

APRIL 1, 2014  
SACRAMENTO, CALIFORNIA

CONTRACTORS STATE LICENSE BOARD

Enforcement  
Committee Meeting





**CONTRACTORS STATE LICENSE BOARD**

9821 Business Park Drive, Sacramento, California 95827  
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STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

**NOTICE OF ENFORCEMENT COMMITTEE MEETING**

The Contractors State License Board (CSLB) will hold an Enforcement Committee meeting on April 1, 2014, from 1:30 p.m. to 4:30 p.m. in the John C. Hall Hearing Room located at CSLB Headquarters, 9821 Business Park Drive, Sacramento, CA 95827; phone: (916) 255-4000, facsimile: (916) 364-0130.

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 visit the Board's 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 open and the public is invited to attend. Meetings are 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 calling (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.

Members of the Board who are not members of the Committee may attend the Committee meeting.

**ENFORCEMENT COMMITTEE MEETING**

1:30 p.m.

**Enforcement Committee Members**

Ed Lang, Chair / Linda Clifford / Robert Lamb / John O'Rourke / Bruce Rust / Frank Schetter

- A. Call to Order – Chair's Remarks
- B. Public Comment Session
- C. Enforcement Program Update
- D. Review and Recommendation Regarding Peace Officer Duties
- E. Review of Previously Established Enforcement Priorities
- F. Review and Recommendation Regarding 2014 Enforcement Strategies
- G. Adjournment

# AGENDA ITEM A

## Call to Order – Chair’s Remarks

Roll is called by the Committee Chair.

ENFORCEMENT COMMITTEE MEMBERS:

ED LANG, CHAIR

LINDA CLIFFORD

ROBERT LAMB

JOHN O’ROURKE

BRUCE RUST

FRANK SCHETTER

Committee Chair Ed Lang will review the scheduled Board actions and make appropriate announcements.



## AGENDA ITEM B

# Public Comment Session

Members of the public may address the committee at this time.  
The Committee Chair may allow public participation  
during other agenda items.



# AGENDA ITEM C

## Enforcement Program Update





# CONTRACTORS STATE LICENSE BOARD

## ENFORCEMENT PROGRAM UPDATE

### VACANCY UPDATE

Staff continues to proactively advertise and recruit to fill vacant positions. The Enforcement division had 20 vacant positions as of April 1, 2014.

UNIT	CLASSIFICATION	# OF VACANCIES	CURRENT STATUS
Quality Assurance	Office Technician	1	Recruitment in Progress
Sacramento IMC	Staff Services Analyst	1	Pending DCA Approval
Sacramento IMC	Consumer Services Representative	1	Pending DCA Approval
Sacramento IMC	Supervising Program Technician II	1	Reclassification in Progress
Norwalk IMC	Consumer Services Representative	1	Recruitment in Progress
Sacramento IC	Enforcement Representative I	1	Recruitment In Progress
Fresno IC	Enforcement Representative I	1	Interviews Held
San Francisco IC	Enforcement Representative I	1	Currently on VPOS
West Covina IC	Enforcement Representative I	2	Pending DCA Approval
Norwalk IC	Enforcement Representative I	1	Pending DCA Approval
San Diego IC	Enforcement Representative – Peace Officer	1	Pending Background Clearance
Northern SWIFT	Office Technician	1	Pending DCA Approval
Northern SWIFT	Enforcement Representative I	1	Currently on VPOS
Central SWIFT	Enforcement Supervisor I	1	Pending DCA Approval
Southern SWIFT	Enforcement Representative I	2	Recruitment in Progress
Sacramento Case Management - DSS	Office Technician	1	Recruitment in Progress
Sacramento Case Management – ESS	Enforcement Representative II	1	Pending DCA Approval
Norwalk Case Management	Office Technician – Permanent Intermittent	1	Currently on VPOS



**INTAKE AND MEDIATION CENTERS**

<b>IMCs</b> <b>Financial Settlement Amount</b> <b>(FY13-14)</b>	<b>• \$ 7,307,469.40</b>
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**Unneeded HVAC Change Outs**

Through a newly formed partnership with the Better Business Bureau (BBB), CSLB has learned that one of the top issues affecting California consumers today is unscrupulous contractors luring homeowners into changing out their HVAC units when it isn't necessary. A disproportionate number of elderly homeowners are being caught up in this scam. The IMC recently assisted in preventing two of the scams:

An elderly homeowner called a contractor to diagnose an HVAC repair. The contractor made an immediate diagnosis that she needed to change her entire HVAC system including the unit, all of the ducts, vents, and attic insulation. A complaint was filed by the woman's son who felt the contractor was preying upon his elderly mother by using scare tactics to get her to pay \$11,812.00 for all the work. The contractor charged the entire contract amount on her credit card with no 3-day right of rescission mentioned. In fact, the contractor tried to start the job the same day without a building permit. The homeowner's son stepped in and filed a complaint with CSLB. The CSR quickly intervened and eventually got the respondent to refund the entire amount of the contract through a written settlement agreement. The contractor's actions are being reviewed to see if there is sufficient evidence to move forward on an elder abuse charge.

An elderly homeowner received an advertisement at her door for a \$99.00 furnace cleaning. During the cleaning the contractor informed the woman that her furnace needed to be replaced at a cost of over \$4,000.00. The homeowner's son got involved and filed a complaint with CSLB. During discussion with the CSR, the son said he had another contractor inspect the unit and he indicated it was in good working condition and did not need replacement. The complaint was transferred to the Investigative Center (IC) for further investigation. The Santa Clara County District Attorney's office is following CSLB's investigation to see if an elder abuse filing is warranted.

**Large Cabinet Job Results In Full Refund**

A homeowner contracted to have kitchen cabinets refaced and stained for \$32,000. The work was started and completed in about 10 days with progress payments made to the contractor of \$27,532. Upon completion, the homeowner did not like the workmanship citing: misaligned frames, excessive gaps, protruding nails, and hammer



marks. The homeowner advised the CSR that it would cost more to correct the work than what was still owed on the contract. The contractor was contacted to mediate the complaint. After discussion, the contractor agreed to make a full refund of the \$27,532 to the homeowner and end the contract.

**Garage Door Repaired After Three Long Years**

It seemed like a simple fix for a homeowner that had been trying for three years to get their contractor to repair a leak in the new garage door he installed. The contractor promised repeatedly to come take care of it but never made good on his promise. The homeowner finally filed a complaint with CSLB and almost immediately the CSR was able to have the contractor make the required repairs.

**INVESTIGATIVE CENTERS**

<p style="text-align: center;"><b>ICs</b> <b>Financial Settlement Amount</b> <b>(FY13-14)</b></p>	<p style="text-align: center;"><b>• \$ 1,889,732.74</b></p>
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**Licensed Contractor Charged with Manslaughter**

A licensed contractor accused of doing substandard work is being charged in the carbon monoxide deaths of two people in Truckee. A homeowner and his friend were found dead inside a home in Truckee, the apparent result of a carbon monoxide leak.

The contractor, Kurt Schoemig, owner of Cedar Ridge Builders, was working at the home but left before it was complete. Schoemig, who never obtained a building permit, left one of his employees at the jobsite who mistakenly cut a heater exhaust pipe in the home, filling it was carbon monoxide.

Schoemig has been charged with two counts of involuntary manslaughter.

**Positive Photo ID without Driver License**

At a Santa Clara County SWIFT sting in September 2012, Ervin Kolasinac was issued a written Notice to Appear in criminal court. In August 2013, he entered a no contest plea to contracting without a license and was sentenced to one year probation and a \$600 fine.

In December 2012, after receiving the SWIFT NTA but prior to his conviction, Kolasinac entered into a contract with a Santa Clara homeowner to replace her windows for \$4,000. Kolasinac presented a business card with his expired business license number





printed on it and represented to the homeowner that he was licensed, which she relied upon in making her decision to enter into the contract. He requested and received a \$3,500 down payment and obtained a check while sitting at the homeowner's dining room table. Other than measurements taken by Kolasinac and another person who assisted him, no work was ever performed and Kolasinac did not return the money.

The consumer complaint was forwarded for investigation without a DMV photo because Kolasinac does not have a California driver license. Obtaining a positive photo ID was nevertheless accomplished because the complainant submitted a photograph of Kolasinac she found on Google Images. When comparing it with the photo of Kolasinac that was taken by SWIFT staff at the September 2012 sting, it is obvious that the two photos are of the same person.

When Kolasinac was interviewed during the investigation he claimed that the funds he received were given to a material supplier but that was later established to be false. He did admit knowing it was illegal to have contracted for the work without being licensed, acknowledging he was earlier educated about it when he received his NTA.

The investigation of the consumer complaint was conducted by a San Francisco IC investigator and resulted in the filing of a five-count criminal complaint. Felonies were charged for misrepresentation of a license number and diversion of construction funds, and misdemeanors counts were charged for advertising without a license, contracting without a license, and failure to have workers' compensation insurance for the employee who assisted Kolasinac with taking measurements when the bid was submitted. An arrest warrant is outstanding.

### **Sonoma County Contractor Arrested**

On March 4, 2014, a Sonoma County building contractor was arrested and held on \$25,000 bail for alleged employment violations at a work site in Mill Valley. Ronald Vernon Cupp is charged with contracting without a license, failing to secure workers' compensation insurance and failing to file employer tax returns. A San Francisco IC investigator conducted an investigation on Cupp and issued a citation which, due to non-compliance, resulted in his license being revoked on May 31, 2013. License revocation did not deter Cupp from continuing to work illegally. He was discovered by a Northern SWIFT Investigator constructing a sewer line at the Strawberry Village shopping center in Mill Valley. The SWIFT investigator issued a Stop Order to Cupp after determining that he did not have workers' compensation insurance. She referred the case to the Marin County DA's office for failing to have a valid contractor's license and paying his employees in cash.

Cupp has pleaded not guilty in the Sonoma County case; his trial is scheduled to begin in May.



## **PEACE OFFICER HIGHLIGHTS**

### **Coffee Shop Capper**

Dane Ray Woods had his corporate contractor license, Woods Remodeling, Inc., revoked in January 2009 for failure to comply with a \$35,800 voluntary arbitration award. Although Woods discharged the award through bankruptcy in June 2012, he has not applied for reissuance of the license.

In January 2013, the lessee of a San Mateo commercial space was looking for a contractor to perform tenant improvements in order to open a coffee/sandwich shop. Woods, then conducting business as Sustainable Development Services, Inc., an FTB-suspended corporation, advertised on craigslist.org using another contractor's license number. He was contacted to submit a bid for the project and ultimately obtained a \$115,000 contract. Woods was required to provide proof of liability insurance and submitted a certification of coverage from an expired policy wherein the dates were altered to make it appear that it was a current policy. He also had employees on the project but did not have workers' compensation insurance coverage. The poor quality of Woods' work became evident almost from the outset but he wasn't terminated until after being paid \$113,000. All of the work performed by Woods had to be torn out and redone at a cost of \$221,000.

The investigation was conducted by CSLB's San Francisco IC Peace Officer, who submitted his investigation report to the San Mateo County District Attorney requesting prosecution for advertising without a license, fraudulent use of a license, contracting without a license, misrepresentation to obtain a contract, failure to have workers' compensation insurance, and forgery, respectively (violations of Business and Professions Code section 7027.1, 7027.3, 7028, 7161(b); Labor Code section 3700.5; and, Penal Code section 475(a)).

### **Elderly Victim Gets Home Returned**

Revoked licensee Simon Cohen, acting owner of Silverstar Construction, pleaded guilty on March 10, 2014, to charges of elder abuse, money laundering, and forgery. Cohen, a co-conspirator of the Gozlan group, will serve 12 months in State Prison as part of the plea agreement, pay \$500,000 in cost and return ownership rights of a single family home he snatched from a 76-year-old victim during the illegal construction activities. Cohen manipulated the senior citizen victim into signing over his home to pay for alleged construction work and later took possession of the home. Cohen then put the home up for sale. The West Covina Peace Officer (PO) and Ventura County District Attorney's Office got involved and stopped the sale. With the DA's assistance, CSLB's PO was able to issue search warrants and seized the assets of Cohen and other perpetrators.



Cohen is one of 19 people charged with various crimes resulting from the CSLB PO's investigation into Avi Gozlan and other related contractors. To date, 10 of the 19 people charged with construction and other crimes have pleaded guilty. Avi Gozlan is currently in custody awaiting trial.

### **Recently Revoked Contractor Facing Criminal Complaint**

Charles Lon Allen's contractor license was revoked on February 5, 2013, via a default decision. Allen then used his revoked license in April 2013 to obtain a \$30,000 contract to remodel two bathrooms at a Gilroy home. Allen abandoned the project after being paid over \$19,000 and left both bathrooms unusable. The homeowner had to pay a material supplier \$3,800 to avoid having a lien filed and will spend over \$25,000 to have the job completed by another contractor. While investigating the complaint, the San Francisco IC Peace Officer went to Allen's home to obtain his statement. He responded to questions about the bathroom remodeling project, primarily claiming he was unaware that his contractor license had been revoked. An investigation report was submitted to the Santa Clara County DA with evidence that included a copy of the certified mailing of the default decision and order, with the return receipt card containing Allen's signature and date of January 11, 2013. A criminal complaint was filed against Allen on January 30, 2014, alleging grand theft, fraudulent use of a contractor license, false advertising, and failure to maintain workers' compensation insurance.

### **Aiding and Abetting Exposed**

A licensed contractor and the former employer and subsequent competitor of Martin Mendoza filed a complaint against him for advertising and contracting without a license. The licensee had observed Mendoza removing and rebuilding a chimney in Redwood City. Although the project owner was very pleased with the quality of the workmanship, he cooperated in the investigation and provided evidence to establish the violations of contracting without a license and using someone else's license number.

The license that Mendoza was using is a sole ownership issued to Pedro Rodriguez. It was discovered that while Rodriguez was serving time in prison for seven felony and two misdemeanor convictions related to stalking his ex-girlfriend, the address of record and business name for the license was changed to Mendoza's home address and business name. However, the signature on the documents purported to be that of Rodriguez, does not match with known signatures of either Rodriguez or Mendoza.

A letter was sent to Rodriguez' prison mailing address along with copies of the questioned documents asking whether he permitted Mendoza to use his license but no response was received. In December 2013, Rodriguez was released from prison after serving 20 months of his six-year sentence. He was reached by telephone and confirmed receiving the letter and said he didn't have time to respond and then refused to answer questions. Another letter was mailed to Rodriguez, scheduling an interview at



the San Francisco Investigation Center and referencing his responsibility to cooperate in the investigation pursuant to Business and Professions Code section 7111.1. Rodriguez signed the return receipt card for the certified mailing and he was also personally served with a copy of the letter through an arrangement made with his probation officer. Rodriguez failed to appear for the appointment and did not call to reschedule.

Further investigation established that Mendoza's step-daughter signed Rodriguez' name to the documents submitted to the Board and that she did so at the direction of Rodriguez. Both she and Mendoza were very cooperative during the investigation, and information and documentation they provided show that Rodriguez was allowing the use of his license in exchange for monthly payments ranging from \$500 to \$700. Mendoza is now working as an employee for a licensed contractor until he can get his own license.

The investigation was conducted by the San Francisco IC Peace Officer, which resulted in a non-licensee citation being issued to Mendoza and a referral for a supplemental accusation against Rodriguez for failure to cooperate in the investigation and aiding and abetting an unlicensed contractor. The pending accusation against Rodriguez pertains to his criminal conviction for stalking his girlfriend.



**GENERAL COMPLAINT-HANDLING STATISTICS - FY 13-14**

It has been determined that a manageable level of pending complaints for all current CSLB staff is **2,940**. As of February 2014, the pending caseload was **2,713**.

The Board objective for ERs assigned to the nine investigative centers (ICs) is to investigate and appropriately disposition 10 complaints per month. The maximum working case load for ERs has been established at 35 per ER. CSLB has 52 ERs; therefore, the nine ICs have the capacity for 1,820 open complaints. As of February 1, 2014, the ICs had a total of 1,593 complaints open and under investigation.

It is anticipated that caseloads will rise with time and possibly exceed current manageable levels. An increase in caseloads will lead to a longer investigation process for consumers.

The following chart outlines how CSLB determines manageable caseloads:

<b>Job Classification</b>	<b>Current Number of Staff</b>	<b>Closure Goal per Month</b>	<b>Preferred Cycle Time (months)</b>	<b>Maximum Caseload per ER</b>	<b>Maximum Number of Cases per Classification</b>
<b>ERs</b>	52	10	4	<b>35</b>	1,820
<b>CSRs</b>	28	30	2	<b>40</b>	1,120
<b>TOTAL</b>					<b>2,940</b>

The Board has adopted the following Enforcement Objectives regarding complaint-handling. Staff success in accomplishing the Board’s objectives follows.

- **MAINTAIN ER 1 PRODUCTION OF CLOSING 10 COMPLAINTS PER MONTH**  
ERs are closing an average of 10 complaints.
- **INCREASE THE PERCENTAGE OF LICENSEE COMPLAINTS SETTLED TO 30%**  
Consumer Services Representatives are settling an average of 37% of licensee complaints.
- **ACCOMPLISH IMC LICENSEE COMPLAINT DISCLOSURE OF 70%**  
Consumer Services Representatives are maintaining a licensee closing disposition of 67%.
- **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 February 2014 there were only 56 aged cases.



**CASE MANAGEMENT - FY 13-14**

<b>CITATIONS ISSUED</b>		
	<b>Licensee</b>	<b>Non-Licensee</b>
<b>Citations Issued</b>	712	512
<b>Citations Appealed</b>	327	202
<b>Citation Compliance</b>	458	219
<b>MANDATORY SETTLEMENT CONFERENCES</b>		
<b>Scheduled</b>	210	
<b>Settled</b>	133	
<b>Civil Penalties Collected</b>	\$655,072	
<b>Legal Fee Savings</b>	\$1,072,765	

<b>ARBITRATION</b>	
<b>Arbitration Cases Initiated</b>	187
<b>Arbitration Decisions Received</b>	180
<b>Licenses Revoked for Non-Compliance</b>	\$723,500
<b>Arbitration Savings to the Public – Restitution</b>	16
<b>ACCUSATIONS / STATEMENT OF ISSUES</b>	
<b>Revocations by Accusation (Applicants Revoked)</b>	235
<b>Restitution for Accusations</b>	\$511,497
<b>Statement of Issues (Applicants Denied)</b>	30
<b>Cost Recovery Received</b>	\$274,296.15
<b>Number of Cases Opened</b>	242
<b>Number of Accusations/Statement of Issues Filed</b>	247
<b>Number of Proposed Decisions Received</b>	55
<b>Number of Stipulations Received</b>	57
<b>Number of Defaults Received</b>	120
<b>Number of Decisions Mailed</b>	239



**STATEWIDE INVESTIGATIVE FRAUD TEAM (SWIFT) - FY 2013-2014**

During FY 13-14, SWIFT conducted many successful undercover sweep and sting operations and developed new strategies and partnerships to combat the underground economy as follows:

• **STINGS / SWEEPS**

Each month, undercover sting and sweep operations are conducted throughout the state. To date for this fiscal year, SWIFT conducted 238 sting and sweep days, resulting in over 949 legal actions, including NTAs and citations.

- SWIFT performed 61 sting days during FY 13-14, partnering with law enforcement, DAs, building departments and code enforcement officials, industry leaders, and other state agencies. The sting operations targeted unlicensed repeat offenders and wanted criminals working in the construction industry.

As a result of the extensive efforts to combat unlicensed operators, SWIFT was able to achieve the following results:

409	Suspects received NTAs for contracting without a license, illegal advertising, and workers' compensation (WC) insurance violations.
21	Licensed individuals were referred to district attorneys for criminal prosecution of WC violations.
519	Licensed and unlicensed individuals received administrative citations for licensure, advertising, aiding and abetting, and WC violations.
346	Stop Orders served upon construction employers, prohibiting use of employee labor until workers' compensation insurance is obtained.

**Man pleads Guilty to Conspiracy in Fraud Scheme**

A Northern SWIFT Peace Officer participated in a multi-faceted investigation which began during the summer of 2012 after a number of license applicants told investigators that they were conned by people falsely representing themselves as CSLB employees. Applicants were told they needed to purchase testing study guides. Licensees seeking an additional classification were told they needed continuing education credits or licensing exams and needed to pay with a credit card over the telephone.

On February 18, 2014, Maico Merdinand Dimla, pled guilty to PC 182(a)(4), conspiracy, as a misdemeanor in Sacramento County. He received 120 days in jail, 3 years of probation and was ordered to pay restitution. Investigators believe Dimla created a fraudulent business and website with names similar to CSLB. While in the Tijuana area,



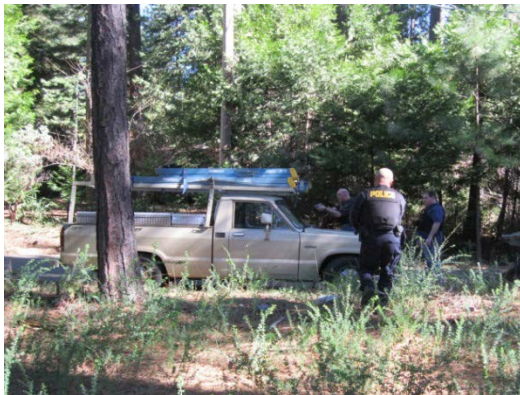
it is believed that he contacted applicants and licensees with phone numbers that appeared to victims as originating from the 916 area code (Sacramento area). At least 50 people have been defrauded in amounts ranging from \$98 to \$250 each.

### **Enforcement's "Eyes On Site" Pilot Program Kicks Off in Butte County**

On February 24, 2014, Board Member and Butte County Building Official Nancy Springer, Butte County Supervisors Maureen Kirk and Larry Wahl, industry representatives Rick Clements and Larry Back, Enforcement staff, and local contractors met with Butte County Supervisors to kick off CSLB's newest pilot program "Eyes on Site." The pilot program is a partnership between CSLB's Enforcement division and Butte County that enables industry experts (IEs) to assist in verifying leads, and identifying unlicensed, uninsured contractors. Verified leads are then forwarded to a retired CHP lieutenant hired by CSLB as a Retired Annuitant (RA). The RA responds to the lead within 24 hours and takes appropriate action. Violators are issued a notice to appear in superior court, a Stop Order if on-site employees are not covered by workers' compensation insurance, or other disciplinary action. Butte County officials and CSLB staff are hopeful that the program will serve as a model for other counties.

### **Sting in Pioneer**

Northern SWIFT Investigators partnered with the Amador County District Attorney's Office and the Department of Insurance to conduct a sting in Pioneer on February 25, 2014. Suspected unlicensed operators were found advertising on flyers, newspapers, and online bulletin boards, including craigslist.org. Six suspects were cited, including one registered sex offender and two repeat offenders. One suspect had to be held at gunpoint by officers after he refused to cooperate, ran from investigators, locked himself in his vehicle, and made threatening movements. Another suspect was found to be on probation for making terrorists threats. Another was found to have prior criminal history as a sex offender. Two suspects had been arrested in previous CSLB stings. All six suspects received misdemeanor citations for contracting without a license. Four suspects were cited on a misdemeanor charge of illegal advertising.







## **CSLB INVESTIGATION ACADEMY**

The Enforcement division continually seeks training opportunities for staff that is specific to CSLB investigations. Enforcement management, in conjunction with CSLB retired annuitant Doug Galbraith and Deputy Attorney General Michael Franklin, have developed the CSLB Investigation Academy. This academy will be a five-day voluntary course that is offered to all staff. It is comprised of training Modules 1 through 3 and the newly developed Module 4: Code Training, Phone Tactics, and Time Management. Staff who have already attended Modules 1 through 3 will only need to take Module 4 in order to receive a CSLB Investigation Academy Certificate of Completion. Following is an overview of the Academy:

### **Day 1**

#### Introduction

Overview of Department of Consumer Affairs and the Contractors State License Board's Enforcement division organization, unit functions, and responsibilities.  
Overview of Attorney General's Office and administrative processes.

#### Investigative Techniques

Class members are provided with proven investigative techniques to be a successful investigator. Curriculum includes professionalism, credibility, overcoming investigator challenges, development of case strategy, and identification of allegations.

This course will have an expanded segment on the types of evidence, exceptions to the hearsay rule, admissibility of evidence, chain of custody, and declarations. Class members will view a POST video and receive instruction on presenting hearsay testimony at hearings. This segment will qualify class members to be Prop. 115 certified.

### **Day 2**

#### Code Training/Interview Techniques

Curriculum includes proper planning, strategizing, verbal and non-verbal communication, conducting interviews, and obtaining admissions, all critical components in any investigation.

This course includes an interactive workshop where a case file will be studied and class members will develop strategies and interview questions. Selected class members will conduct interviews with the complainant and respondent.

**Day 3****Code Training/Phone Tactics/Time Management**

The CSLB investigator is provided with knowledge of 11 routinely used Business and Profession Code sections. Specific elements, supporting evidence, and case law will be discussed.

This course will include separate training sessions on effective phone tactics and the development of time management skills.

**Day 4****Report Writing**

Curriculum includes word choice, eliminating irrelevant information, being accurate, addressing all elements of violations, proof-reading, and refining reports prior to submission.

There are many reviewers of CSLB reports and it is imperative that investigators have the tools to write a detailed, yet concise, report.

Class members will receive a case file containing exhibits, watch a video of interviews with both the complainant and the respondent, and be required to write an investigative report. Each report will be reviewed by instructor(s) and feedback will be provided to each class member (this will be a one-on-one feedback meeting which will occur on the beginning of Day 5)

**Day 5****Court Testimony**

Explanation of administrative hearings, criminal proceedings, and civil hearings, including depositions, take place during this session. Curriculum will include proper preparation, mechanics of testifying, providing testimony, and discussing ways to eliminate anxiety before and during testifying.

Each member is given a case file that includes exhibits and watches interviews of both the complainant and respondent. Each member will then participate in a mock trial providing both direct and cross-exam testimony. A written critique of each member's performance will be provided to them at the end of class.

**TRAINING UPDATE**

As part of CSLB's Strategic Plan, the Enforcement division has an ongoing commitment to create a training curriculum for staff that includes basic enforcement procedures, a mentoring program, and specialized training. Following is a list of training that has been conducted to date:



- 1. Module 1: Basic Investigative Techniques** **January – June 2012**  
This course was developed by CSLB management staff in conjunction with CSLB retired annuitant Doug Galbraith and Deputy Attorney General Michael Franklin. The course was an eight-hour block of instruction about basic investigative techniques, roles and responsibilities of an investigator, effective case management, overview of rules of evidence, and elements to B&P Code sections: 7107 (abandonment), 7116 (fraud), and 7125.4 (false reporting of a WC insurance exemption certificate).
- 2. Module 2: Interview Techniques** **January – June 2012**  
This course was designed to enhance enforcement representatives' interview techniques; understand the importance of obtaining accurate statements, admissions, and confessions; and prepare ERs to provide expert testimony in court and at administrative hearings. The course included a workshop for participants to test their interview skills in several CSLB-related scenarios.
- 3. Bankruptcy Case Law & Impact on Enforcement** **February 2012**  
This one-day course, provided by Supervising Deputy Attorney General (SDAG) Marc Greenbaum and his staff, included an overview of bankruptcy case law and the impact that a bankruptcy filing has on CSLB Enforcement actions as well as a consumer's ability to recover financial losses/restitution.
- 4. 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 helps staff effectively document threatening statements and behaviors.
- 5. Northern California Fraud Investigators Association** **March 2012**  
This three-day course brought together law enforcement, prosecutors, civil attorneys, corporate leaders, insurance personnel, and designated Enforcement staff to address common issues in the fight against fraud. The 2011 conference featured more than 40 guest speakers and had over 400 attendees. Annual anti-fraud education and networking are fundamental to prosecuting fraud and related crimes.
- 6. Improving Enforcement Skills** **April 2012**  
Enforcement staff was invited to learn about interpersonal dynamics and emotional intelligence in this course, given by Sommer Kehrli, Ph.D. Training highlights included personal and social competence skills along with self-management skills that play key roles in successful job performance.



- 7. Advanced Negotiation** **April 2012**  
This interactive seminar focused on advanced techniques and principles for improving negotiation effectiveness. Designated staff attended this training, which concentrated on sharpening existing skills and deepening practical and theoretical knowledge of fundamental principles of successful negotiation.
- 8. Supervisor Training** **June 2012**  
Enforcement Supervisors were invited to attend the Centre for Organizational Effectiveness' Enforcement Supervisor I training held in Sacramento and Norwalk. Supervisors brushed up on techniques to improve their supervisory skills. Enforcement managers served as presenters during the training and discussed CSLB challenges and changes.
- 9. Basic National Certified Investigator/Inspector Training (NCIT)** **June 2012**  
This three-day course provided hands-on training and a certification program in investigation and inspection techniques and procedures. Staff learned specifics regarding professional conduct, principles of administrative law and the regulatory process, the investigative process, and the principles of evidence. In addition, investigators were instructed on interview techniques, report writing, and testifying in administrative and criminal proceedings. Upon completion of the course and successful completion of the final exam, investigators received certification by the Council on Licensure, Enforcement and Regulation (CLEAR).
- 10. Module 3: Effective Report Writing** **Third Quarter 2012**  
This course was designed to assist ERs by enhancing their writing skills to create professional, accurate, and complete investigative reports. Emphasis was given on credibility, proofreading, and ensuring findings will pass scrutiny during a trial or hearing. The class included a practical report-writing exercise and an exercise where participants engaged in a mock trial.
- 11. Elder Abuse Training** **September 2012**  
This two-day course, offered to CSLB peace officers, gave an in-depth look at gypsy and traveler crime, "non-traditional organized crime" groups, crimes committed against the elderly, ruse entry and impostor burglaries, and how to deal with investigative impediments.
- 12. Improving Employee Performance & Accountability** **September/October 2012**  
This two-day course, offered by CPS for Enforcement supervisors and managers, stressed the importance of job documentation, communicating expectations, and coaching employees to ensure success. Participants learned steps to identify and establish performance measurements and conduct the Performance Appraisal/Individual Development Plan. Most important, participants learned how to motivate employees to change behavior, and the steps to sustain performance levels.

**13. DCA's Enforcement Academy** **October/November 2012**

DCA's Enforcement Academy provides a strong foundation of knowledge and practices for employees who perform enforcement functions while creating an opportunity for individuals from all of DCA's boards, bureaus and divisions to network and learn from one another. The Academy is one week long and must be attended in its entirety for successful completion.

**14. Enforcement Supervisor I and II Team-Building Workshop** **October 2012**

This one-day course, offered by the Centre for Organization Effectiveness, was designed to assist with bridging and team-building between Enforcement Supervisors and Enforcement Managers. Attendees learned ways to improve working relationships and develop strategies to ensure statewide continuity regarding employee hiring, case reviews, calendars, and work expectations.

**15. Professional Assistants Academy** **December 2012**

This two-day course, offered by the Centre for Organization Effectiveness, included presentations and group activities on the following topics: the changing role of the office professional; understanding interpersonal style differences; creating a positive image; service orientation; organizational savvy; characteristics of high-performing teams; a writing, proofing and editing lab; career management; communication skills; and negotiation and conflict resolution skills. This course was successful in Southern California last year and is now being offered to Office Assistants, Office Technicians, and Program Technicians in Northern California.

**16. CSLB's Penal Code 832 Equivalent Course** **January/February 2013**

This four-day course focused on the laws of arrest, search and seizure. The class was offered to Northern California staff from January 7-10 in Sacramento and to southern staff in West Covina February 4-7. The course is similar to the Commission on Peace Officer Standards and Training (POST) course, excluding the hands-on physical methods of arrest (handcuffing and control holds). Staff was required to pass a final exam. The course was taught by Retired Annuitant Doug Galbraith, who has instructed POST's PC832 class for many years at a community college.

**17. Criminal Investigation Meeting** **March 2013**

Over 100 Enforcement staff attended Consumer Fraud Investigation and Case Filing presentations that were held throughout the state. Riverside County Senior Deputy DA (DDA) Elise Farrell, DDA Homan Hosseinioun, and Senior DA Investigator Paul Pantani presented an overview of identifying and investigating criminal violations, writing effective reports, and tips for successfully referring a criminal complaint to a local prosecutor.



- 18. SOLID Writing Workshop** **May 2013**  
DCA's SOLID Training Solutions provided a writing workshop to nearly 50 Norwalk staff. SOLID customized the class, which was a blend of their Basic Writing Skills and Effective Business Writing courses specially developed for Enforcement staff. The workshop offered practical hands-on exercises designed to develop skills needed to write clear, complete content to convey a credible message and project a professional image. Class topics included preparing business letters, memos, and professional email; developing an appropriate tone for your audience and purpose; organizing information and prewriting; and revising and proofreading your work.
- 19. DCA's Division of Investigation Peace Officer Training** **June 2013**  
DCA's Division of Investigation developed a customized defensive tactics training module for CSLB peace officers. Peace officers were trained on defensive tactics, development of verbal skills, and investigative strategies.
- 20. Elder Abuse Training with San Diego County DDA** **August 2013**  
CSLB peace officers met with San Diego County DDA Attorney Paul Greenwood to discuss his experiences in prosecuting elder abuse investigations. Greenwood has served as the supervisor of San Diego County DA's Elder Abuse Unit for the last 17 years. Each peace officer was encouraged to bring a pending elder abuse investigation to discuss with the group. DDA Greenwood dispelled several common myths regarding elder abuse investigations and provided a list of elements that need to be present. He also reviewed relevant case law. The information provided to staff will play a crucial role in having more success in the prosecution of these cases.
- 21. Supervisors Training** **January 2014**  
Northern California Enforcement supervisors received training in January, provided by Doug Galbraith, DAG Mike Franklin, ESII Missy Vickrey, and Deputy Enforcement Chief Christina Delp. During the two-day course, supervisors received training that focused on specific challenges they face on a daily basis and discussed the importance of timely Individual Development Plans and performance evaluations. Supervisors provided positive feedback and appreciated the strategies and real-life examples provided during class.
- 22. Successful Promotional Interviewing Training** **March 2014**  
Norwalk staff attended the Successful Promotional Interviewing Class provided by Career Counselor Judy Kaplan-Baron. This training covered many facets of successful interviewing including: dealing with anxiety and nervousness, identifying skills and accomplishments, how to best answer the most frequently asked interview questions, and what interviewers really look for.



**23. Professional Assistants Academy II**

**March 2014**

This two-day course, offered by the Centre for Organization Effectiveness, included presentations and group activities on the following topics: team building, time management, conflict resolution, customer service skills, and presentation skills. This course was offered to Office Assistants, Office Technicians, and Program Technicians in northern California and will be offered to southern California staff in April 2014.

## AGENDA ITEM D

# Review and Recommendation Regarding Peace Officer Duties







# CONTRACTORS STATE LICENSE BOARD

## RECOMMENDED PEACE OFFICER DUTIES

### REVIEW AND RECOMMENDATION REGARDING PEACE OFFICER DUTIES

#### **Special Investigations Unit**

The Contractors State License Board's (CSLB) mission is to protect consumers by licensing and regulating the construction industry through policies that promote the health, safety, and general welfare of the public in matters related to construction. CSLB's Enforcement division carries out this objective by enforcing laws, regulations, and standards to ensure construction activities are conducted in a fair and uniform manner.

One of the Enforcement objectives that supports this mission is to protect elderly Californians against unscrupulous contractors who maliciously take advantage of them through fraud and deception. Unseemly acts include misusing a senior's money or assets for personal gain by insisting that they contract for unnecessary construction items (heating and air-conditioning units) or service and repairs.

Since August 2011, roughly 5 percent of complaints received by CSLB (2,333 complaints against licensees and 499 complaints against non-licensees) involved a consumer that volunteered they were aged 65 or older. Since August 2011, CSLB has submitted 107 licensee and 50 non-licensee criminal prosecution referrals for violation of California Penal Code section 368(d) (financial elder abuse) to District Attorney (DA) offices. However, the Enforcement division believes this effort can be improved.

To achieve this, a reorganization of Enforcement's Special Investigations Unit (SIU) is being proposed to focus on cases that victimize the elderly. The fundamentals needed to file a successful elder abuse case with a DA is often challenging. Fortunately, CSLB's peace officers are equipped to handle cases where diminished mental capacity, manipulation, coercion, and theft is alleged and must be proved.

Under current CSLB structure, 11 peace officers report to different enforcement supervisors (ES) around the state. This decentralized arrangement makes it impossible to uniformly carry out policies and procedures, and hinders the ability of the peace officers to interact and collaborate as a group on cases that involve a criminal element. An improved arrangement would be for Enforcement to have one ES who provides leadership, guidance, and oversight to all of the peace officers to ensure standardized, professional conduct and methods of operation when investigating complex elder abuse cases.

Creation of the SIU will afford a focused enforcement supervisor with the opportunity to plan, organize, and direct day-to-day statewide activities for all peace officers, especially when engaging in specific projects that include combatting elder abuse in the construction industry. The SIU's primary assignment will be to investigate reactive cases that focus on construction-related elder abuse issues. Within the SIU will be two peace officer leads. The lead officers will serve as a resource to the ES to address police officer standards of professional conduct and appropriate methods of operation to investigate criminal cases. The lead officers also will operate as the unit's field training officers and subject matter experts in the areas of elder abuse and other construction-related criminal violations.

**Authority**

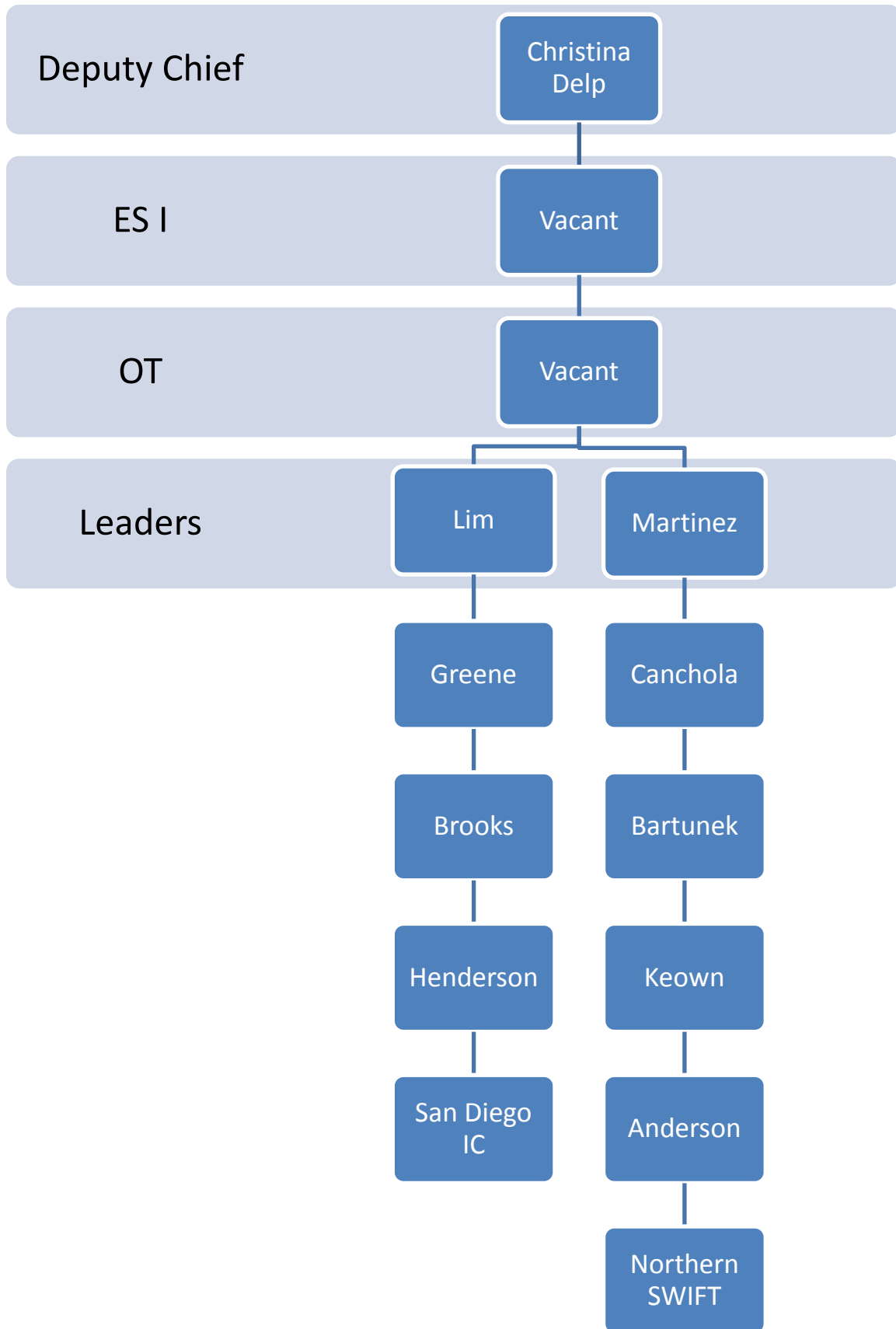
California Business and Professions Code section 7011.5 states, in part, “*persons employed as investigators of the Special Investigations Unit of the Contractors’ State License Board and designated by the Director of Consumer Affairs have the authority of peace officers while engaged in exercising the powers granted or performing the duties imposed upon them in investigating the laws administered by the Contractors’ State License Board or commencing directly or indirectly any criminal prosecution arising from any investigation conducted under these laws...*”

**Program Objective**

SIU will provide the continuity needed to ensure that peace officer standards of professional conduct and methods of operation are utilized to investigate and complete lengthy, complicated cases. The magnitude of criminal cases the peace officers will investigate could span district boundaries; boundaries non-peace officer enforcement representatives are normally prohibited from investigating due to the complexity and amount of time a criminal case can take to complete. Criminal cases often involve obtaining search warrants, conducting surveillance, undercover operations, examining evidence, interviewing numerous witnesses, and joint investigation efforts with partnering agencies.

**Program Goals**

- Investigate construction-related elder abuse cases.
- Target repeat offenders that prey upon elderly citizens.
- Become subject matter experts in the field of elder abuse.
- Increase the number of criminal case filings for elder abuse with DA offices.
- Develop ongoing relationships and approaches with partnering agencies to combat and prosecute elder abuse cases.



## AGENDA ITEM E

# Review of Previously Established Enforcement Priorities

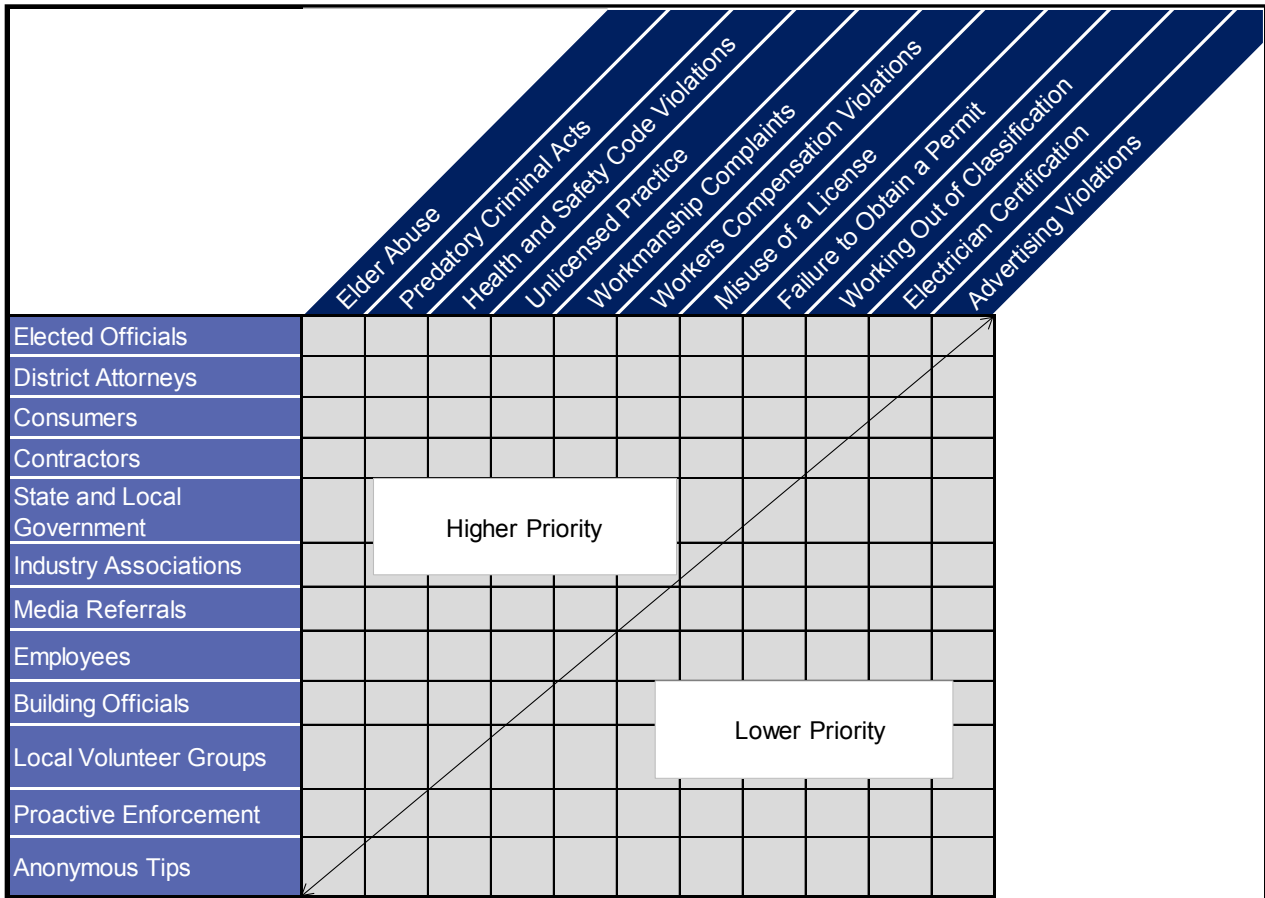




# CONTRACTORS STATE LICENSE BOARD

## ENFORCEMENT PRIORITIZATION

The Enforcement division continuously reexamines its priorities and objectives to ensure that CSLB's mandate to protect consumers and Board objectives are being met. The Board reviewed the Enforcement Prioritization chart below at its April 2013 meeting. Over the last twelve months, Enforcement staff has been successful in prioritizing complaints resulting in stabilized caseloads. Since its initiation, the prioritization chart has served as a tool for management to ensure cases remain at a manageable level. Furthermore, aged cases are at an all-time low.



## AGENDA ITEM F

# Review and Recommendation Regarding 2014 Enforcement Strategies





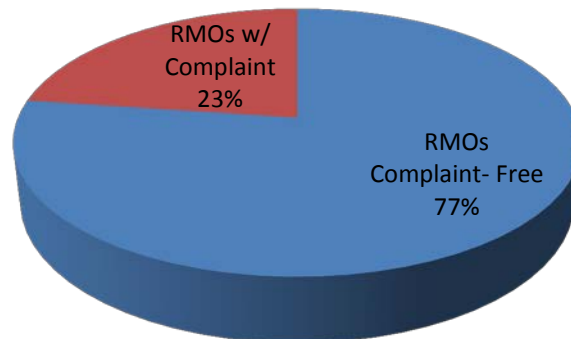
### WAIVER APPLICATIONS

Staff has developed criteria to identify suspicious waiver applications. In October 2012, a review of 92 applications determined that 21 of the waiver applications had received a consumer complaint within 18 months of issuance. For historical comparison purposes, 3 percent of CSLB's 300,000 licensed contractors receive a complaint each year. A second review of complaint activity performed in January 2014 determined that 40 percent or 37 of the 92 licensees had received a consumer complaint.

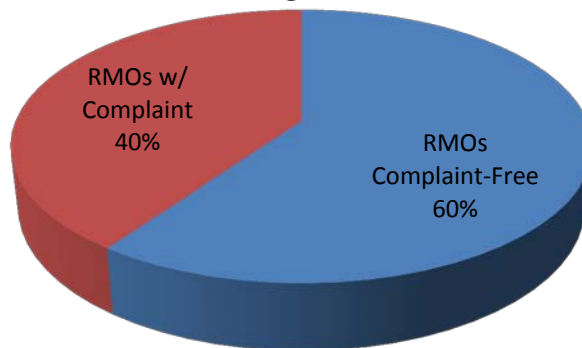
The committee is asked to recommend that two enforcement representatives (ERs) be identified to research and investigate suspicious waiver applications.

A statistical report follows:

#### First Complaint Check - October 2012



#### Second Complaint Check - January 2014





### RMO Complaint Check Overview

<b>First Complaint Check - October 2012</b>	
Licenses Checked	92
Licenses with Complaints	21
Total Complaints	52
<b>Second Complaint Check - January 2014</b>	
Licenses Checked	92
Licenses Receiving Complaints After First Check (2012)	16
Complaints Received After First Check (2012)	40
Licenses Receiving Additional Complaint(s) After First Check (2012)	8
<b>Summary</b>	
<b>Total Number of Licensees w/ Complaints</b>	<b>37</b>
<b>Total Complaints</b>	<b>92</b>

### PREDATORY SERVICE AND REPAIR

#### Warm-Air Heating, Ventilation and Air-Conditioning Contractors

Information received through CSLB consumer complaints, District Attorneys (DAs), the Better Business Bureau (BBB), and industry partners reveals that unscrupulous HVAC contractors are targeting consumers, especially the elderly, through telephone and direct mailing solicitations, offering maintenance services at reduced prices. Consumers lured in by these low-cost ploys are subject to the following harm by predatory contractors:

- Hard-sell tactics to obtain grossly inflated contracts;
- Additional work misrepresented as being necessary or safety-related and in need of immediate correction when, in fact, unnecessary;
- Building permits not obtained;
- Workers' compensation insurance not provided for employees, putting consumers at risk if an employee is injured on the job; and
- Failure to provide the 3-day right to rescind home improvement contracts.

The Committee is asked to recommend that CSLB peace officers be identified to partner with DAs, BBB, and industry partners to establish strategies and develop protocol to research and perform criminal investigation of construction-related violations committed by predatory HVAC contractors.





Redacted sample of a predatory solicitation:

**UP TO \$250**  
 COMPANY DISCOUNT

**UP TO \$500**  
 FEDERAL TAX CREDIT

**TRANE REBATE**  
 UP TO \$1000

**UP TO \$650**  
 UTILITY REBATE

**UP TO \$2400**  
 TOTAL REBATES

5555 Cool Way  
 Warm Weather CA 55555  
 (555) 555-5555  
 Lic#555555

21 Point  
 Furnace  
 Tune-Up  
**\$69**

With this coupon only.

### PEACE OFFICER TRAINING

#### Investigation of Elder Abuse and Construction-Related Criminal Activity

A peace officer concept paper is included under Agenda Item D. The Committee is asked to direct staff to establish training modules for CSLB peace officers that will identify partner law enforcement agencies and prosecutors, including the California Department of Insurance (CDI), to establish strategies and enhance prosecution of construction-related elder abuse and workers' compensation insurance crimes.

Suggested modules to be developed:

- **Elder Abuse Training Module** – training designed to identify and develop protocols with partner law enforcement agencies and prosecutors to enhance criminal prosecution of predatory licensed and unlicensed contractors who prey on the elderly.
- **Workers' Compensation Training Module** – training designed to identify and develop protocols with partner law enforcement, prosecutors, and CDI to enhance criminal prosecution for workers' compensation insurance violations.

# AGENDA ITEM G

Adjournment

