on file with the board to either recertify the licensee's exemption or to provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. The bill also provides for retroactive license renewal, as specified, for otherwise acceptable license renewal applications when the applicant provides the required documentation within 30 days after notification by the board of the renewal rejection.

CSLB Information Technology staff is currently on schedule to meet the Licensing division's requested July 1, 2012 completion date.

AGENDA ITEM K-2

Budget Update





CONTRACTORS STATE LICENSE BOARD

BUDGET UPDATE

❖ Fiscal Year (FY) 2011-12 CSLB Budget and Expenditures

- Through April 30, 2012, CSLB spent or encumbered \$44.3 million, roughly 76 percent of its FY 2011-12 final budget.

The following chart provides a summary of the final FY 2011-12 CSLB budget, along with the FY 2011-12 expenditures through April 2012:

EXPENDITURE DESCRIPTION	FY 2011-12 FINAL BUDGET	APRIL 2012 EXPENSES	BALANCE	% OF BUDGET REMAINING
PERSONNEL SERVICES				
Salary & Wages (Staff)	21,926,048	15,932,551	5,993,497	27.3%
Board Members	15,900	9,500	6,400	40.3%
Temp Help	12,100	856,800	-844,700	-6981.0%
Exam Proctor	41,168	100,949	-59,781	-145.2%
Overtime	6,575	81,874	-75,299	-1145.2%
Staff Benefits	8,684,602	6,764,627	1,919,975	22.1%
Salary Savings	-1,228,071	0	-1,228,071	
TOTALS, PERSONNEL	29,458,322	23,746,301	5,712,021	19.4%
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	20,619,431	17,143,221	3,476,210	16.9%
Exams	435,882	247,740	188,142	43.2%
Enforcement	8,279,124	3,795,272	4,483,852	54.2%
TOTALS, OE&E	29,334,437	21,186,233	8,148,204	27.8%
TOTALS	58,792,759	44,932,534	13,860,225	23.6%
Scheduled Reimbursements	-353,000	-162,839	-190,161	
Unscheduled Reimbursements	-120,000	-426,730	306,730	
TOTALS, NET REIMBURSEMENTS	58,319,759	44,342,965	13,976,794	24.0%

❖ Revenue

- CSLB received the following revenue amounts through April 30, 2012:

Revenue Category	Through 4/30/2012	Percent of Revenue	Change from prior year (4/30/2012)
Duplicate License/Wall Certificate Fees	\$ 98,344	0.2%	-2.8%
New License and Application Fees	12,262,000	17.5%	-0.4%
License and Registration Renewal Fees	40,854,000	74.6%	11.4%
Delinquent Renewal Fees	2,841,000	4.2%	8.9%
Interest	1,000	0.1%	-47.7%
Penalty Assessments	798,000	1.6%	35.1%
Misc. Revenue	165,000	1.8%	81.5%
Total	\$37,287,763	100.0%	10.7%



Contractors' License Fund Status

- Attached below is the fund condition for the Contractors' License Fund, which shows the final FY 2010-11 reserve (\$14.9 million – approximately three months' reserve), along with the projected reversion amounts for FY 2011-12 through FY 2013-14:

	Final FY 2010-11	Proj. FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14
Beginning Balance	\$20,958	\$14,859	\$20,425	\$15,295
Prior Year Adjustment	\$372	\$0	\$0	\$0
Adjusted Beginning Balance	\$21,330	\$14,859	\$20,425	\$15,295
Revenues and Transfers				
Revenue	\$48,437	\$53,519	\$54,430	\$54,782
Transfer from General Fund		\$10,737		
Totals, Resources	\$69,767	\$79,115	\$74,855	\$70,077
Expenditures				
Disbursements:				
Program Expenditures (State Operations)	\$54,783	\$58,440	\$59,454	\$60,643
State Controller (State Operations)	\$89	\$64	\$57	
Financial Info System Charges	\$36	\$186	\$49	
Total Expenditures	\$54,908	\$58,690	\$59,560	\$60,643
Fund Balance				
Reserve for economic uncertainties	\$14,859	\$20,425	\$15,295	\$9,434
Months in Reserve	3.0	4.1	3.0	1.9

Note: Assumes 1.2% interest. All dollars in thousands. Revenue projections based on Fiscal Year 2011-12 receipts received through April 2012.



❖ **Construction Management Education Account (CMEA) FY 2011-12 Budget and Expenditures**

- Through April 30, 2012, CMEA expended roughly \$9,900 in pro rata charges. The following table provides a budget and expenditure summary for CMEA:

EXPENDITURE DESCRIPTION	FY 2011-12 FINAL BUDGET	APRIL 2012 EXPENSES	BALANCE	% OF BUDGET REMAINING
OPERATING EXPENSES AND EQUIPMENT				
Operating Expenses	14,331	0	14,331	100%
Pro Rata	13,669	9,884	3,785	28%
TOTALS, OE&E	28,000	9,884	18,116	65%
GRANT AWARDS				
Grant Awards	150,000	120,645	29,355	20%
TOTALS, GRANT AWARDS	150,000	120,645	29,355	20%
TOTALS	178,000	130,529	47,471	27%

Note: The pro rata charges to the CMEA fund reflect "billable" costs resulting from grant disbursement beginning in FY 2009-10 (pro rata is billed on a 2-year "roll forward" basis).

❖ **CMEA Fund Condition**

- Attached below is the CMEA fund condition, which shows the final FY 2010-11 reserve, along with projected reversion amounts for FY 2011-12 through FY 2013-14:

	Final FY 2010-11	Proj. FY 2011-12	Proj. FY 2012-13	Proj. FY 2013-14
Beginning Balance	\$405	\$338	\$218	\$94
Prior Year Adjustment	\$0	\$0	\$0	\$0
Adjusted Beginning Balance	\$405	\$338	\$218	\$94
Revenues and Transfers				
Revenue	\$65	\$58	\$55	\$53
Totals, Resources	\$470	\$396	\$273	\$147
Expenditures				
Disbursements:				
Grants	\$132	\$150	\$150	\$150
State Operations	\$0	\$28	\$29	\$29
Total Disbursements	\$132	\$178	\$179	\$179
Fund Balance				
Reserve for economic uncertainties	\$338	\$218	\$94	(\$32)
Months in Reserve	22.8	14.6	6.3	-2.1

Note: Assumes 1.2% interest. All dollars in thousands. Revenue projections based on Fiscal Year 2011-12 receipts received through April 2012.



CONTRACTORS STATE LICENSE BOARD

STATISTICS SUMMARY

Applications Received

	2009-10	2010-11	2011-12
July	3,154	2,966	2,082
August	3,105	3,137	2,801
September	2,953	2,904	2,572
October	2,914	2,702	2,688
November	2,736	2,852	2,257
December	2,453	2,531	2,269
January	2,806	2,705	2,599
February	3,113	2,973	2,884
March	3,617	3,534	3,345
April	3,667	3,240	3,041
Total	30,518	29,544	26,538

Original Licenses Issued

	2009-10	2010-11	2011-12
July	1,090	1,134	1,118
August	1,210	1,138	1,234
September	1,115	1,140	1,097
October	1,295	1,067	921
November	787	1,108	770
December	1,237	1,089	861
January	1,425	1,106	935
February	1,058	1,108	945
March	1,376	1,459	1,304
April	1,598	1,175	1,000
Total	12,191	11,524	10,185

Licenses Renewed

	2009-10	2010-11	2011-12
July	9,287	13,287	9,291
August	9,439	10,710	11,856
September	9,957	10,816	9,863
October	10,735	9,772	9,634
November	6,600	8,364	8,373
December	8,913	10,365	8,828
January	10,456	9,552	9,850
February	9,812	9,377	9,062
March	12,615	10,778	12,405
April	13,103	11,237	9,905
Total	100,917	104,258	99,097

**HIS Registrations Renewed**

	2009-10	2010-11	2011-12
July	108	132	99
August	89	110	139
September	117	113	114
October	95	82	120
November	70	117	89
December	93	100	121
January	21	131	113
February	166	154	155
March	123	124	181
April	155	154	116
Total	1037	1217	1247

License Population by Status

	April 2010	April 2011	April 2012
Active	244,300	238,401	233,108
Inactive	64,059	67,019	67,962
Subtotal	308,359	305,420	301,070
Other /1	397,404	414,637	431,085
Expired	342,864	357,147	370,670
Expired % of Other	86.3%	86.1%	86.0%
Grand Total	705,763	720,057	732,155

/1 "Other" includes the following license status categories: cancelled, cancelled due to death, expired, or revoked.

HIS Registration Population by Status

	April 2010	April 2011	April 2012
Active	7,331	7,984	8,554
Other	75,375	78,094	81,052
Total	82,706	86,078	89,606

**Complaints By Fiscal Year**

	2008-09	2009-10	2010-11
Received	20,939	19,876	21,320
Reopened	1,088	1,010	1,076
Closed	22,523	21,532	22,483
Pending (As of June 30)	4,567	3,958	3,891

CSLB Position Vacancies

	April 2011	April 2012
Administration	2.0	6.0
Executive/Public Affairs	2.0	2.0
IT	2.0	2.0
Licensing	9.0	18.0
Enforcement	15.0	20.0
Testing	1.0	4.5
Total	52.0	52.5

AGENDA ITEM K-3

Review and Approval of 2012-2013 Strategic Plan





CONTRACTORS STATE LICENSE BOARD
Strategic Plan 2012-13





MEMBERS OF THE BOARD

ROBERT BROWN, PUBLIC MEMBER

DAVID DIAS, PUBLIC MEMBER

JOAN HANCOCK, CONTRACTOR MEMBER

PASTOR HERRERA JR., PUBLIC MEMBER

MATTHEW KELLY, PUBLIC MEMBER

LOUISE KIRKBRIDE, PUBLIC MEMBER

ROBERT LAMB, PUBLIC MEMBER

ED LANG, PUBLIC MEMBER

JAMES MILLER, PUBLIC MEMBER

LISA MILLER-STRUNK, CONTRACTOR MEMBER

JOHN O'ROURKE, PUBLIC MEMBER

BRUCE RUST, PUBLIC MEMBER

FRANK SCHETTER, CONTRACTOR MEMBER

PAUL SCHIFINO, CONTRACTOR MEMBER

MARK A. THURMAN, CONTRACTOR MEMBER

05/22/12



EDMUND G. BROWN, JR.
Governor

ANNA M. CABALLERO
Secretary, State and Consumer Services Agency

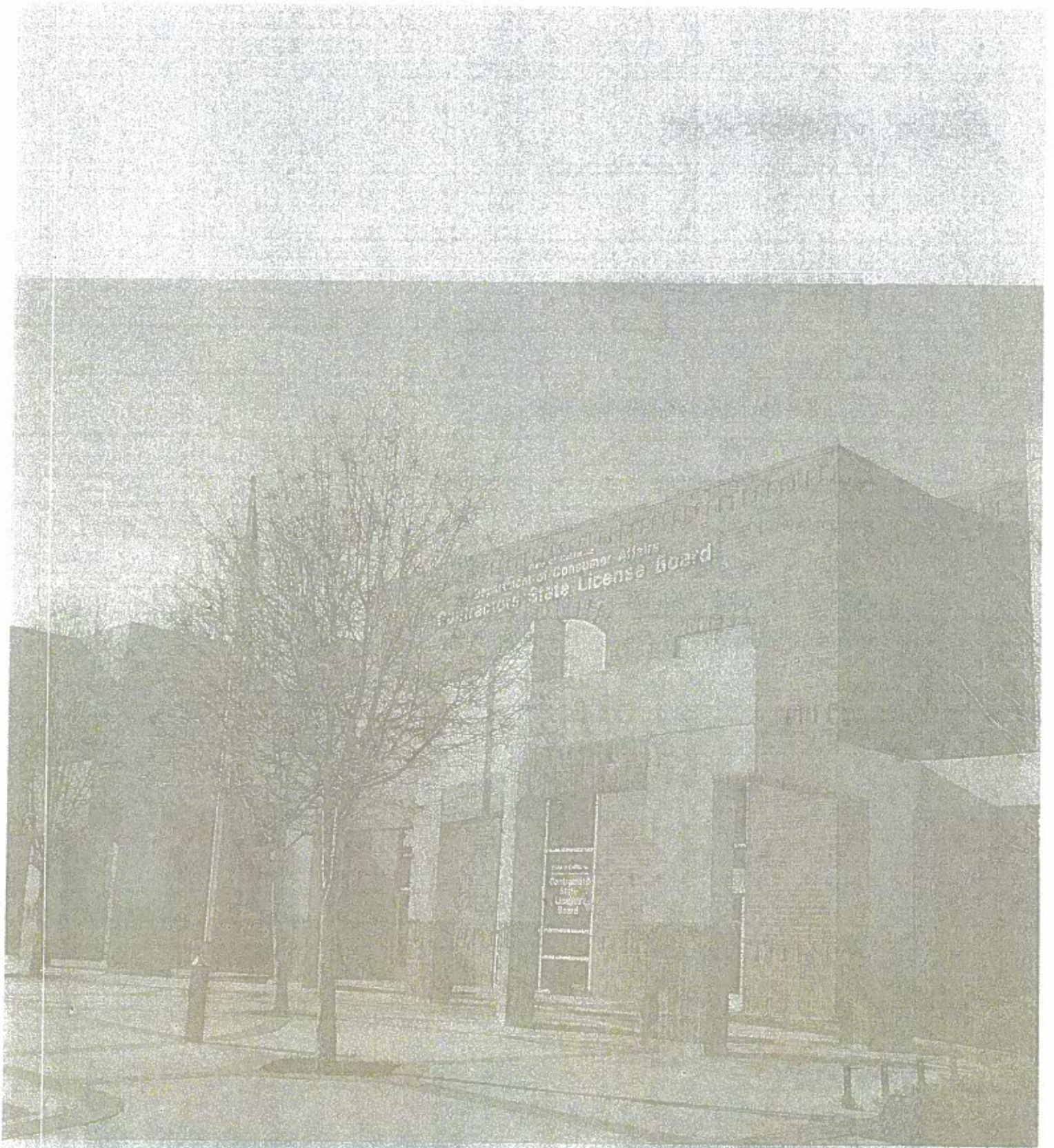
DENISE D. BROWN
Director, Department of Consumer Affairs

STEPHEN P. SANDS
Registrar, Contractors State License Board

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OVERVIEW

The California Contractors State License Board (CSLB) is the consumer protection board charged with licensing and regulating construction contractors who work in the state by:

- resolving consumer complaints;
- educating consumers; and
- enforcing state laws that pertain to contractors.

CSLB licenses or certifies contractors in 45 classifications and registers home improvement salespeople.

Created in 1929, and now an independent board within the California Department of Consumer Affairs (DCA), CSLB is governed by a 15-member board consisting of licensed contractors, a building official, members of the public, and a labor representative. The Registrar of Contractors, appointed by the Board, directs administrative policy.

CSLB activities include reviewing applicant qualifications; administering examinations to test prospective licensees; issuing licenses; informing licensees of new and changing laws, guidelines, and opportunities; investigating complaints against licensed and unlicensed contractors; issuing citations and suspending or revoking licenses; seeking administrative, criminal, and civil sanctions against violators; and informing consumers, contractors, and the industry about CSLB actions.

The construction industry in California is distinct from other states in terms of its breadth, magnitude, and complexity. California is one of the top 10 world economies, and construction has been one of the state's largest industries. California's physical size, large and diverse population, varied landscape and climate, frequent seismic activity, distinctive legal framework, and massive economy create an unusually demanding context for contractor licensing.



SIGNIFICANT 2011-2012 ACCOMPLISHMENTS

Board members develop CSLB's annual strategic plan after reviewing the previous fiscal year's accomplishments:

- CSLB actively and successfully expanded partnerships by leveraging Enforcement staff and resources.
- Despite the challenges associated with downsizing requirements, staff maintained productivity through continuous improvement efforts and re-invention.
- The Board maintained full membership and is adaptable, actively participates, and collaborates well.
- Staff displayed tenacity and passion for success in the intake-mediation process, and with memoranda of understanding (MOUs) with other state and local departments and organizations.
- The use of metrics and measurements contributed to continuous improvement methods.
- CSLB maintained an overall culture of continuous improvement, with outstanding morale and high competency among the Registrar and key staff.
- CSLB's information and education efforts for consumers and contractors continued to expand through regular news media attention and an effective website.
- CSLB implemented license applications for limited liability companies, per Business and Professions Code section 392 (Statutes of 2010, Chapter 698).
- CSLB forged strategic partnerships to implement legislation.
- Phase III electronic payment at CSLB Headquarters is under way (citation payments, public sales jobs, duplicate wall certificates, pocket cards, etc.). Phase II was completed in 2011-12 and expanded the initial four credit/debit card payment types to the current 11 transactions:
 - » Contractor license renewal
 - » HIS registration renewal
 - » Contractor license reactivation

- » Re-examination
 - » Original exam/Exam waiver application
 - » Initial license
 - » Additional classification application
 - » Asbestos certification application
 - » Hazardous certification application
 - » Application to replace qualifying individual
 - » Home improvement salesperson application
- CSLB's mobile website, which provides instant access to the CSLB website, had 483,743 visits that averaged 3 minutes, 15 seconds duration in its first year of operation (February 15, 2011 to February 14, 2012).
 - The database for CSLB's online Email Alert feature, developed by the Information Technology division and Public Affairs Office, continued to increase to the current 94,978 registrants who receive automatic emails related to news and Board activity.
 - CSLB enhanced its proactive consumer education and fraud prevention efforts through expanded Senior Scam StopperSM seminars with legislators and other agencies to inform, empower, and protect seniors from becoming victims of construction fraud and other scams.
 - CSLB social media followers continue to grow on both Facebook and Twitter. The effort gives interested parties a more interactive experience with the Board.





PROGRAM PRIORITIES

The Board has established the following priorities to direct program activities:

1. Focus on early enforcement intervention and high priority (health and safety) complaints.
2. Help keep licensees in business and maintain the collection of revenue by keeping renewals and license maintenance current.
3. License applicants by reviewing qualifications and criminal background, and administering legal and effective exams.
4. Educate consumers about their rights and responsibilities, and stress ways that consumers can protect themselves.
5. Stress early intervention and resolution of reactive complaints, and refer minor complaints to small claims court.
6. Provide services through the Licensing Information Center and the public counter.
7. Ensure that Administrative Services and Information Technology divisions provide the support necessary to maintain unit operations.



CHALLENGES AND CHANGES

California is one of the world's largest economies, and construction has consistently been one of the state's top industries. The importance of efficient and effective regulation of California's construction industry by the Contractors State License Board (CSLB) extends beyond the state's borders and affects the economic vitality of the country and beyond.

Given the current economic struggles, CSLB must continually adjust to dynamic initiatives, technologies and priorities to address the following in the coming fiscal year:

- Heightened issues and challenges during an election year
- State budget challenges that directly impact CSLB programs and staff
- Loss of staff positions; electronic communication devices; vehicles
- Workers' compensation (WC) insurance costs and the impact of WC fraud on the construction industry
- Green contracting, including solar, HVAC, and other climate-related trades that are creating licensing, classification, and enforcement issues
- Preparation of CSLB business processes and staff for BreZE transitions
- Organizational development and training, and overall succession planning



PROACTIVE PRIORITIES

The Board has 30 allocated Enforcement Representative positions to investigate reactive industry complaints. Demands for CSLB resources to combat the underground economy and level the playing field for law-abiding contractors continues to increase. Consequently, the Board was compelled to prioritize proactive complaint investigations and approve process changes to manage workload.

Priority	Controls to Manage Workload
1. Unlicensed Practice at Active Job Sites	Respond to leads with a CSLB enforcement representative conducting a site visit.
2. Workers' Comp Insurance Violations at Active Job Sites	Respond to leads with a CSLB enforcement representative conducting a site visit.
3. Labor/Health and Safety Code (DOSH/DSLE MOUs)	CSLB enforcement representative and partnering agency investigator will conduct a site visit.
4. Out-of-Classification (Licensees)	If there is a health and safety issue or CSLB is unsure whether the contractor is licensed, a site visit may be warranted. Otherwise this will be addressed by IMC or IC staff.
5. Building Permit Enforcement	Investigate only when a jurisdiction is cooperative: <ul style="list-style-type: none">• Building department must be willing to waive fees associated with conducting the investigation• Jurisdiction must provide CSLB with their work product. Evidence of no permit must be attained If work is in progress, possibly conduct a site visit.
6. Public Works Investigations	SWIFT will respond to leads and perform sweeps with other state agencies as applicable. Otherwise, leads will be referred to the CSLB Public Works Unit.

Priority	Controls to Manage Workload
7. Electrician Certification	Only conduct a site visit to verify certification if CSLB is responding with partnering agencies and/or observes workers' compensation violations. Otherwise, work product from a labor compliance agency is required.
8. Illegal Print Advertisements	Process through the IMC where a warning letter, stop order or telephone disconnect can be issued. The action taken is then referred to SWIFT for use in future stings.
9. Referral Fees/Kickbacks	<p>Referral fee enforcement will be handled primarily by IMC. Contractors will be contacted and educated on B&P §7157 – Referral Fee Restrictions. Warning letters will then be issued and used for more stringent action.</p> <p>IC staff will conduct two stings per calendar year to target egregious offenders.</p>
10. Outreach	Public Affairs Office will take the lead; the Enforcement division will develop a list of enforcement representatives available to assist PAO when necessary. To minimize impact on Enforcement work load, staff will work with EDD to develop an outreach packet to educate legislators, contractors, and consumers on the dangers of the underground economy.



MISSION

The Contractors State License Board protects consumers by regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters relating to construction.

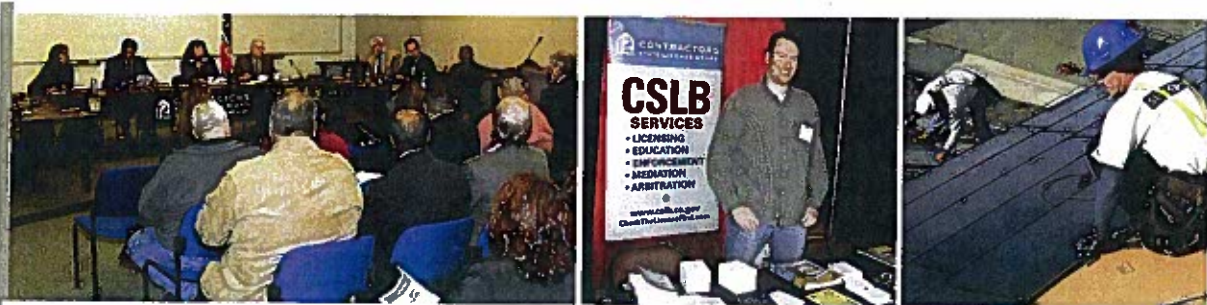
The Contractors State License Board accomplishes this by:

- Requiring licensure for any person practicing or offering to practice construction contracting;
- Ensuring that contractors have skills to perform in a safe, competent, and professional manner;
- Licensing contractors and enforcing licensing laws;
- Enforcing laws, regulations, and standards governing construction contracting in a fair and uniform manner;
- Providing resolution to disputes that arise from construction activities; and
- Educating consumers so they make informed choices.

VISION

California consumers and contractors will have a safe, fair, and competitive marketplace.

- Contractors possess the knowledge, skills, and abilities necessary to provide clients and the general public with professional services and products.
- Consumers have access to adequate redress if they are harmed by incompetent or dishonest contractors.
- Consumers have information they need to make informed choices.
- Contractors have access to information they need to practice competently and honestly.



VALUES

The Contractors State License Board will strive for the highest possible quality throughout all of its programs. To that end:

- CSLB believes in treating all consumers and contractors fairly.
- CSLB supports its staff and their professional dedication.
- CSLB focuses on prevention, providing educational information to consumers and contractors.
- CSLB is progressive, attempting to utilize the most advanced means for providing services.

GOALS

The Contractors State License Board has established goals based upon its five main divisions, to provide the framework of its operational mission:

- 1. Licensing** - Ensure that all applicants and licensees are qualified to provide construction services.
- 2. Enforcement** – Prevent, reduce or eliminate unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare.
- 3. Public Affairs** - Educate consumers to make informed choices about construction services, and ensure that licensed contractors strengthen their technical management and service skills.
- 4. Legislation** - Ensure that statutes, regulations, policies, and procedures strengthen and support CSLB operations.
- 5. Administration** - Enhance organizational effectiveness, and improve the quality of customer service in all programs.



ONGOING GOALS AND OBJECTIVES

LICENSING

Goal 1—Ensure that all applicants and licensees are qualified to provide construction services.

The **Licensing Committee** meets this goal by:

- Ensuring that exams are current and relevant;
- Ensuring that all licensed contractors meet experience and education requirements and exhibit basic business competency skills;
- Ensuring accuracy of information submitted by the applicant and applicant integrity; and
- Ensuring that all processes in Licensing are current and efficient.

ENFORCEMENT

Goal 2—Prevent, reduce or eliminate unlicensed activity and unprofessional conduct that pose a threat to public health, safety, and welfare.

The **Enforcement Committee** meets this goal by:

- Adopting policies and procedures that encourage voluntary compliance;
- Providing appropriate information to the public on the status of enforcement activities;
- Developing policies/procedures to work with other governmental and law enforcement agencies;
- Developing policies and procedures to improve the quality of legal actions; and
- Prioritizing enforcement activities and complaints from consumers and industry.

PUBLIC AFFAIRS

Goal 3—Educate consumers to make informed choices about construction services and ensure that licensed contractors strengthen their technical management and service skills.

The **Public Affairs Committee** meets this goal by:

- Informing the public about the role and function of CSLB;

- Educating the public about their rights and responsibilities in the contracting process;
- Educating consumers about the dangers of hiring unlicensed contractors;
- Educating contractors about building codes, construction methods, and business practices; and
- Ensuring that contractors understand their professional obligations and responsibilities.

LEGISLATION

Goal 4—Ensure that statutes, regulations, policies and procedures strengthen and support Board operations.

The **Legislative Committee** meets this goal by:

- Developing legislative proposals that support the Board's mission and values;
- Creating and maintaining a legal and regulatory framework that ensures an appropriate level of consumer protection; and
- Monitoring legislation that impacts the construction industry as it relates to public health, safety, and welfare.

ADMINISTRATION

Goal 5—Enhance organizational effectiveness, and improve the quality of customer service in all programs.

The **Executive Committee** meets this goal by:

- Ensuring that CSLB has the resources it needs to achieve its mission and goals;
- Monitoring implementation of the CSLB Strategic Plan; and
- Monitoring and improving organizational effectiveness.



CURRENT OBJECTIVES

The Board has identified the following objectives to help meet its goals:

Objectives	Lead Responsibility	Target Date
1. Work with industry stakeholders regarding legislation that will provide for disclosure of a partnering agencies administrative action.	Enforcement	3rd Quarter 2012
2. Implement a workers' compensation insurance recertification process for contractors exempt from WC coverage.	Licensing	3rd Quarter 2012
3. Complete the flagship contractor and consumer publications.	Public Affairs	3rd Quarter 2012
4. Develop criteria and controls to monitor and prioritize proactive enforcement.	Enforcement	4th Quarter 2012
5. Develop an educational letter to consumers who repeatedly hire unlicensed operators. Work with IT to automate the letter.	Enforcement	4th Quarter 2012
6. Work with EDD to develop an outreach packet to educate legislators, contractors, and consumers about the dangers of the underground economy.	Enforcement	4th Quarter 2012
7. Develop a plan to explore licensure for solar/ alternative energy contractors.	Licensing, Enforcement	4th Quarter 2012
8. Increase examination testing sessions from 2.5 to 3.0 hours.	Testing	4th Quarter 2012
9. Evaluate the potential to expand use of CSLB testing centers for training and/or civil service exams.	Testing	4th Quarter 2012
10. Develop a contractor outreach program.	Public Affairs	4th Quarter 2012
11. Develop language for a regulation to clarify asbestos certification as trade-specific.	Licensing	1st Quarter 2013

Objectives	Lead Responsibility	Target Date
12. Identify strategies to collect licensee email addresses to improve contact for examination development surveys.	Testing	1st Quarter 2013
13. Develop a contractor presentation kit.	Public Affairs	2nd Quarter 2013
14. Create a website section with streamlined access to contractor outreach materials.	Public Affairs, Information Technology	2nd Quarter 2013
15. Develop CSLB style guide and identification standards manual.	Public Affairs	3rd Quarter 2013
16. Implement BreEZe for CSLB.	Information Technology	3rd Quarter 2013
17. Implement an online licensure tool for credit card payment.	Licensing	4th Quarter 2013
18. Staff a Subsequent Arrest Unit through the BCP process.	Executive	1st Quarter 2014
19. Review Contractors State License Law to simplify and update.	Legislative	1st Quarter 2014
20. Submit sunset review report.	Legislative	3rd Quarter 2014



CONTRACTORS STATE LICENSE BOARD

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800.321.CSLB (2752)
www.cslb.ca.gov
CheckTheLicenseFirst.com
SeniorScamStopper.com



13P-209/0512

AGENDA ITEM K-4

Election of Board Officers



AGENDA ITEM L

Review of Tentative Schedule

The following is a list of Board meetings scheduled for 2012-2013:

September 10-14.....	Sacramento
December 3-14	San Diego or Norwalk
February 25-March 1	Bay Area
April 22-26	Monterey
June 10-14	Orange County



AGENDA ITEM M

Discussion with the Nevada State Contractors Board



AGENDA ITEM N

Adjournment

