

DAVID R. PHILLIPS, Registrar

Fall 1988

GEORGE DEUKMEJIAN, Governor

## New Registrar Takes Command

On June 13, 1988, David R. Phillips assumed the office of Registrar of Contractors for the CSLB.

A resident of Westminster, Phillips had served as the Board's regional deputy for Southern California since 1982. Phillips joined the CSLB staff in 1965 when he began working as a field deputy. Since then, he has served as senior deputy, supervising deputy and regional deputy.

Highly regarded by the construction industry, the Legislature and fellow employees, Phillips said the appointment is an honor and pledged "to move ahead in making the CSLB one of the most productive and efficient agencies in California."

Phillips succeeds John Maloney, who had served as Registrar since 1979. Maloney left the post to become deputy director for the California Department of Transportation. ■

## Enforcement Around the State

### 2-Year Prison Term in Housing Fraud

The former chief executive of a now-defunct Los Angeles housing construction firm, Joseph Polifroni of Newport Beach, was recently sentenced to two years in prison for his role in a housing fraud that authorities said cost more than 500 victims hundreds of thousands of dollars.

In 1984 and 1985, Polifroni's firm, Delta Homes Inc., offered fast construction of low-cost housing, but built almost nothing, according to charges. After a two-year investigation, Polifroni was arraigned on a variety of felony charges. He eventually pleaded guilty to one conspiracy count and was sentenced in Los Angeles Superior Court. The CSLB filed an accusation for violations of Sections 7107, 7108, 7113, 7116, 7119 and 7121. Polifroni's license was revoked on March 12, 1988.

*Around the State, continued on page 6*

## Comments from the Chair

Stephen H. Lazarian, Jr.

It is a great honor for me to serve the Contractors State License Board as Chairman this year. The construction industry is made up of thousands of people who work hard to maintain the highest levels of integrity and workmanship and deal fairly with consumers and fellow tradespersons. Of course, not all of our industry is perfect in maintaining the traditions of quality and excellence. That is one reason the CSLB has such a significant role serving industry and consumer interests.

Some changes have occurred at the CSLB. Your new Registrar, Dave Phillips, brings a wealth of experience as a craftsman, enforcement supervisor and friend of the industry. The characteristic I most appreciate about Dave is his willingness to try new and different approaches to solve age-old problems. For example, we are going to experiment with some fresh ideas to stop the activities of unlicensed builders. We have initiated

targeted enforcement—sting operations—that will catch some of the bad apples in our industry and send out a clear message that our Board is serious about enforcing our laws. Our new targeted enforcement program will help deter such unlawful conduct.

At the same time, we are greatly concerned about many in the construction industry who would like to become licensed, but who believe that the classification system does not realistically allow them to qualify. In a society in which increasing specialization is the norm, many trades limit their activity to simple functions that are repetitive and highly specialized. Perhaps we should have an entry-level specialty license that requires less experience and a more basic exam, where there is no health and safety work involved. The license would be limited, of course, to a

*From the Chair, continued on page 3*

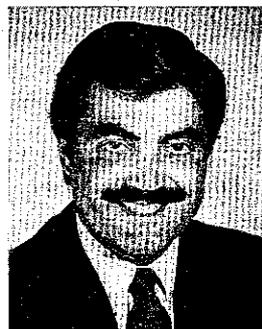
## New Chair and Vice-Chair for CSLB

On July 21, 1988 the Contractors State License Board elected for fiscal year 1988-1989 Stephen H. Lazarian, Jr. as chairperson and Joseph A. Valverde as vice-chairperson.

Lazarian was appointed to the Board in 1985. He served as vice-chair in 1987-88 and as chair of the Board's Budget and Administration Committee.

An attorney specializing in corporate and real estate law, Lazarian received his bachelor's degree from Westmont College and his Juris Doctorate from California Western School of Law. He is a member of the California State Bar, U.S. Supreme Court Bar, San Diego Trial Lawyers and the San Diego County Bar Associations.

Lazarian serves as a board member of



Stephen H. Lazarian, Jr.



Joseph A. Valverde

two family construction companies as well as a board member and officer of various other companies.

Joseph Valverde, a resident of La Habra, has served on the Board since 1986. He has been a member of

the Board's Enforcement and Licensing Committees. Valverde is president and general manager of Valverde Construction, Inc., of Santa Fe Springs, a firm specializing in underground utility systems.

Valverde has been a member of the Engineering Contractors Association for several years and served two terms, in 1980 and 1981, as the association president. He served the last seven years as the chair of the legislative committee and was selected "Member of the Year" in 1979 and 1986. ■

**California Licensed Contractor**

Official Publication of the  
Contractors State License Board

Fall 1988

STATE OF CALIFORNIA

GEORGE DEUKMEJIAN

Governor

MICHAEL A. KELLEY

Director, Department of Consumer Affairs

DAVID R. PHILLIPS

Registrar of Contractors

**Members of the  
Contractors State License Board**

Stephen H. Lazarian, Jr., Chairperson	Public Member
Joseph Valverde, Vice-Chairperson	A-Contractor
Jack Fenton	Public Member
James L. Frayne	Public Member
Frank Geremia, Jr.	C-53 Contractor
John Lazzara	Labor Member
Don MacGillivray	B-Contractor
Marla Marshall	Public Member
Elton "Skip" Michael	Public Member
John H. Moore	C-10 Contractor
Alexander Rados	B-Contractor
Jean Westgard	Public Member
Benny Yee	Public Member

**1988-89 Committee Assignments**

Budget & Administration Committee

Joseph Valverde, Chairperson

Enforcement Committee

Jean Westgard, Chairperson

Legislative Committee

Marla Marshall, Chairperson

Licensing Committee

John Moore, Chairperson

Public Information Committee

John Lazzara, Chairperson

Strategic Planning Committee

Stephen H. Lazarian, Jr., Chairperson

**Steve Kolb, Editor**

Letters to the editor, articles, information of interest to contractors and suggestions for future articles are welcome. Deadlines for submittal are January 1, March 1, June 1, and September 1. Inclusion of submitted material in the CLC is at the discretion of the editor and dependent on time and space considerations.

Headquarters of the CSLB is located at:

3132 Bradshaw Road  
P.O. Box 26000  
Sacramento, California 95826

**DISCIPLINARY ACTION  
April 1988 to August 1988**

Note: Disciplinary actions do not include licenses suspended for failure to maintain required bonds. The following explanation may be helpful to identify causes of disciplinary action indicated by sections referenced in the table of Disciplinary Actions.

<i>Business and Professions Codes</i>		
490	Relationship of conviction of a crime to licensed activity	7110.1 Violation of Section 206.5 of the Labor Code
7018.5	Failure to provide notice to owner regarding lien provisions	7111 Failure to keep records and to make them available to a representative of the Registrar
7026.7	Advertising as a contractor without a license	7111.1 Refusal to or failure to cooperate with deputy in investigation
7028	Acting in the capacity of a contractor without a license	7112 Misrepresentation of a material fact on an application
7029	Contracting as a joint venture without the required license	7113 Failure to complete a project for the price stated in the contract
7029.6	Failing, as a plumbing contractor, to display his name, address and contractor's license on each side of the commercial vehicle used in his business	7113.5 Avoiding or settling for less than lawful obligations as a contractor through the various bankruptcy proceedings
7030	Failing to include in a contract the notice that contractors are licensed by the Contractors State License Board	7114 Aiding and abetting an unlicensed person
7030.5	Failing to fulfill the requirement that the contractor's license number be placed on all contracts, subcontracts, calls for bid, and other forms of advertising	7115 Failure to comply with the Contractors' Law
7071.11	Judgment or admitted claim against bond	7116 Committing a willful or fraudulent act as a contractor
7083	Failing to report a change of address, namestyle, or personnel within 90 days	7117 Acting as a contractor out of namestyle
7097	Suspension of additional licenses	7117.5 Contracting with inactive license
7098	Revocation of additional licenses	7118 Contracting with unlicensed person
7099.6	Non-compliance with a final citation	7119 Failure to prosecute a job with diligence
7107	Abandonment of a project without legal excuse	7120 Failure to pay for materials or services suspended or revoked licensee
7108	Diverted funds or property received for a specific job to other purposes	7121 Participation of license in violating Contractors Law
7109	Willfully disregarded plans and specifications, or has failed to complete the job in a good and workmanlike manner	7122 Responsibility of Qualifying Person for acts committed by his/her principal
7109.5	Violation of Safety Laws resulting in death or serious injury	7123 Conviction of a Felony in connection with construction activities
7110	Willful disregard and violation of building laws	7124 A plea of nolo contendere is considered a conviction
		7125 Employment of unregistered home improvement salesman
		7154 Participation in violation by a home improvement salesman
		7157 Model Home kickback prohibition
		7159 Failure to comply with contract requirements
		7161(b) False advertising

**LICENSES REVOKED**

NAMESTYLE	ADDRESS	LICENSE#	EFFECTIVE DATE	VIOLATION CONTRACTORS LAW
AABE California, Incorporated	2270 Canoas Garden Rd., San Jose, 95125	479883	4/9/88	7110, 7115, (7030, 7030.5, 7018.5, 7083, 7159) 7116, 7117(A), 7121.5, 7161(b)
Add A Room	11020 Ventura Bl., #236, Studio City, 91604	457831	6/8/88	7099.6, 7107, 7109, 7110, 7111.1, 7113, 7115 (7159), 7116, 7121, 7154
American Weatherization Co.	8095 Rio Blanco Rd., #747, Stockton, 95209	461881	6/24/88	7109, 7113, 7115 (7159), 7121
Aquino, Ronald Vincent	3832 College Av., Culver City, 90230	467561	6/23/88	7107, 7108, 7110, 7111, 7113, 7115 (7030, 7159), 7121
Archbold, Richard	P.O. Box 2849, Capistrano Beach, 92624	492461	6/4/88	490, 7112, 7121
Bay Suarez (Sun-All Inc, dba)	111 East Alma Av., San Jose, 95112	465124	6/24/88	7098
Blue Diamond Const.	1413 Klamath River Dr., Rancho Cordova, 95670	403942	5/27/88	7109, 7113, 7115 (7159), 7117.6

**Disciplinary Action, continued from page 2**

NAME/STYLE	ADDRESS	LICENSE#	EFFECTIVE DATE	VIOLATION CONTRACTORS LAW
Bomar, Robert D.	P.O. Box 4131, Chula Vista, 92011	242476	5/19/88	7107, 7110, 7111, 7115 (7028, 7030, 7159), 7116, 7117.5(a)
Bonaventure Builders	600 South Boyer Ln., La Puente, 91744	456376	4/15/88	7098, 7122.5
Brink, James	9140 Clendenen Wy., Sacramento, 95826	476384	6/4/88	7107, 7115 (7159), 7121
Build It With Love Construction	P.O. Box 1902, Hemet, 92343	410350	4/9/88	7107, 7109, 7115 (7159), 7121
Cal-State Roofing	4070 South Elm, Fresno, 93728	314709	6/9/88	7107, 7113, 7115 (7083), 7121, 7121.5
Carmel Construction Co., Inc.	70 Ford Rd., Carmel Valley, 93924	432678	6/8/88	7099.6, 7121
Castillo Tile	2862 La Salle Av., Concord, CA, 94520	316351	6/24/88	7099.6
Christie, Durlon Oliver	3316 West 73rd St., Los Angeles, 90043	486123	6/8/88	7099.6, 7115 (7083), 7121.5
Classic Construction	4266 Oak Knoll Dr., Carmichael, 95608	367334	6/24/88	7098, 7122.5
Cochran, Charles E.	6112 Harvey Wy., Lakewood, 90713	358918	6/4/88	7099.6, 7121
Collignon, Robert	39402 10th St. E, Pajome, 93550	372845	6/23/88	7107, 7109, 7113, 7121
Complete Electric	28355 Winterdale Dr., Canyon Country, 91351	445304	6/4/88	7099.6, 7121
Custom Pool Builders	8854 Quakertown Av., Northridge, 91324	376318	6/24/88	7099.6, 7121
Descon Corporation	P.O. Box 77503, San Francisco, 94107	372265	6/11/88	490, 7098, 7111, 7111.1, 7112, 7115(b), 7121, 7122.5
Firman, Gerald Hugh	P.O. Box 714, Pinon Hills, 92372	329115	6/9/88	7099.6, 7121.5
General Roofers	169 Otto Cir., Sacramento, 95822	308518	6/16/88	7107, 7109, 7110, 7115 (7030, 7159), 7117.5(B), 7121, 7154
Gonzalez, Joseph Jr.	10001 Casaba Av., Chatsworth, 91311	355878	6/8/88	7099.6, 7121
Gutierrez Concrete Contractor	1270 Amador Cir., Hollister, 95023	454812	6/4/88	7108, 7109, 7110, 7111, 7113, 7115 (7030, 7159)
Gutierrez Sandblasting and Plastering Company (Rudolfo G. Gutierrez, dba)	9219 Laurel Canyon Bl., Arleta, 91331	424911	5/27/88	7099.6, 7121
Haflich, Thomas A.	3151 North "E" St., Stockton, 95205	408573	6/9/88	7099.6, 7121, 7121.5
Heritage Pools & Spas	655 N. Lawrence, Yuba City, 95991	486987	6/9/88	7112, 7121
Homex Construction, Inc.	3523 W. Beverly Bl., Montebello, 90640	461510	4/15/88	7107, 7113, 7115 (7018.5, 7159), 7116, 7121, 7122.5
Horizon Design and Construction	P.O. Box 1023, Yreka, 96097	462279	6/8/88	7109, 7113, 7121
Hulk Construction	Box 736, Coronado, 92118	433271	5/19/88	7099.6
Jones Insulation	19053 Augusta St., Lodi, 95240	473107	6/24/88	7098
KI-EAH Construction Company	P.O. Box 1613, Colton, 92324	300986	6/11/88	7098
Knight, Lee Corporation	P.O. Box 231033, Pleasant Hill, 94523	461593	5/27/88	7098, 7109, 7112, 7113, 7115 (7018.5, 7028, 7159), 7154
Kulhanjian, Michael and Sons Custom Builder's	1730-2 Santa Clara Dr., Roseville, 95678	374133	6/17/88	7099.6, 7121
L & C Builders	P.O. Box 862, Templeton, 93465	367761	6/9/88	7109, 7111, 7113, 7120, 7121
Landmark Builders	1557 Avenida Entrada, San Dimas, 91773	364218	6/9/88	7109, 7113, 7115 (7159), 7117.5(b), 7121
Lantz Roofing Co, Inc.	99 East Humboldt St., San Jose, 95112	331427	6/8/88	7099.6, 7121
Le Ducq, Barry J. Landscaping	6570 Pinehaven Rd., Oakland, 94611	412205	5/19/88	7099.6
Liberty Solar Systems, Inc.	3771 Motor Av., Los Angeles, 90034	424606	4/15/88	7098, 7107, 7108, 7113, 7115 (7159), 7116, 7121, 7121.5, 7122.5
Liberty Water Systems, Inc.	5646 E. Beverly Bl., Los Angeles, 90022	470918	4/15/88	7098, 7122.5
Los Gatos Builders	1747-D Almaden Rd., San Jose, 95125	366253	4/21/88	7099.6, 7121
Lou's Landscaping	30021 Grand Pt. Ln, Rancho Palos Verdes, 90731	215472	5/13/88	7107, 7108, 7111, 7113, 7115 (7030, 7083, 7159), 7116, 7121

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**From the Chair, continued from page 1**

very narrow area of work and allow many tradespersons who are currently excluded to obtain a contractor's license. This and other ideas, which still need much discussion, will be considered by our licensing committee.

Our automation projects are moving along very well. You should find that our automated license information system eases and speeds the process of obtaining license information at our local offices. Another step to be considered by the Board this year will be decentralized testing. We are also moving along to enhance our phone systems, eventually allowing calls to be handled promptly with automatic access to information at the touch of a button.

As many of you are aware, we were overwhelmed with amnesty applications at the end of the last year. That has caused a ripple effect within our Licensing Unit that now delays many of our continuing services. Please be patient with our staff. Our goal is to provide you with quality service and a professional response to your needs. We become frustrated, too, when we cannot perform in a top-notch manner. Our Licensing Unit is working hard to satisfy your requests, and the Board assures you that your cooperation, results and an attitude of friendliness.

One item the Board has been working on during the last few months is a plastic pocket license to replace the old paper one. We had planned on laminating cards this year and then received some help from Assemblywoman Delaine Eastin, chairperson of the Select Committee on Unlicensed Contractors. She envisions a plastic card that will someday hold data on a magnetic strip which will allow easy access to basic contractor information such as license number, bond, license status, etc. We are moving in that direction, but first we need the plastic cards. Assemblywoman Eastin's recent bill signed by the Governor will make that possible. We will now go through the budget process to obtain adequate funding. Look for our new cards in the future. Also, the Board can now issue multiple old paper-type pocket licenses (for an additional fee) to a single licensee for use with building departments and others. Make your request to our Licensing Unit in Sacramento and allow six to eight weeks for delivery.

We have received positive responses to many of our new programs from the Administration and the Legislature. Credit goes to our staff and Board members who have worked hard to promote the betterment of the industry and enhance the protection of consumers. One such program is the private arbitration of disputes between consumers and contractors. The program was established to allow certain

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## The Consequences of a Bad Address

A general building contractor recently lost his license because he did not bother to keep the Contractors Board informed of his current address of record.

The contractor was involved in a dispute with a homeowner on a home remodeling project valued at approximately \$5,000. The contractor and homeowner could not resolve a dispute regarding the quality of the workmanship, so the homeowner filed a complaint with the CSLB.

The Board attempted to contact both parties in order to mediate the complaint. The homeowner was reached by the Board, but attempts to reach the contractor by mail or phone were not successful. In the time since the complaint was filed, the contractor had moved and not left a forwarding address. The complaint was referred to a Board investigator who attempted to locate the contractor by contacting the post office and Department of Motor Vehicles to establish a correct address. Both attempts failed to help locate the contractor.

Following established case procedures, the investigator interviewed the homeowner and had a trade expert examine the contractor's work to determine that the work was not performed to trade standards.

Based on this evidence, the investigator recommended that a citation be issued against the contractor. A citation was issued to (1) correct the work or pay the homeowner the amount of the financial injury (\$850) and (2) pay a civil penalty of \$200. The citation was sent by first class mail and certified mail, return receipt requested. Both mailings were returned by the post office as undeliverable. Because the citation was not complied with, the license was automatically suspended for one year. If no action was taken by the contractor to meet the requirements of the suspension, as provided by law, his license would automatically be revoked at the end of the one year suspension.

The contractor never received any of the notices sent by the CSLB. He did not know that the complaint had been filed with the Board and was unaware that his license had been suspended and was subject to revocation.

This contractor's problems could have been avoided by simply notifying the Board when the contractor changed his mailing address, as required by contractor's law (Business and Professions Code section 7083). By failing to do so, the contractor was not able to respond to the complaint he never knew was filed. Because he did not know that he was responsible to respond to the administra-

*continued on page 5, Bad Address*

## Disciplinary Action, continued from page 3

### LICENSES REVOKED

NAME/STYLE	ADDRESS	LICENSE#	EFFECTIVE DATE	VIOLATION CONTRACTORS LAW
Lucas, Bill M. Jr.	1112 N. Federic St., Burbank, 91505	440315	6/9/88	490, 7112, 7121, 7121.5
MWK General Contracting Services	P.O. Box 26896, San Jose, 95159	371931	4/23/88	7099.6, 7121
Martin Construction Company	7214 Kenneth Av., Orangevale, 95662	405562	6/4/88	7107, 7113, 7121
Martin Diversified Builders	20722 Chase St., Canoga Park, 91306	271324	6/11/88	7107, 7110, 7111, 7113, 7115 (7018.5, 7159), 7121
Maxwell Building & Maintenance	P.O. Box 1306, Atascadero, 93423	326954	5/13/88	7107, 7109, 7113, 7121
Modern Method Construction Co.	400 So. Beverly Dr., Ste. 214, Beverly Hills, 90212		438803	6/4/88 7099.6, 7121
McKee Corporation USA	P.O. Box 77503, San Francisco, 94107	453672	6/11/88	7098, 7111, 7111.1, 7112, 7115(b), 7121, 7122.5
Modesto Sunar (Greene and Lorenz, dba)	125 Maze Bl., Modesto, 95351	442256	6/24/88	7098
Mundial Construction Corporation	4620 West Beverly Bl., Los Angeles, 90004	455971	4/15/88	7098, 7122.5
Nelson, Claude W.	6731 North Selland Av., Fresno, 93711	286370	5/27/88	7122
Nelson, Jerald E- Contractor	1221 E. Forrest Lake Rd., Acampo, 95220	307537	5/27/88	7029.1, 7108, 7109, 7113, 7115 (7083, 7158), 7120, 7121, 7121.5
Newport Sash 'N Door	1220 La Loma Cir., Anaheim, 92806	459806	4/9/88	7107, 7108, 7111, 7113, 7115 (7030, 7159), 7116, 7121
Ollar, Harvey Wayne	920 Railroad Av., Yuba City, 95991	341494	4/30/88	7107, 7109, 7110, 7113, 7121
PRC International, Inc.	P.O. Box 77503, San Francisco, 94107	422744	6/11/88	7098, 7111, 7111.1, 7112, 7115(b), 7121
Quick's-A-Alliance Drywall	2690 Churn Creek Rd., Redding, 96002	258016	6/9/88	7113, 7115 (7030.5, 7083), 7117(a), 7121, 7121.5
R E L Enterprises Inc.	255 North El Cielo Rd., #657, Palm Springs, 92262	481894	6/8/88	7098
Radich, Joseph	4620 Greenwood Pl., Los Angeles, 90027	286733	6/24/88	7099.6, 7121
Rainbow Signs	15345 Bonanza Rd., Victorville, 92302	442982	6/11/88	7099.6, 7121
Rainy Day Roofing	7935 Ninth St., Elverta, 95626	362252	4/23/88	7099.6, 7121
Rees & Associates Roofing	1105 North Bigie Rd., #D, Palm Springs, 92262	445928	6/8/88	7099.6, 7121
Ron's Mobile Home Specialist	P.O. Box 151, Orosi, 93647	315453	4/21/88	7099.6, 7121
Royal of Walnut Creek, Inc.	2770 Camino Diablo, Walnut Creek, 94596	486756	5/12/88	7107, 7116, 7117.6, 7115 (7030), 7121, 7121.5
Rustproofing Incorporated	15510 Fruitvale Rd., Valley Center, 92082	412950	6/8/88	7110, 7114, 7115 (7028), 7117(a), 7121, 7121.5
S. R. D. Construction Co.	P.O. Box 25109, Los Angeles, 90025	216015	4/15/88	7098, 7122.5
St. George Construction	5260 Bellingham, #403, North Hollywood, 91607	470918	4/15/88	7098, 7122.5
Santorelli, Philip	9772 Central Av., Garden Grove, 92647	450901	4/9/88	7098
Shay Enterprises, Inc.	1190 Burnett Av., Ste. C, Concord, 94520	415809	6/24/88	7098
Shultz Construction	228 May Av., Santa Cruz, 95060	342355	8/26/88	7111, 7111.1, 7118, 7121
Sights, Charles	504 W. Bunny, Santa Maria, 93454	370739	6/4/88	7099.6, 7121
South China Contractors, Inc.	2566 Bay Rd., Redwood City, 94063	415295	6/24/88	7107, 7108, 7111, 7113, 7115 (7030, 7030.5), 7121
Southwest Power	3440 Irvine Av., #100, Newport Beach, 92660	460432	4/9/88	7111.1, 7113, 7115 (7159), 7116, 7117(a), 7118, 7120, 7121, 7161(b)

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**Disciplinary Action, continued from page 4**

NAMESTYLE	ADDRESS	LICENSE#	EFFECTIVE DATE	VIOLATION CONTRACTORS LAW
Spence, Dannie H.	15510 Fruitvale Rd., Valley Center, 92082	415980	6/8/88	7122.5
Spencer Electric	7473 Leonard, Citrus Heights, 95610	420855	5/8/88	7123
Strong, Charles B.	P.O. Box 10541, Bakersfield, 93389	400687	6/9/88	7111, 7114 (7028, 7159), 7116, 7121
Styles, Thomas Edward	2112 N. Slater Av., Compton, 90222	261298	5/12/88	7107, 7110, 7113, 7115 (7159)
T C S Construction	1211 No. Mt. Vernon Av., Colton, 92324	436560	6/11/88	7107, 7108, 7113, 7114, 7115 (7159), 7118, 7120
Tonelli Electric Company	7800 Claypool Wy., Citrus Heights, 95610	312824	5/8/88	7123
Tonelli Electric, Inc.	8016 Sunrise Bl., Citrus Heights, 95610	329409	5/8/88	7123
Torrance Construction	3217 Cricklewood St., Torrance, 90505	448267	6/9/88	7109, 7113, 7115 (7159), 7121
Tucker, David G.	Box 441, Rancho Mirage, 92270	380469	6/23/88	7109, 7110, 7113, 7115 (7030, 7159), 7116, 7117.6, 7121
United American Corporation	P.O. Box 77503, San Francisco, 94107	251151	6/11/88	7098, 7121, 7121.5, 7122, 7122.5
United Engineers, Inc.	P.O. Box 77503, San Francisco, 94107	289969	6/11/88	490, 7098, 7111, 7111.1, 7112, 7115(b), 7121, 7122.5
Valenzuela Building and Const.	20722 Chase St., Canoga Park, 91306	497015	6/11/88	7122.5
Vangelist Floor Design	639 Scott Pl., Apt. 5, Glendora, 91740	414541	6/23/88	7099.6, 7121, 7121.5
West Coast Roof Co.	2732 Wah Av., Sacramento, 95822	148902	6/24/88	7098
West Coast Roofing Inc.	2732 Wah Av., Sacramento, 95822	213650	6/24/88	7109, 7110, 7113, 7115 (7159), 7116, 7121.5
Weststate Electric (Weststate I)	8016 Sunrise Bl., Citrus Heights, 95610	436179	5/8/88	7123
Williams, Charles David	549 Woods Rd., San Marcos, 92069	465957	6/8/88	7114, 7121
Yee, Malcolm W.	P.O. Box 77503, San Francisco, 94107	381272	6/11/88	7098, 7111, 7112, 7121, 7122, 7122.5
Young, A.D. Construction	346 North Stockton, Lodi, 95240	482259	6/24/88	7098
Zarate, Eddie	752 S. Second St., San Jose, 95113	374871	6/8/88	7109, 7113, 7117(a), 7115 (7159), 7121
Zellerhoff Builders	330 A N. Palm St., Brea, 92621	417308	6/24/88	7122.5
Zellerhoff Builders, Incorporated	565 Explorer St., Brea, 92621	457399	6/24/88	7108.5, 7121, 7121.5

**LICENSES SUSPENDED**

NAMESTYLE	ADDRESS	LICENSE#	EFFECTIVE DATE	VIOLATION CONTRACTORS LAW
Affordable Roofs	4141 Palm Av., #145 Sacramento, 95842	405193	6/12/88 Indef.	7099.6, 7121
Armtrout Development Co.	13365 Dry Creek Rd., Auburn, 95603	335130	5/12/88 30 Days	7097, 7098
Flores, Benito Davalos	11833 167th St., Artesia, 90701	356324	5/19/88 Indef.	7099.6, 7109, 7113, 7121, 7121.5
Redhawk Drilling Co.	13365 Dry Creek Rd., Auburn, 95603	347402	5/12/88 30 Days	7110, 7116, 7161(b)
Redhawk Drilling Co.	13365 Dry Creek Rd., Auburn, 95603	493278	5/12/88 30 Days	7110, 7116, 7161(b)

**Bad Address,**

*continued from page 1*

tive procedures provided by law, he was also unable to take advantage of the opportunity to give his side of the story to the Board investigator.

The contractor's only recourse now is to wait a full year before reapplying for a license, pay the cost of a \$15,000 disciplinary bond, pay the \$200 civil penalty to the Board, and

pay the homeowner \$850, before the Board will consider issuing another license - an expensive consequence of not notifying the Board of his current address.

The solution is simple. Always keep the Board informed of your current mailing address. Failure to do so could result in the loss of your license!

The best way to keep the Board informed is to send a written notice to the

**Non-Licensed Citations by Local Building Inspectors**

Local building inspectors in eight jurisdictions now have the power to assist CSLB with its enforcement responsibilities, thanks to the addition of Section 7035 in the Business and Professions Code. The measure authorizes building inspectors in specific locations to issue CSLB citations to non-licensees discovered on job sites when making field inspections to enforce building codes.

While the enforcement staff of CSLB is anxious to see results from the newly authorized local citation powers, they also acknowledge the workload limitations within which most building inspectors are already working.

"We know that local building departments are working very hard to keep backlogs to a minimum and to keep field inspections focused on code enforcement necessary to ensure public safety," said CSLB Operations Review Deputy Bob Christensen. "But, we also believe that licensed contractors who are aware of non-licensed contractors working on the site can help our enforcement efforts by identifying non-licensees and working with the building inspector to increase compliance with the law. The CSLB wants to encourage all working professionals in the contracting field to help make the laws work for us by reporting violations of the contractors law and regulations to participating local building inspectors or city managers."

The program began in June 1988 and includes eight participating cities and counties including: Los Angeles, San Diego, Big Bear, San Clemente, Watsonville, Monterey County, Galt and Benicia. The recent extension of the program authorized by AB 4005, also allows up to ten cities or counties to participate and raises the fee paid to the building departments for issuing the citations from \$25 to \$50. The CSLB hopes to add two more building department jurisdictions to the program soon.

Contractors State License Board, P.O. Box 26000, Sacramento, CA 95826, Attention: License Modification.

Provide the following information:

- Your namestyle as shown on the license,
- your license number,
- your classification,
- your business telephone number (including area code),
- your old address and your new address.

Date and sign the written notice. This must be done within 90 days of a change of address. You may obtain forms for this purpose from any of the Board's field offices.

## Licensed Contractors are Sureties for Tax Payments of Unlicensed Subcontractors

by Karl Grossenbacher, Deputy Director, Tax Branch, California Employment Development Department

Section 621.5 of the Unemployment Insurance Code makes licensed contractors guarantors or sureties for the employment tax payments of any unlicensed subcontractors that they use. This section also makes the licensed contractor the statutory employer of all of the employees of any such unlicensed subcontractor.

Licensed contractors who do not check to make certain that their subcontractors are licensed by the Contractors State License Board can receive a nasty financial jolt when an audit reveals that employment taxes have not been paid by unlicensed subcontractors. The Employment Development Department (EDD) estimates that it assesses approximately 900 licensed contractors for the unpaid employment taxes of their unlicensed subcontractor each year.

The most obvious situation in which Section 621.5 applies is where a licensed contractor contracts with an unlicensed sub to complete a major portion of a project where it is clear that the subcontractor will be employing the services of additional workers. In this situation, both the subcontractor and all of his

or her employees become the employees of the licensed contractor for state payroll tax purposes. Some other examples of situations in which Section 621.5 applies include:

1. A general contractor who holds a valid California contractor's license subcontracts to an out-of-state contractor to perform services for which a license is required. The contractor has a license issued by another state, but is not licensed in California. In this instance, the subcontractor is a statutory employee of the general contractor under Section 621.5 because the subcontractor does not hold a valid California contractor's license.

2. A roofing contractor who holds a valid contractor's license subcontracts to an individual who was determined to be an independent contractor under the usual common law rules; however, that individual does not hold a valid contractor's license. The subcontractor is a statutory employee of the roofing contractor under Section 621.5 because he or she does not hold a valid contractor's license.

3. A general contractor who holds a

valid contractor's license hires a subcontractor — which is a partnership — to install carpets. One of the partners holds a contractor's license; however, the partnership is unlicensed. All workers including the partners and their employees are statutory employees of the general contractor under Section 621.5 because the partnership does not hold a contractor's license. The Contractors State License Board must have issued a separate license for the partnership in order for the license to be considered valid. This concept also applies to a corporation because the corporation must be separately licensed.

The term "valid" in these examples means the license was issued to the correct individual or entity, the license was for the type of service being provided, and the license was active for the entire period of the job.

If you have any questions regarding this article or the employment status of contractors within your business, please contact an Employment Tax District Office of the Employment Development Department. For the office nearest you, please refer to your local telephone directory under State of California, Employment Development Department. ■

## Contractor's Fraud May Invalidate a Mechanic's Lien

by Sam K. Abdulaziz, Law Offices of Abdulaziz & Grossbart, North Hollywood, CA

One of the great protections afforded laborers and suppliers in California is the mechanic's lien. A mechanic's lien allows persons who have made improvements to a piece of property to have a security interest in that property until they are paid for their work. The purpose of this law is to prevent the unjust enrichment of property owners at the expense of a contractor, laborer, or material supplier.

Despite the general policy favoring payment of contractors, labor or material suppliers, a mechanic's lien will not be enforced when a contractor or subcontractor has committed fraud against a property owner. A person who commits fraud, such as embezzling funds or tricking an owner into making higher payments, has "unclean hands," and may be barred from foreclosing on a mechanic's lien.

In *Burton v. Sosinsky*, the California Court of Appeal refused to foreclose a subcontractor's mechanic's lien. The subcontractor had participated with his general contractor in overbilling a property owner for work the subcontractor had performed.

Burton was a subcontractor hired to pave a parking lot owned by Sosinsky; he also made improvements on another piece of Sosinsky's property. The general contractor

overbilled Sosinsky and diverted the money received to other projects. Part of the overbilling was accomplished by increasing Burton's billing. When payments were made by joint checks to Burton and the general contractor, Burton gave the overage to the general.

After a dispute with Sosinsky concerning the parties' payment arrangement, Burton stopped performance on the contract and moved to foreclose on his mechanic's lien.

Although Burton alleged that he did not directly profit from the general contractor's fraud, he knew about the overbilling and did not object. Furthermore, he had a long history of working with the contractor and wished to continue working for him in the future. As a participant in the scheme to defraud Sosinsky, Burton had "unclean hands," which could prevent him from enforcing the lien.

In addition to the statutory lien law, principles of justice and fairness were applied by the Burton court in deciding the case. Since the lien notice was found to be fraudulent, and an innocent property owner was misled, Burton's mechanic's lien was determined to be invalid.

## Around the State,

continued from page 1

### 1-Year County Jail Time

In September 1988 in San Francisco Municipal Court, Donald J. Bloom pled guilty to a felony charge of grand theft.

CSLB investigators developed the case against Bloom during several years of investigation. He was found to have abandoned jobs and taken money from elderly people without performing work or doing a minimum of substandard work. The CSLB revoked his license on April 13, 1985. Bloom continued to operate after his license was revoked. The criminal charges included work done both before and after the revocation.

Bloom was sentenced on October 17, 1988 with the following terms: three years in state prison, suspended, on condition that Bloom be placed on probation for five years. Bloom will serve one year in county jail with no county parole or early release. Bloom will also make restitution of \$60,451 to his 17 victims who lost money. He has already tendered \$25,000, or approximately 41% of the \$60,451 to the District Attorney's Office. The balance of the restitution will be paid by Bloom at a rate of \$1,000 per month for five years, or until the balance is paid off. ■

## Pilot Arbitration Program Initiated by CSLB

by Cruz Reyna

**Ar-bi-tra-tion** *n* : the settlement of a dispute by a person or persons chosen by both sides to come to a decision.

The CSLB recently began a pilot arbitration program that could result in speedier resolution of construction disputes. The program provides for the use of arbitration services from the American Arbitration Association (AAA) to resolve construction disputes arising between consumers and contractors with clean records.

The new arbitration program was initiated to provide an alternative means of enabling CSLB's small staff to respond to an ever-growing complaint workload. CSLB staff reported that most complaints were being screened and mediated by a Consumer Services Representative on staff. However, backlogs were occurring because there were not enough deputies to investigate complaints.

Staff also observed that a large number of complaints awaiting investigation alleged poor workmanship or other problems in remodeling construction jobs, and that many of these complaints involved a financial injury to the complainant of \$25,000 or less.

### Quicker process

Because of the heavy complaint workload, many complaints cannot be investigated for months. Legal action may take a year or longer. Under the arbitration program, a complaint can be resolved within 120 days.

Arbitration is fast. It takes approximately 120 days to resolve a dispute. Parties

may participate in selecting the arbitrator. Arbitration provides an informal setting in which a dispute can be resolved. Arbitrators hearing the cases are experts trained in construction matters.

Arbitration is binding. An award may be enforced through the Superior Court.

### Arbitration benefits the consumer

If the contractor fails to comply with the award, the contractor's license will be suspended or revoked.

### Arbitration benefits the contractor

Under current complaint disclosure laws and policy, a complaint filed against a contractor will not be disclosed to the public unless the contractor fails to comply with the award. A contractor's license will not be suspended or revoked on an allegation involved in a complaint that is referred to arbitration unless the contractor fails to comply with the arbitrator's award.

### Points to remember about arbitration

- Arbitration is voluntary.
- Arbitration hearings are informal and held at a site near the contractor and consumer.
- Only select cases involving contractors with good records will be referred for arbitration.
- The Contractors State License Board will

pay for the hearing and the arbitrator.

- Once the contractor and the complaining consumer agree to arbitration, the parties are committed to the process and the matter must be resolved by arbitration. Neither party may back out of the process because of a change of mind.
- The contractor is responsible for preparing his or her own case and presenting the case at the hearing.
- If a party wants a record of the hearing, that party is responsible for paying a court reporter or otherwise making arrangements to have a record of the proceeding made.
- If a party wants to be represented by an attorney, then that party will have to hire one at his or her own expense.
- If a party wants an expert witness to assist in the presentation of the case, then that party will have to hire one at his or her own expense.
- In most cases, parties will not be able to file a civil suit in court regarding issues decided through arbitration.
- Grounds for appealing an arbitration award are limited.

The Contractors State License Board encourages all contractors who are asked to resolve disputes through the arbitration program to do so. ■

## From the Chair, *continued from page 3*

types of disputes (mostly workmanship cases under \$25,000) to be resolved through an independent arbitrator. The benefit to you is that no disciplinary action can be taken against your license (unless you fail to comply with the arbitrator's award), and you will have your dispute resolved quickly by someone who understands the industry. We hope many of you will avail yourselves of this option.

We still have a backlog of unprocessed enforcement cases. The Board has established a period of six months as a reasonable time to resolve a consumer complaint. Because of the 25,000 to 30,000 complaints filed each year and the lack of adequate resources, we have not been able to handle all filed cases in a timely manner. At any one time, the CSLB has a normal workload of 5,000 cases in the six-

month case-disposition pipeline. However, many of our cases take more than six months to complete. Our goal is to get the backlog of more-than-six-month cases down to 3,000 by June 1989 and to 1,800 by June 1990. We have established a longterm goal of eliminating our backlog and we began a "Zero Backlog" campaign at our district offices to encourage and remind all of us of this goal.

You will notice a new look in our California Licensed Contractor quarterly. We will endeavor to provide you with examples of real cases that have been adjudicated by the Board. This will allow you to understand some of the more common violations of our laws. It will be informative and help all of us overcome some typical misconceptions about the laws and regulations under which we work. We will also be giving you some pro-

files of industry, Board, staff and contractor personalities that should prove interesting. Our new laws each year will also be summarized with some procedural tips on how the laws affect you and how you can comply.

Finally, I want to emphasize that as the Contractors State License Board is working to become a model agency of quality service, we are entering a new era of efficiency and productivity that will better serve contractors and consumers alike. For the past few years, we have been automating, reorganizing, simplifying and streamlining our systems. The job is not complete and we will never be totally satisfied. I can only assure you that the Board will continue to pursue excellence in service and performance. You will see the difference. ■

## CSLB Northern Offices

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Jeff Savin - Senior Deputy

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