



# ACCOMPLISHMENTS & ACTIVITIES



2012



PAUL SCHIFINO, *Chair, Contractor Member*

JOAN HANCOCK, *Vice Chair, Contractor Member*

MARK A. THURMAN, *Secretary, Contractor Member*

DAVID DIAS, *Labor Member*

PASTOR HERRERA, JR., *Public Member*

MATTHEW KELLY, *Public Member*

ROBERT LAMB, *Public Member*

ED LANG, *Public Member*

JAMES MILLER, *Public Member*

LISA MILLER-STRUNK, *Contractor Member*

JOHN O'ROURKE, *Public Member*

BRUCE RUST, *Public Member*

FRANK SCHETTER, *Contractor Member*

EDMUND G. BROWN JR.

*Governor*

ANNA M. CABALLERO

*Secretary, State and Consumer Services Agency*

DENISE BROWN

*Director, Department of Consumer Affairs*

STEPHEN P. SANDS

*Registrar, Contractors State License Board*

## Cost Savings and Restitution to the Public Highlight 2012

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Expanded national, state, and industry partnerships have resulted in a record year of cost savings and restitution to the public, achievements directly related to the Contractors State License Board's (CSLB) innovative efforts to maximize resources and protect consumers.

Much of the money collected was the result of revised laws that changed our working relationships with other state agencies. These laws have enabled CSLB and its partner agencies—such as the Department of Industrial Relations, Secretary of State, Employment Development Department, and Franchise Tax Board—to share data that immediately identifies individuals who are violating state licensing, business, labor, and tax laws. The shared information, and CSLB's committed relationships with local prosecutors, helps return money to consumers that is stolen by unscrupulous contractors. Partnerships also identify fees and taxes that have not been paid to the state.

I also am pleased to report that CSLB's leadership and staff continue to streamline operations, yet maintain valuable services to the state's nearly 300,000 licensed contractors who struggle to maintain their financial footing because of illegal competition in the underground economy. CSLB, other state agencies, and dozens of construction trades and associations strengthened their partnerships to eradicate unlawful businesses that skirt state contracting and labor laws, and harm consumers and employees, through regular dialogue with the state's Administration.

CSLB gained national attention in June and September when it was joined by several other states that warned consumers about predatory online advertising used by unlicensed contractors on Internet bulletin board websites. A majority of sting operation leads now come from illegal online advertising.

CSLB obtained new peace officer positions this year that will further its ability to monitor and enforce state contracting laws and protect consumers through various prosecution measures carried out by local district attorneys.

CSLB's Board members and staff will continue to improve processes that best serve our state's consumers and contractors. All of those who partner with or are served by CSLB can count on continued efficient, professional service.

Many thanks to all who assisted and supported CSLB's efforts in 2012.

A handwritten signature in black ink, appearing to read 'Paul Schifino'. The signature is stylized and cursive.

Paul Schifino, Board Chair



## CONTRACTORS STATE LICENSE BOARD

PARTNERSHIPS | CONSUMER PROTECTION  
LEADERSHIP | ENFORCEMENT | COMMITMENT  
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ON DEVELOPMENT | ARBITRATION  
CASE MANAGEMENT | MEDIATION | RESTITUTION  
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# LEADERSHIP

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## CSLB Registrar and Board Members

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A 15-member board appoints the Registrar of Contractors, who directs administrative policy for CSLB operations. The Board is comprised of five contractor members and 10 public members. The public members include one labor representative, one local building official, and one representative of a statewide senior citizen organization. The governor and state legislature make these appointments.

### **PAUL SCHIFINO** • CHAIR • GOVERNOR APPOINTEE • "C" CONTRACTOR MEMBER

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Paul Schifino, of Los Angeles, originally was appointed by Governor Arnold Schwarzenegger in January 2010 and reappointed by Governor Edmund G. Brown Jr. in April 2011. Mr. Schifino is owner and president of both Anvil Steel Corporation and Junior Steel Company. Mr. Schifino was a partner for the law firm of Schifino and Lindon from 1992 to 2006, associate attorney for Strook and Strook and Lavan from 1990 to 1992, and adjunct professor at Georgetown University from 1987 to 1989. He also is a member of the American Institute of Steel Construction (AISC). Mr. Schifino and his wife are both ambassadors of the Weizmann Institute of Science, an international center of scientific research located in Israel. Mr. Schifino's term continues through June 1, 2013.

### **JOAN HANCOCK** • VICE CHAIR • GOVERNOR APPOINTEE • "B" CONTRACTOR MEMBER

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Joan Hancock, of Sacramento, was appointed by Governor Arnold Schwarzenegger in November 2007 and reappointed by Governor Edmund G. Brown Jr. in July 2011. Since 1983, Ms. Hancock has owned Her Land Enterprises, a general contracting firm. From 1977 to 1983, she co-owned Hancock & Colyer Construction. Ms. Hancock earned a Juris Doctorate in 1982 and a California State Teaching Credential in 1979. She also is a member of the Sacramento Mediation Center. Ms. Hancock's term continues through June 1, 2015.

**MARK A. THURMAN** • SECRETARY • GOVERNOR APPOINTEE • “B” CONTRACTOR MEMBER

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Mark A. Thurman, of Newport Beach, originally was reappointed by Governor Arnold Schwarzenegger in January 2010 and reappointment by Governor Edmund G. Brown Jr. in May 2011. Mr. Thurman has been president of ARB Structures, Inc. since 2004. Previously, Mr. Thurman was president of Pepper Construction Company Pacific from 1989 to 2004, served as a firefighter specialist for the Orange County Fire Authority from 1980 to 1988, and was a project manager for Miles and Kelley Construction Company from 1975 to 1980. Mr. Thurman is a member of the Associated General Contractors of California’s Board of Directors, Urban Land Institute, Design-Build Institute of America, and International Council of Shopping Centers. Mr. Thurman’s term continues through June 1, 2013.

**DAVID DIAS** • GOVERNOR APPOINTEE • LABOR MEMBER

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David Dias, of Napa, was appointed by Governor Edmund G. Brown Jr. in April 2011 and reappointed in June 2012. Mr. Dias has been a business representative for Sheet Metal Workers’ Local Union No. 104 since 2005, and previously was an apprentice instructor at Foothill Community College from 1998 to 2005, a field supervisor at Therma Inc. from 1997 to 2005, and a sheet metal worker foreman at RH Tinney from 1990 to 1997, after serving as an apprentice from 1986 to 1990. He is a trustee of the Bay Area Industry Training Fund, a member of the U.S. Green Building Council, and a member of the Joint Committee for Energy and Environmental Policy. Mr. Dias’ term continues through June 1, 2016.

**PASTOR HERRERA JR.** • GOVERNOR APPOINTEE • PUBLIC MEMBER

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Pastor Herrera, of Los Angeles, was appointed by Governor Arnold Schwarzenegger in July 2010. Mr. Herrera began serving as the Los Angeles County Director of Consumer Affairs in 1991. He previously served L.A. County as Assistant Director of Consumer Affairs from 1981 to 1991, head of staff services from 1980 to 1981, head Consumer Affairs Department representative from 1977 to 1980, and as a Consumer Affairs investigator from 1976 to 1977. Mr. Herrera is a member of the University of California, Los Angeles Latino Alumni Association, National Association of Consumer Affairs Administrators, Consumer Federation of California, Los Angeles Financial Credit Union Board of Directors, National Consumers League, and a founding member of the Los Angeles County Hispanic Managers. Mr. Herrera’s term continues through June 1, 2014.



**MATTHEW KELLY** • SENATE APPOINTEE • PUBLIC MEMBER

Matt Kelly, of Sacramento, was appointed by the Senate Rules Committee in April 2003. He was reappointed in October 2005, and again in 2009. Although his 20-year construction industry career began as a carpenter apprentice, he has since worked on a variety of commercial and residential projects, and has been in construction management for a large general contractor. He currently serves as the Executive Secretary Treasurer of the Sacramento-Sierras Building and Construction Trades Council. Mr. Kelly served as Board Chair from 2006-2007. His term continues through June 1, 2013.

**ROBERT J. LAMB II** • ASSEMBLY APPOINTEE • PUBLIC MEMBER

Robert Lamb, of Cypress, was appointed by Assembly Speaker Fabian Núñez in May 2006. Mr. Lamb is a certified plumber and pipefitter. He has been a member of the United Association for more than 30 years, has held numerous positions in the construction industry, and has worked on a variety of construction projects. Mr. Lamb was the business manager and financial secretary/treasurer for the Plumbers and Steamfitters U.A. Local 582 in Santa Ana, and also was a representative for the Southern California Pipe Trades District Council 16. Mr. Lamb earned a Bachelor's degree in Union Leadership and Administration from the National Labor College in Silver Springs, MD. He serves as a special representative for the United Association of Plumbers and Steamfitters. In October 2008, Assembly Speaker Karen Bass reappointed Mr. Lamb and, in 2012, Assembly Speaker John Perez reappointed Mr. Lamb for a term that continues through June 1, 2016.

**ED LANG** • GOVERNOR APPOINTEE • PUBLIC MEMBER - SENIOR CITIZEN ORGANIZATION

Ed Lang, of Rancho Cordova, was appointed by Governor Arnold Schwarzenegger in January 2007 and reappointed in July 2010. Mr. Lang retired as supervisor of the Corporation Collections Unit for the California Franchise Tax Board, where he worked in various positions from 1980 to 2003. Previously, he was an adult education instructor for the Folsom-Cordova Unified School District from 1976 to 1982, and served in the U.S. Air Force from 1960 to 1980. Mr. Lang serves on the Board of Directors for the InnerCity Housing Corporation and HELPS Family Foster Agency, and is a member of the American Association of Retired People. Mr. Lang's term continues through June 1, 2014.

**JAMES MILLER** • GOVERNOR APPOINTEE • PUBLIC MEMBER - BUILDING OFFICIAL

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James Miller, of Big Bear Lake, was appointed by Governor Arnold Schwarzenegger in July 2010 and reappointed by Governor Edmund G. Brown Jr. in August 2011. Mr. Miller was a Board member from 2005 through 2009, and served as Board Chair and Vice Chair. Mr. Miller has served as director of building and planning for the city of Big Bear Lake since 2007. Previously, he worked for Riverside County as director of building and safety from 2002 to 2007. He also worked for Coachella Valley, Murrieta, Pomona, and was a licensed contractor in the 1970s and 80s. Mr. Miller's term continues through June 1, 2013.

**LISA MILLER-STRUNK** • GOVERNOR APPOINTEE • "A" CONTRACTOR MEMBER

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Lisa Miller-Strunk, of Aliso Viejo, was appointed by Governor Arnold Schwarzenegger in November 2007 and reappointed in July 2010. She received her Bachelor's degree from the University of California, Los Angeles in 1986 and her Master's degree in Business Administration from the University of California, Irvine in 1994. Since 1991, Ms. Miller-Strunk has served as president of Shellmaker Incorporated, which specializes in marine construction. Ms. Miller-Strunk is a long-time member of the Associated General Contractors. Her term continues through June 1, 2014.

**JOHN O'ROURKE** • SENATE APPOINTEE • "C" PUBLIC MEMBER

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John J. O'Rourke, of Novato, was appointed by the Senate Rules Committee in June 2011. Mr. O'Rourke is Business Manager/Financial Secretary for the International Brotherhood of Electrical Workers (IBEW) Local 6 San Francisco and has served in that position since 1999, having recently been re-elected to his fifth term. The 32-year IBEW member has earned his Journeyman Inside Wireman Certificate. This is the third time Mr. O'Rourke has served as a Board member; former Governor Gray Davis appointed him as a labor representative in September 2001, and Assembly Speaker Fabian Núñez appointed him as a public member in December 2004. Mr. O'Rourke also is Chairman of the San Francisco Joint Apprenticeship Committee and Training Trust, and a member of the Olympic Club and the United Irish Cultural Center. Mr. O'Rourke's term continues until June 2015.

**BRUCE RUST** • ASSEMBLY APPOINTEE • PUBLIC MEMBER

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Bruce Rust, of Clovis, was appointed by Assembly Speaker Fabian Núñez on April 2, 2008 and reappointed in May 2012 by Assembly Speaker John Perez. Mr. Rust is the Business Manager of Laborers Local #294 in Fresno. He has worked in

construction in California and Arizona, and as a tunnel miner, helping to build the Metro Subway System in Washington, D.C. Mr. Rust's term continues through June 1, 2016.

**FRANK SCHETTER** • GOVERNOR APPOINTEE • CONTRACTOR MEMBER

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Frank Schetter, of Sacramento, was appointed by Governor Edmund G. Brown Jr. in August 2011. Mr. Schetter has been the CEO of Schetter Electric since 2006 and was president from 1983 to 2005. He is a governor of the National Electrical Contractors Association and a member of the National Joint Apprenticeship and Training Committee. Mr. Schetter's term continues through June 1, 2015.

**STEPHEN P. SANDS** • REGISTRAR OF CONTRACTORS

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Stephen P. Sands, Hon. AIA, has served as Registrar since January 2001. A graduate of the United States Air Force Academy with a Master's Degree in Public Administration, Mr. Sands has served in leadership positions in the California Department of Consumer Affairs (DCA) since 1978. He serves on the Board of Directors for the National Association of State Contractors Licensing Agencies and as chair of the DCA Executive Officers Council.



## CONTRACTORS STATE LICENSE BOARD

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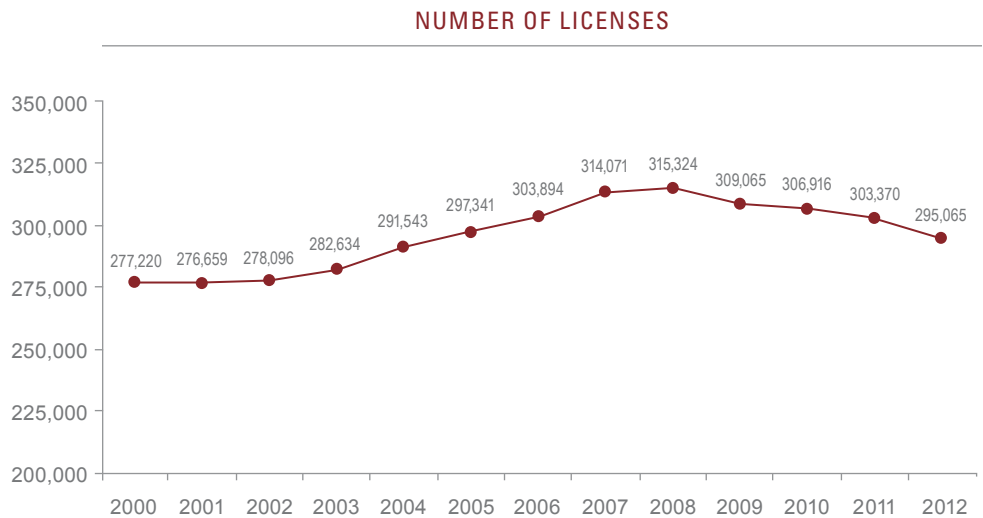


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# LICENSING

## Number of Licenses

As of December 31, 2012, there were 295,065 licenses, a decrease of about 3 percent from 2011. Of those, 228,019 were active licenses; 67,046 were inactive.

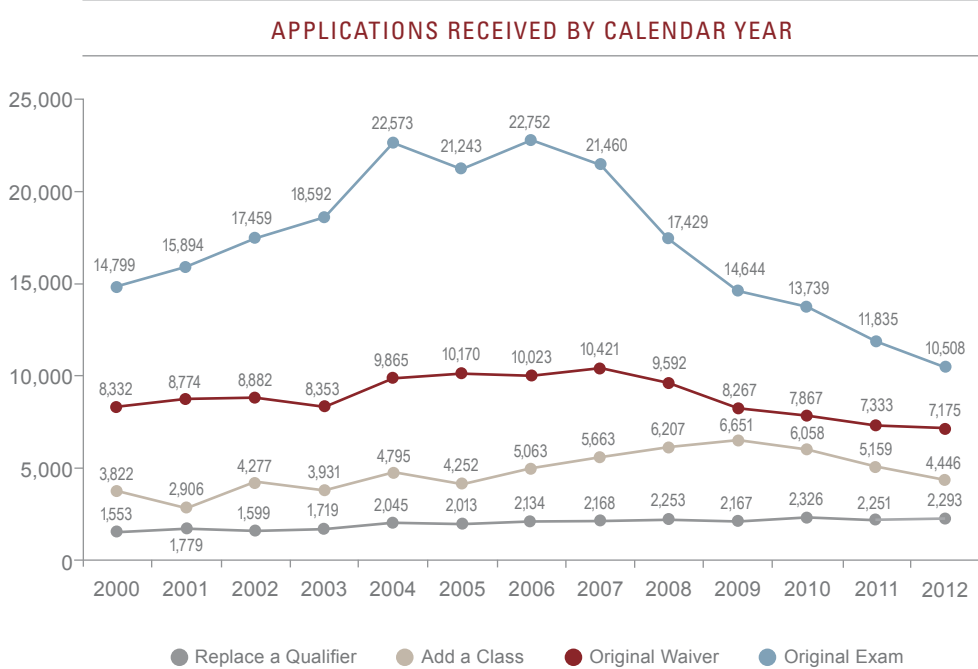


## TOP TEN LICENSE CATEGORIES

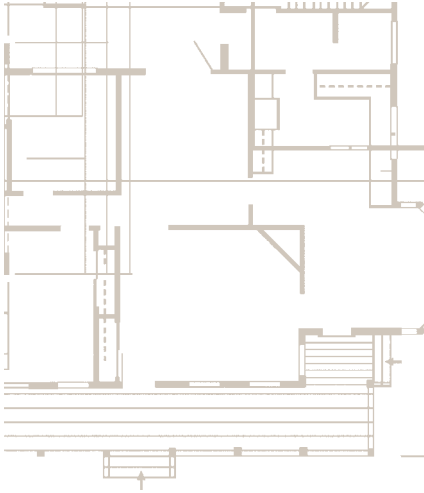
CLASSIFICATION	TOTAL
General Building Contractor "B"	143,021
C-10 Electrical	32,693
General Engineering Contractor "A"	20,889
C-36 Plumbing	19,025
C-33 Painting and Decorating	18,864
C-20 Warm-Air Heating, Ventilating and Air-Conditioning	14,267
C-27 Landscaping	13,778
C-15 Flooring and Floor Covering	8,482
C-8 Concrete	7,930
C-54 Tile	7,315

## Workload

Until 2006, the number of applications received by CSLB steadily increased. It is believed that the 2004 spike was a result of new fingerprinting requirements in January 2005. The chart below displays the number of license applications received for calendar years 2000 through 2012. In 2011, 26,578 applications were received; 24,422 were received in 2012, a decrease of about 8 percent. Original license applications (exams and waivers) decreased 7 percent. Applications to add a classification to an existing license decreased by 13 percent and applications to replace the qualifying individual on an existing license increased 2 percent.



Until 2006, the number of applications received by CSLB steadily increased.



## Processing Timelines

Throughout 2012, the CSLB Licensing division maintained acceptable processing times for applications for licensure, renewals, and other documents despite the reduction in staff hours due to the state furlough program. Acceptable processing times can be partly attributed to the decreased number of applications, as shown in the chart below.

### WEEKS BEFORE BEING PULLED FOR PROCESSING

TYPE OF APPLICATION / DOCUMENT	2011 AVERAGE	2012 AVERAGE
Original Exam	1.0	2.3
Original Waiver	1.1	1.6
Add a Class	2.1	3.7
Replace the Qualifier	1.8	3.0
Home Improvement Salesperson	2.5	3.5
Renewal	.4	5
Contractor Bond/Bond of Qualifying Individual	.4	.6
Workers' Compensation Certificates and Exemptions	1.7	2.3

## STATISTICAL REPORTING AND ANALYSIS PROJECT

An Application Disposition Report was established in November 2005 to identify the number of applications received within a fiscal year and final disposition of those applications, regardless of the year they were processed. This report allows staff to monitor the disposition of applications and identify any that may need special attention.

The chart below illustrates the number of applications received in fiscal year 2011-12 and the disposition of those applications.

There are many reasons for an application to be “pending.” These include, but are not limited to:

- The applicant not passing the exam, but still being within the 18-month time period during which he/she must pass the examination;
- The application being in the investigative process or not yet cleared by CSLB’s Criminal Background Unit; or
- Final documents or fees have not been submitted.

The Licensing division continues to work closely with Information Technology staff to develop reports that will be used to determine necessary application processing improvements.

### FISCAL YEAR 2011-12

TYPE OF APPLICATION	RECEIVED	ISSUED	VOID	PENDING
Original Exam	10,458	6,127	2,445	1,886
Original Waiver	7,223	5,981	1,114	128
Add a Class	4,616	2,911	1,368	337
Replace the Qualifier	2,208	1,696	476	36
Home Improvement Salesperson	6,906	3,718	3,302	156
Change of Officers	1,450	1,050	391	9



## New Laws

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### Limited Liability Companies

A new law (SB 392) that authorized CSLB to issue licenses to limited liability companies (LLCs) became effective January 1, 2012. During the first year of implementation, 169 LLC licenses were issued.

The legislation noted that contractors have been allowed to operate as corporations, and to be designated as “S” or “C” corporations for many years, with well-established case law regarding the ability to “pierce the corporate veil.” It was the intent of the Legislature that this doctrine also should apply to LLCs.

Since there is not yet case law establishing this principle in California, an additional \$100,000 bond requirement for the benefit of workers relative to payment of wages and fringe benefits was established. This is to ensure that workers are protected despite the absence of case law dealing with LLCs. This bond is in addition to the \$12,500 contractor bond.

LLCs are qualified by responsible managing officers, responsible managing members, responsible managing managers, or responsible managing employees. All officers, members, managers, directors, and qualifiers of LLCs must be listed on the application as personnel of record.

LLCs also are required to have \$1,000,000 in liability insurance when five or fewer persons are listed as personnel, with an additional \$100,000 required for each additional individual, not to exceed \$5 million.

CSLB staff created new applications, developed new application procedures, and put in place important Information Technology programming changes necessary for this new business entity.

### Workers' Compensation Recertification

Business & Professions (B&P) Code § 7125.5 (Assembly Bill 397), which took effect on January 1, 2012, made a significant change to existing workers' compensation insurance reporting for contractors who claim an exemption. Contractor License Law requires every licensed contractor to have on file with CSLB a current and valid Certificate of Workers' Compensation Insurance or Certification of Self-Insurance or a statement certifying that he or she has no employees and is not required to obtain or maintain workers' compensation.

B&P Code § 7125.5 requires, **at the time of each renewal**, that an active licensee with an exemption from workers' compensation insurance either recertify the exemption or provide a current and valid Certificate of Workers' Compensation Insurance or Certificate of Self-Insurance. This new law also provides for retroactive license renewal, as specified, for otherwise acceptable license renewal applications when the applicant provides the required recertification documentation within 30 days after notification by the board of the renewal rejection.

## Fingerprinting

License applicants have been required since January 2005 to submit fingerprints if they are listed as personnel on an original application, an application to add a classification to an existing license, an application to replace the qualifier, an application to report new officers, or an application for registration as a Home Improvement Salesperson. CSLB fully implemented the program in April 2005. Fingerprints are compared with the records of the California Department of Justice and the Federal Bureau of Investigation to determine if a criminal history exists.

CSLB staff review all criminal convictions to determine whether the crime is substantially related to the duties, qualifications, or functions of a contractor, and whether the applicant has demonstrated his/her rehabilitation. Throughout 2012, the timeline for pulling the conviction records for review averaged just over one week.

This chart reflects fingerprinting statistics for 2012.

### 2012 FINGERPRINT STATISTICS

20,069	Total number of applicants with fingerprint responses from the Department of Justice and Federal Bureau of Investigation
4,195	Number of applicants identified with a criminal history
61	Number of applicants denied licensure due to criminal convictions
88	Probationary licenses

## Licensing Information Center (LIC)

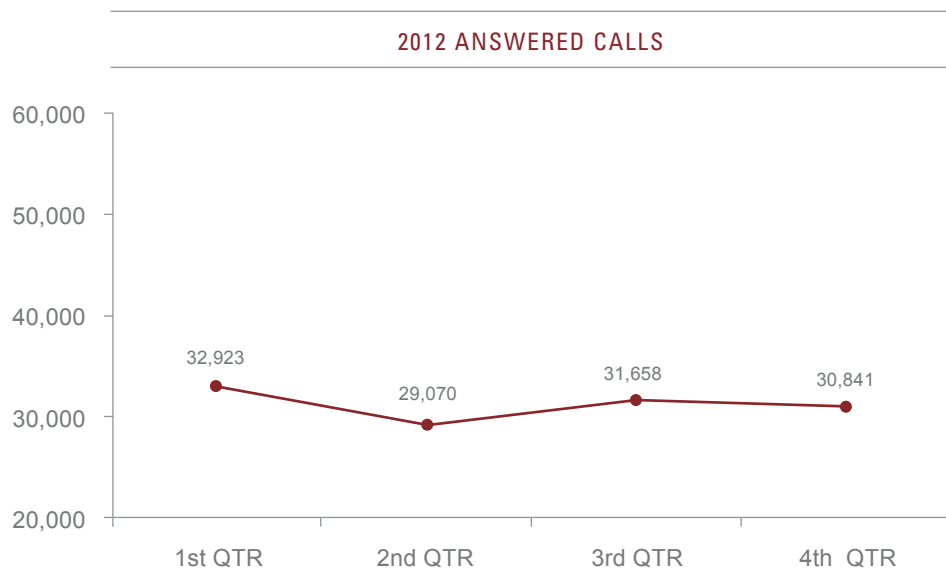
The LIC, or call center, has continued its commitment to staff training and development. LIC coordinated two three-day orientation programs this year for new employees. Orientations have helped new employees



understand the essential elements of CSLB’s Licensing and Enforcement programs. Call center agents receive more in-depth, on-the-job training, including phone shadowing, cross-training with other units, and working at the Public Information Counter. The investment in training has made new call center agents much more knowledgeable and comfortable with the wide variety of information they disseminate.

The call center’s Voice over Internet Protocol (VoIP) phone system has been a useful tool for managers and supervisors. Having real-time statistics—including call volume, wait times, and abandon rates—helps supervisors coordinate phone coverage more effectively. Additionally, LIC has utilized the system’s “conference” and “coach” features so new staff can learn from live calls.

A call center processing email inbox ([callcenterprocessing@cslb.ca.gov](mailto:callcenterprocessing@cslb.ca.gov)) has been established as a full-service tool for licensees who need their licenses updated to



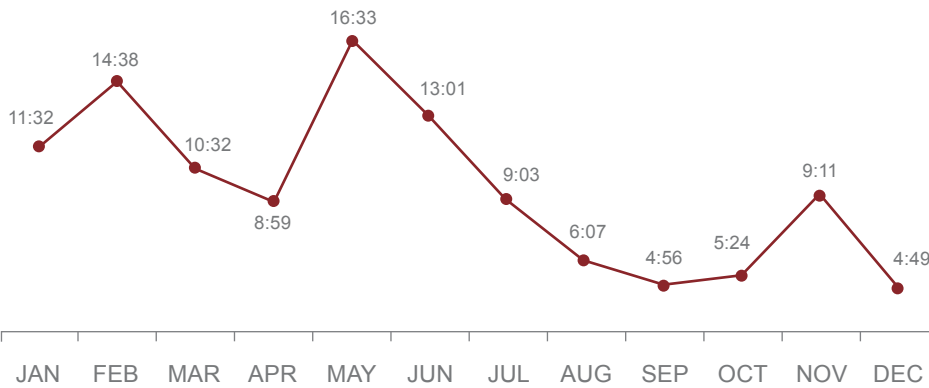
CSLB ACCOMPLISHMENTS AND ACTIVITIES REPORT

satisfy a suspension or avoid a suspension. These are urgent matters that often require immediate resolution. Having this processing capability allows on-the-spot resolution and prevents these types of callers from being transferred to other processing units. Additionally, the call center now has the ability to scan and email renewal applications to licensees whose licenses are going to expire within the month. Requests are processed within 24 hours at the call center level, and licensees have commented positively about the increased level of service.

**Answered Calls** – The chart on page 17 illustrates the number of calls answered by LIC staff in 2012. A total of 129,368 calls were answered in 2011 and 124,492 calls were answered in 2012, a 3.75 percent decrease.

**Average Wait Time** – The average call wait time for 2012 was 9:28 minutes, an increase of about two minutes from 2011. The increased call wait time can be attributed to the retirement of veteran call center agents, extended leaves of absence for certain agents, reduction in the number of call center positions due to the mandatory salary savings reductions, elimination of student assistant positions, and dedication of time and resources to train new staff. A comprehensive workload analysis is under way to determine what resources are necessary to meet CSLB’s service goals.

2012 AVERAGE WAIT TIME



# TESTING DIVISION

## Examination Development

The Testing division is responsible for ensuring that CSLB examinations are current and relevant. In accordance with legal requirements and professional testing standards, an occupational analysis of each licensing classification is conducted to collect information from licensed contractors and identify current trade practices. Results of the occupational analyses then are used to update the licensing examinations. All examination development work relies on input from licensed contractors who serve as Subject Matter Experts (SMEs). Testing specialists conduct two- and three-day workshops with SMEs at CSLB's Sacramento headquarters. CSLB's goal is to perform an occupational analysis for each classification every five years.

During 2012, the Examination Development Unit (EDU) completed 10 occupational analyses and updated 10 examinations. One testing specialist position was vacant for more than six months; however, the advanced experience level of four testing specialists enabled the division's workload to be completed as scheduled despite the vacancy. All of CSLB's occupational analyses currently meet the five-year goal.

OCCUPATIONAL ANALYSES COMPLETED	NEW EXAMINATIONS COMPLETED
C-21 Building Moving/Demolition	C-2 Insulation and Acoustical
C-34 Pipeline	C-4 Boiler, Hot-Water Heating and Steam Fitting
C-42 Sanitation System	C-7 Low Voltage Systems
C-45 Sign	C-9 Drywall
C-46 Solar	C-12 Earthwork and Paving
C-47 General Manufactured Housing	C-16 Fire Protection
C-50 Reinforcing Steel	C-21 Building Moving/Demolition
C-55 Water Conditioning	C-31 Construction Zone Traffic Control
C-57 Well Drilling	C-53 Swimming Pool
Hazardous Certification	C-54 Ceramic and Mosaic Tile

The Testing division continues to use email surveys for occupational analysis projects because they are quicker, less expensive, and eliminate data entry time. CSLB does not have email addresses for all contractors, however, so paper surveys are still being utilized to make sure CSLB reaches a large enough sample of licensees.

## TESTING CENTERS

CSLB administers computer-based examinations Monday through Friday at testing centers in Fresno, Norwalk, Oakland, Oxnard, Sacramento, San Bernardino, San Diego, and San Jose. The Examination Administration Unit (EAU) was able to fill seven vacancies during 2012. EAU is currently fully staffed with permanent employees, including a new manager to replace two who retired in 2011. Examination proctors are still used to fill in when permanent employees are unavailable.

In May, the Oxnard and Fresno testing centers were reconfigured to correct inadequate test cubicle spacing. New translation equipment also was deployed in Norwalk, Oxnard, Sacramento, San Bernardino, and San Jose to improve the reliability of translator recordings.

### Examination Procedure Change

In September, the Testing division implemented a new policy to increase the amount of time applicants are allowed to take their examinations. Under the previous policy, applicants were allowed 2.5 hours for each examination and applicants who needed additional time could request another hour. The new policy now gives **all** applicants 3.5 hours for each examination. The new policy is consistent with standard testing guidelines, is fair to all applicants, and has simplified operations in testing centers by not having to schedule additional sessions.

The Testing division also implemented a new examination booklet distribution software module that was developed by CSLB's IT staff. The examination booklets are supplemental materials containing blueprints, drawings, and symbols that applicants must interpret to answer some of the exam questions. Booklets are updated every five years when the examinations are updated. Booklets are developed at headquarters and must be tracked and inventoried at all eight testing centers several times each year to ensure examination security. The new software module is part of the State Contractors Official Regulatory Exam (SCORE) system, and allows booklets to be tracked and inventoried online without staff having to create and mail paper transmittals.

## Special Projects

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### Enforcement Representative I Examination

In 2009, EDU was asked by CSLB Personnel to complete occupational analyses for the Enforcement Representative (ER) I and II civil service classifications. In 2010-2011, EDU developed new multiple choice test questions for the ER I examination based on the 2009 occupational analysis. Questions were written and stored using the Testing division's custom item banking software (part of SCORE). The division has been successfully administering the ER I examination at CSLB testing centers twice a year since 2011. The ER II examination is in development.

### Consumer Satisfaction Survey

The Testing division conducts an ongoing survey of consumers whose complaint cases have been closed to assess overall satisfaction with the Enforcement division's complaint-handling practices. Consumers who provide CSLB with their email address receive the survey within the first or second month after their complaint is closed. Captured data is compiled into an annual report that Enforcement uses to benchmark performance improvement. Survey results are summarized on page 31.

### Examination Development Staff Support DCA Projects

EDU responded to a request for assistance from the Department of Consumer Affairs (DCA) Office of Professional Examination Services (OPES). OPES, which provides examination services to DCA's board and bureaus, was experiencing a short-term staffing shortage. EDU's assistance was requested to prevent delays in other boards' examination development projects. Two EDU staff assisted with occupational analysis projects for the Board of Behavioral Sciences and Board of Veterinary Medicine.

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#### 2012 EXAMINATION STATISTICS

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EXAMINATION TYPES	TOTAL
Trade	42
Certification	2
Law and Business	1
Number of Examinations Scheduled	38,694
Number of Misconduct Investigations	13
Number of Confirmed Misconduct Incidents	10
Overall Passing Percentage	51%



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# ENFORCEMENT

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CSLB's Enforcement division remained committed to its mission of consumer protection by resolving consumer complaints, taking administrative action in a timely manner, referring criminal violations to local prosecutors, and working closely with industry groups and allied government agencies to enforce license, tax, and insurance requirements.

Increased consumer satisfaction and restitution of more than \$13 million in 2012 were the result of establishing new programs and achieving Board objectives related to consumer complaint investigations managed within CSLB's two Intake and Mediation Centers (IMC), nine Investigative Centers (IC), and two Case Management (CM) units. A comprehensive staff training curriculum also was developed that contributed to expeditious complaint processing and investigation.

## Consumer Complaint Investigations

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### Intake and Mediation Centers

CSLB's two IMCs are responsible for initiating consumer complaints filed against licensed and unlicensed contractors. IMCs are staffed with Consumer Services Representatives (CSRs) whose primary function is to intervene with the conflicting parties and promote reconciliation, compromise, or settlement of the issues. Complaints that cannot be settled and include unlicensed practice or other violations of Contractors' State License Law are prepared for field investigation.

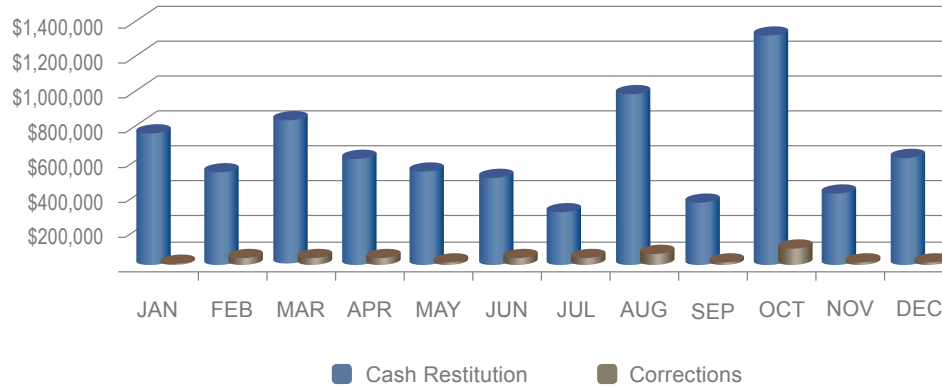
In 2012, 18,830 complaints were filed, and CSRs in the IMCs settled 39 percent of licensee complaints with restitution paid to injured parties totaling \$7,922,429.

Restitution of more than \$13 million in 2012 was the result of establishing new programs and achieving Board objectives.

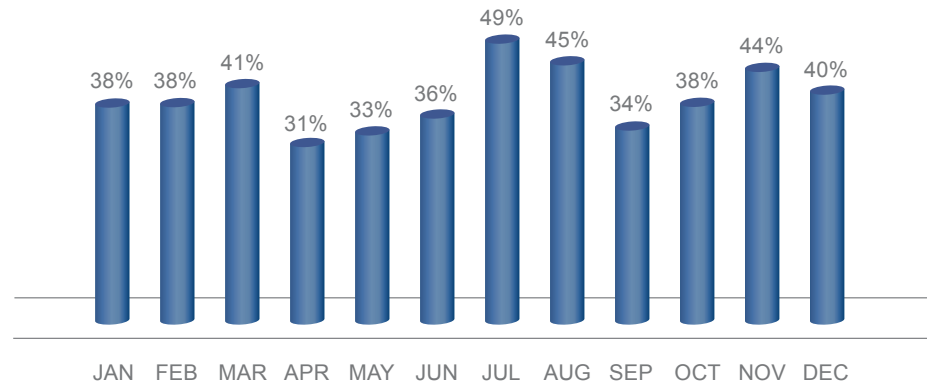


CSLB ACCOMPLISHMENTS AND ACTIVITIES REPORT

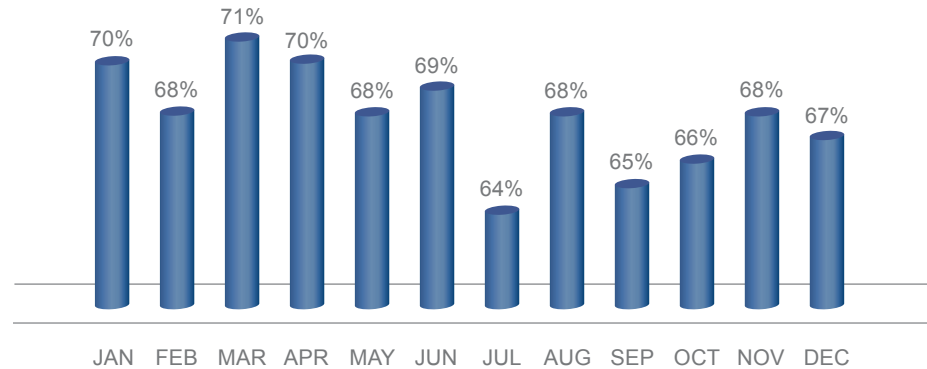
2012 IMC TOTALS



PERCENTAGE OF LICENSEE COMPLAINTS SETTLED WITHIN THE IMC



PERCENTAGE OF COMPLAINTS CLOSED WITHIN THE IMC



### **Lack of Workers' Compensation Insurance Increases License Suspensions**

In 2012, the IMCs continued to aggressively pursue uninsured contractors through license suspensions when mediation determined contractors had listed an exemption from workers' compensation (WC) insurance but employed workers (Business and Professions Code § 7125.2). Contractors are informed that they must submit proof of a valid WC policy within 30 days or their licenses will be suspended without further notice. While a contractor can request a second exemption from WC, licensees are notified that doing so will subject the exemption to verification by CSLB and partnering agencies including the Employment Development Department (EDD) and the Department of Industrial Relations' Division of Labor Standards Enforcement (DLSE).

642	"Intent to Suspend" Letters Mailed
157	Workers' Compensation Insurance Policies Obtained

### **Illegal Advertising and the Telephone Disconnect Program**

A majority of the 1,000 illegal advertising investigations processed by IMC staff in 2012 were the result of a new CSLB website feature that allows the public to anonymously file complaints against unlicensed contractors. Industry groups and licensed contractors also provide leads about illegal contractor ads. The Enforcement division issues warning letters to violators (subsequently used for sting operation leads), and administrative citations ordering a telephone disconnect are sent to the California Public Utilities Commission (CPUC), part of an established agreement between CSLB and CPUC when a telephone is used in the commission of a crime.

589	Referrals to SWIFT for Undercover Sting Operations
42	Telephones Disconnected

### **Investigative Centers**

CSLB's Investigative Centers (ICs) are the second step in the complaint-handling process. A complaint that requires thorough investigation for violation(s) of Contractors' State License Law is referred to an IC close to the geographical location of the project site and assigned to an Enforcement Representative (ER). The completed investigation may result in issuance of a warning letter, administrative citation, an accusation to revoke the license, or referral to CSLB-sponsored arbitration. When appropriate, ERs settle complaints by negotiating restitution for consumers.

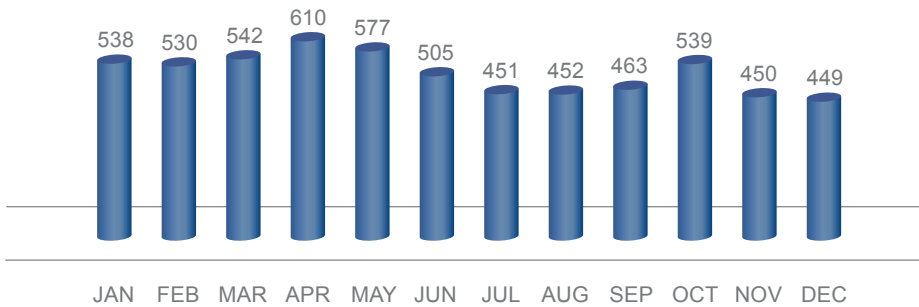
CSLB ACCOMPLISHMENTS AND ACTIVITIES REPORT

ICs met or exceeded the following Board goals in 2012:

- **Maintain ER Production of Nine Closures Per Month**

Monthly case closure goals remained at nine due to one state-imposed furlough day per month; however, ERs exceeded closure goals, averaging a total of 10 closures per month during 2012.

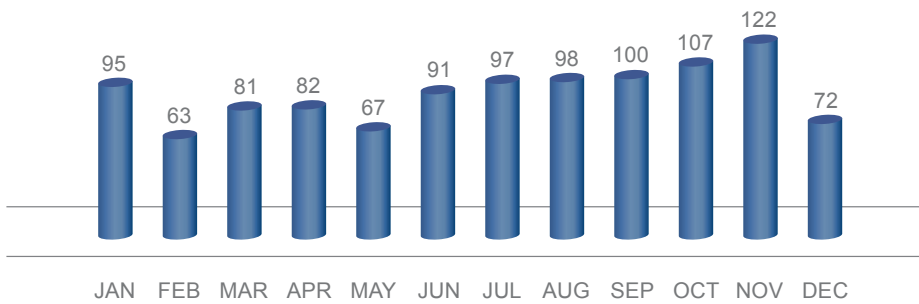
2012 IC TOTAL CLOSURES



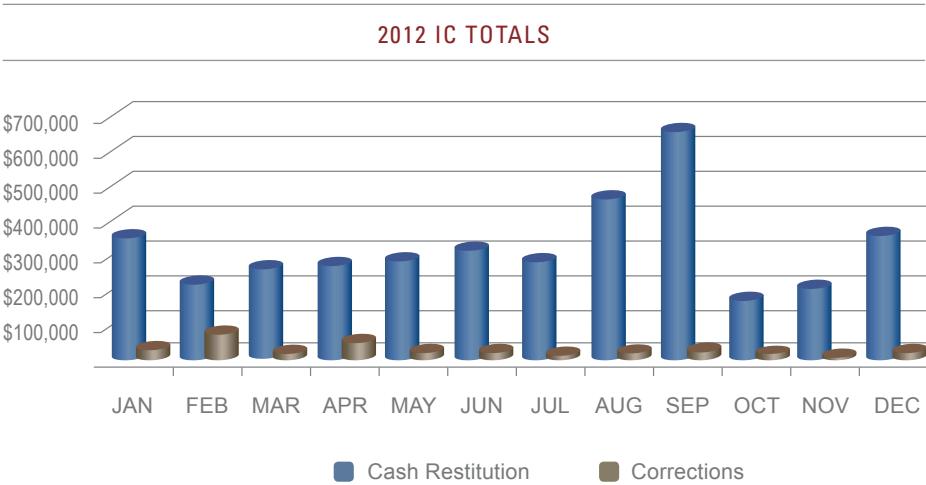
- **Complete Investigations within 270 days of receipt**

Effective management of pending complaints resulted in ICs consistently achieving CSLB's mandate for minimizing aged cases. CSLB's goal is to have no more than 100 cases exceeding 270 days old; the year ended with only 72 cases exceeding that time frame.

2012 AGED CASE TOTALS

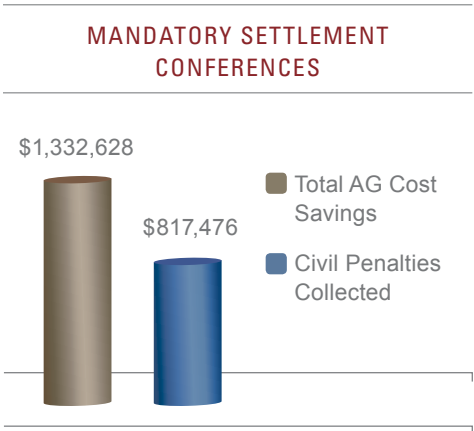


- Educate Licensees and Assist Complaint Parties in Achieving Resolution**  
 Recognizing that contractors make mistakes and consumers often have unreal expectations, ERs have received training on negotiating resolution of consumer complaints. In 2012, 6,105 complaints were investigated, 701 licensee complaints were settled, and \$3,953,654.82 in restitution was ordered for injured parties.



### Case Management

Case Management is divided into three main units: the Disciplinary Services Section (DSS), the Enforcement Services Section (ESS), and the Citation Processing Center (CPC). DSS has statewide responsibility for processing accusations and appeals



of denied license applications, and monitoring license compliance status with the board’s disciplinary actions. ESS has statewide responsibility for completing application experience verification and flagging investigations, assisting in disputes referred to the Board’s Mandatory Arbitration or Voluntary Arbitration programs, providing determination of potential out-of-class violations, and researching and investigating subsequent arrests/

convictions. CPC has statewide responsibility for issuing licensee citations, processing non-licensee and licenses citation appeals, monitoring respondents' compliance status with citations, and initiating further disciplinary action, if appropriate.

To reduce costs, Case Management employs Mandatory Settlement Conferences (MSCs) to resolve administrative disciplinary actions without incurring formal hearing costs. MSCs reduce Attorney General costs and result in injured consumers being made financially whole. The chart on page 27 shows the amount of money returned to injured parties by CSLB-sponsored arbitration and staff's success in resolving administration citations through MSCs.

### **Arbitration Program**

For the seventh consecutive year, the Arbitration Mediation Conciliation Center (AMCC) continued to administer the CSLB arbitration program. During 2012, 532 complaints were referred to the arbitration program; 468 awards were rendered, with \$2,436,045 in restitution ordered for financially injured persons. Ninety-six licenses were revoked for failure to comply with an arbitration award.

Although most arbitration cases end peacefully and professionally, that is not always the case. As an example, Luther Secret, dba Secret Construction, was hired to install a swimming pool for a homeowner in Southern California. The homeowner filed a complaint for substandard work and job abandonment, which was referred to CSLB's Mandatory Arbitration Program for resolution. In January 2012, the arbitrator rendered an award to the complainant in the amount of \$12,213. The contractor failed to pay the arbitration award, and his license was suspended for noncompliance. In July 2012, after the suspension and scheduled revocation date, the contractor and two associates drove to the complainant's residence and, despite the homeowner's vocal protests, dumped approximately \$11,000 worth of loose coins and water-soaked currency on the front lawn area.

About two days later, Secret's contractor license was revoked for failure to provide CSLB with proof of satisfaction prior to the scheduled revocation date. Secret filed



**During 2012, \$2,436,045 in restitution was ordered for financially injured persons.**

a petition for writ of mandate in Superior Court, in which he argued that legal payment was made to the complainant within the legal time frame, and that his contractor license should not have been revoked. The presiding Superior Court judge denied Secrest's petition. Secrest is barred from applying for a new license until July 2013. By that date, the court ordered that Secrest must provide proof that the homeowners have received the full amount of the arbitration award. He must pay a disciplinary award, and must reimburse the State for all legal costs.

### **Administrative Citations**

When a CSLB complaint investigation establishes that a serious violation has occurred, the Registrar of Contractors may issue an administrative citation against a license. The citation can include an order to correct a project, make restitution to an injured party, and pay a civil penalty of up to \$5,000 for violations by licensees and \$15,000 for unlicensed contractors.

If the licensee complies with the citation orders, the Board takes no further action. If the licensee contests all or any part of the citation, a mandatory settlement conference may be held, followed by a possible hearing before an administrative law judge. At the hearing, the licensee can argue against the orders in the citation. If the licensee does not prevail and does not comply with a final citation order, the license may be suspended and then revoked.

During 2012, CSLB's Citation Processing Center (CPC) reported the following citation activity:

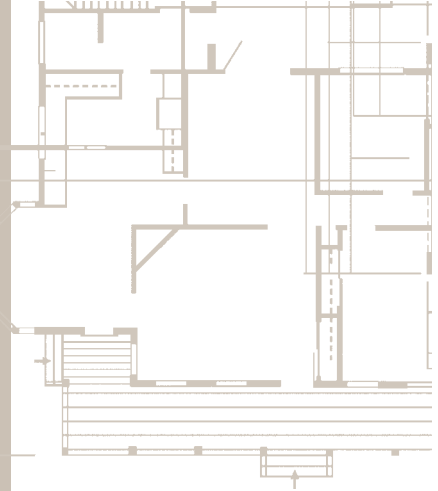
- 992 citations issued to licensees; 532 complied
- 825 citations issued to non-licensees, 344 complied
- \$817,476 collected in civil penalties
- \$1,332,628 paid to consumers through the order of correction included in the licensee citations

### **Accusations/Statement of Issues**

For flagrant violations of law, the Registrar can take administrative action by filing an accusation with the Attorney General stating the Board's intent to suspend or revoke the license. The licensee may be provided the opportunity to resolve the matter at a Mandatory Settlement Conference. If the matter is not settled, the licensee will be given an opportunity to defend himself or herself at a hearing before an administrative law judge. The Registrar's decision may include one or more of the following remedies: revocation of the license, suspension of the license, probation (stay of suspension or



*Top: CSLB Board Chair Paul Schifino swears in CSLB Peace Officer Manya Edwards. Right: Retired Annuitant Doug Galbraith teaches an Investigative Techniques training class.*



revocation), recovery of investigation and enforcement costs, injunction against unlawful activities, dismissal, or criminal charges.

During 2012, Disciplinary Services Section (DSS) staff reported the following administrative actions:

- 366 accusations filed
- 355 licenses revoked through the accusation process
- \$103,672.87 in cost recovery paid to CSLB
- \$98,862 paid in restitution to injured parties

## Program Updates

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### **Increase in CSLB Peace Officers**

Senate Bill 1254 authorized the board to increase the number of CSLB peace officers from three to 12. Enforcement was able to hire and complete background investigations for six new CSLB peace officers during 2012 by conducting “in house” background investigation procedures to expedite the lengthy peace officer hiring process. New officers have been assigned to CSLB’s Sacramento (SWIFT), San Diego, West Covina, San Bernardino, Norwalk, and Valencia offices.



### Consumer Satisfaction Survey

Consumer Satisfaction Survey reports are based on information gathered from individuals who file complaints with CSLB against licensed or unlicensed contractors, and assess the public's satisfaction with CSLB's complaint-handling process. Survey results in 2012 (for complaints closed in 2011) showed a 6 percent increase in satisfaction for timely complaint-handling and satisfaction with service. A 4 percent increase in satisfaction was gained for explaining procedures clearly, keeping the parties informed, and taking appropriate action.

### Training

Enforcement's training and developed curriculum contributed to the second consecutive year of improved consumer satisfaction statistics and continued compliance with Board objectives. Training curriculum includes basic enforcement procedures, a mentoring program, and specialized training; and is designed to enhance effective prosecution of elder abuse, license law, and insurance violations.

CSLB secured the services of a retired California Highway Patrol captain and an experienced Deputy Attorney General to provide CSLB-specific training courses. Based on identified needs and staff input, the training team developed three training modules, including Basic Investigative Techniques, Interview Techniques, and Report Writing and Court Testimony. The division also uses outside vendors to provide specialized training related to staff and career development.

On May 8, 2012, staff from the Nevada State Contractors Board (NSCB) was invited to attend Basic Investigative Techniques. Developed by CSLB management, the course provides instruction on basic investigative techniques, effective case management, and an overview of rules of evidence. The course was well received by Nevada Board representatives, many with more than 20 years' experience in law enforcement.



## SIGNIFICANT CRIMINAL CONVICTIONS

Egregious offenders with histories of elder abuse, felony convictions, predatory business practices, and unsafe work conditions continued to be targets of the Enforcement division's many task forces. Some of the criminal convictions achieved in 2012 resulted from the 359 complaints Enforcement Representatives (ERs) referred to local prosecutors, and are highlighted on the next few pages.

### **CSLB's "Most Wanted" – Captured, Serving a Five-Year Prison Sentence**

Unlicensed repeat offender and former member of CSLB's "Most Wanted" list, George Duarte, was investigated by the Norwalk IC in 2008 for multiple violations. For one project, Duarte misrepresented himself as a licensed contractor to build a new 3,000-square-foot custom home for \$270,000. He received payments of \$240,000 during five months on the job, but when the building inspector found deviations from the approved plans, the project was stopped. Duarte abandoned the job, leaving behind work valued at only \$40,000. CSLB's industry expert recommended the entire structure be demolished to the foundation.

Based on CSLB's investigation, the Los Angeles County District Attorney's Office filed charges against Duarte for three counts of contracting without a license, three counts of theft by false pretenses, two counts of grand theft, and a felony enhancement for property damage in excess of \$150,000. Subsequently, two additional complaints were submitted by the West Covina IC, and five additional charges were added against Duarte. Duarte was arrested on a \$240,000 warrant and scheduled for trial. Prior to the trial date of September 6, 2012, the DA and Duarte's attorney negotiated a plea bargain in which Duarte pleaded guilty to one count of grand theft, will serve five years in state prison (with two years suspended), and pay restitution of \$264,800 to his victims.

### **Revoked Contractor Sentenced to Prison for Mortgage Scam**

Revoked licensee Christopher Heisser, dba Hamercop Homes Inc., was contracted to build two homes in La Quinta for approximately \$2.5 million each. After two complaints were filed, the CSLB investigator determined that Heisser forged the signature of one of the homeowners on construction loan documents and illegally obtained hundreds of thousands of dollars from the mortgage company. In addition, Heisser forged his brother's signature on a CSLB License Renewal form and on Secretary of State forms.

Based on the completed CSLB investigations, the Riverside County District Attorney's Office filed criminal charges against Heisser for 42 counts of forgery/corruption of records, two counts of grand theft, one count of using the personal identification of another, and one count of unlicensed business transaction.

In a plea bargain, Heisser pleaded guilty to three of the charges, including two felonies. On January 5, 2012, Heisser was sentenced to serve two years in state prison and 180 days in county jail, with the sentences to run concurrently. He also was ordered to pay \$652,697 in victim restitution, with additional amounts to be determined by the Riverside County Probation Department. Following the hearing, Heisser was taken to Chino State Prison.

### **Felony Conviction for Filing False Documents**

Two consumers filed complaints against Russell E. Jackson Construction, Inc. for projects in Hillsborough. One project was for construction of a new \$4 million home with a written contract, and the other was a \$400,000 landscaping project based on an oral agreement that ballooned into a \$2.4 million remodeling project. Both complaints were referred for accusation. In response, Jackson filed a mechanics lien and submitted a forged contract to the San Mateo County Superior Court in support of a civil suit against the owner of the remodeling project.

The hard drive of Jackson's computer, seized as evidence through a subpoena, proved that the alleged contract was created after work ceased on the project, and that the homeowner's signature had been falsified. Based on CSLB's recommendation, the San Mateo DA's Office filed charges for the forged contract and the misrepresentation to expand the scope of the project. In a plea agreement executed on November 13, 2012, Jackson pleaded guilty to one felony count of filing a forged instrument with the court. The next day, Jackson stipulated to the accusation. His license will be revoked and he was to be sentenced by the court in January 2013.

### **Interior Designer Will Get to Redecorate Jail Cell**

Four consumers lodged complaints against Los Gatos interior designer Julie Cavanaugh for illegal activities during her remodeling jobs. Although Cavanaugh previously had been warned by CSLB, investigators found she was again acting as a contractor by offering to perform and supervise actual construction services for her remodeling jobs. It was further discovered that Cavanaugh inflated her prices to cover losses and that she forged a homeowner's signature on some furniture order forms. Based on CSLB's investigation, criminal charges were filed against Cavanaugh.

In June 2012, Cavanaugh pleaded no contest to grand theft, forgery, and contracting without a license. She was sentenced to six months in jail, payment of \$370,000 in restitution to her victims, and five years' probation.

### **Contractor Arrested for Elder Abuse of Two Neighbors**

In June 2011, an unlicensed repeat-offender, Reynaldo Roldan, dba Alfa Omega Construction, targeted two senior citizen neighbors in Sun City with a door-to-door construction solicitation scam. The first complainant reported that Roldan used high pressure sales tactics to convince her that her home needed to be painted for \$1,400. Roldan then told the homeowner he found many additional problems that required immediate attention, and the final contract price escalated to \$6,750.

Shortly after the project commenced, the homeowner noticed substandard workmanship, including stucco falling off, leaking rain gutters, and damaged property. Roldan offered to correct the work, but the complainant told him not to return – after having paid \$4,350 on the contract. The complainant's 81-year-old neighbor also was approached by Roldan. Unaware of the workmanship issues next door, the neighbor contracted with Roldan for \$6,090 to paint the exterior of her home, make repairs, and replace a patio roof. This consumer also quickly recognized the work was substandard. Roldan promised to correct the deficiencies, but never followed through. Unfortunately, this consumer had paid for the project in full.

Based on the CSLB investigator's report, the Riverside County District Attorney filed charges against Roldan for felony theft/embezzlement from an elder adult and contracting without a license. Roldan was arrested on February 6, 2012, after a bench warrant was issued, and he pleaded guilty March 6, 2012, to two counts of elder abuse and one count of an unlicensed business transaction. Roldan was sentenced to 120 days in jail, and required to serve 76 days in a work release program. He was placed on formal probation for three years following his release, and ordered to pay victim restitution in an amount to be determined by the probation department. Roldan also has been charged with criminal violations supported by a separate CSLB SWIFT investigation, which led to his arrest in April 2012. He is awaiting trial on those charges.

### **CSLB Staff Assists in Multiple Ventura County Arrests**

Following an 18-month CSLB investigation, West Covina IC investigators, SWIFT staff, and the Ventura County DA's Office served a search warrant that resulted in the arrests of Los Angeles residents Avi Hviv Gozlan, Debra Lyn Mabrie, and Ely

Kavon. The three individuals have been charged with 22 felonies, including grand theft, money laundering, elder abuse, conspiracy to contract without a license, and an aggravated white-collar crime enhancement.

Gozlan, Mabrie, and Kavon are accused of selling home improvement services to consumers through a complicated network of telemarketers, who each made hundreds of solicitation calls each day, typically targeting the elderly. Gozlan's telemarketers would present his illegal, unlicensed business as five separate, legitimate construction companies. If a consumer rejected an offer, another telemarketer from a "different" construction company would later call and offer a lower bid for the proposed work. The salespeople proposed home improvement projects that the company never intended to complete, or offered services they ultimately failed to provide while overcharging consumers up to 10 times the industry standard. Much of the work that was completed was substandard, or resulted in overbilling for tasks that were never performed.

West Covina IC staff also assisted State Compensation Insurance Fund (SCIF) fraud investigators, who are compiling a workers' compensation insurance fraud case against Gozlan. SCIF is alleging that Gozlan failed to report payroll premiums for his sales representatives and failed to report insurance premiums for his subcontractors (which could add up to millions of dollars in unreported premiums). Mabrie and Kavon pleaded not guilty to all counts, and Gozlan did not enter a plea at their court appearances on November 13, 2012. If convicted of all charges, each defendant faces a maximum sentence of 18 years in state prison.



*West Covina IC staff assisted in serving a warrant on Thursday, October 18, 2012. Front row: Investigator Darlene Cazares, Nora Urias, Supervisor Sally Luna, and Manya Edwards (SWIFT). Back row: Steve Tidwell (SWIFT), Robert Vance, Dan Conway, Sandra Mendez, Adrian Fernandez, and Greg Alexander. (Not shown: Pam Tomashek)*

**Couple Pleads Guilty to Contractor and Tax Fraud**

Between 2002 and 2011, Monterey husband/wife team Daniel Furness and Colleen Gsell operated two companies: Window Design and Fresh Paint, furnishing and installing windows and doors, painting houses, and advertising for home improvement work. Furness and Gsell used contractor license numbers issued to other people and charged their customers excessive down payments. The couple also understated the number of employees and the amount of corporate payroll to avoid disability insurance, unemployment insurance, and payroll taxes. Additionally, the two conspired to file false corporate and personal income tax returns, did not report their cash income and credit card payments, and deducted payments from workers who were not provided W-2 or 1099 tax forms. Furness and Gsell also conspired to aid and abet two workers in filing false personal income tax returns by providing falsified 1099-MISC forms with reduced income amounts. Daniel Furness pleaded no contest to six felony charges and three misdemeanors, while his wife, Colleen Gsell, pleaded no contest to nine misdemeanor charges. The court has not sentenced the duo, but Furness faces almost 10 years in prison and Gsell faces seven years behind bars.

**Murder Conviction Discovered During Application Investigation**

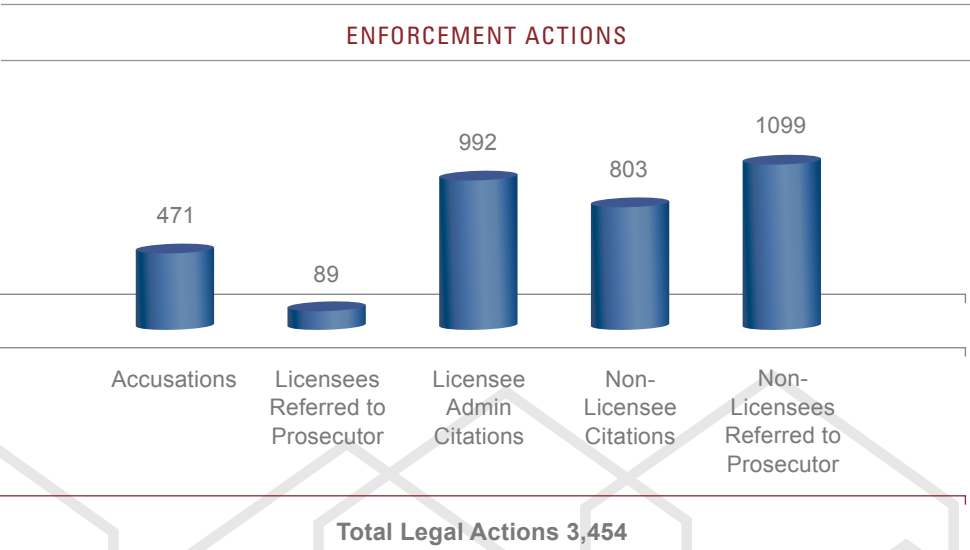
On December 1, 2004, CSLB issued a sole ownership electrical contractor license to an applicant who stated on his application that he had never “been convicted of any offense(s) (other than minor traffic violations) in this state or elsewhere.” Apparently, he did not want the CSLB to know about his lengthy criminal history between 1967 and 1994, which included convictions for using a credit card illegally, receiving known stolen property, multiple counts of theft, multiple counts of vehicle theft, being a felon in possession of a firearm, robbery, and first degree murder. Although he received a life sentence for the murder conviction, he was released early for good behavior. In addition to the criminal convictions, which occurred prior to his license being issued, he has two recent convictions for theft in 2010 and 2011.

On July 6, 2011, he applied for a corporate contractor license, and was required to submit fingerprints to CSLB for a criminal records search. Fingerprint records revealed the licensee’s extensive criminal history and the falsified application (including a phony birth date). A complaint was generated and submitted to the Sacramento South IC. The IC worked quickly to ensure that a public disclosure was immediately placed on the license and initiated an investigation for misrepresenting facts on his application and for conviction of construction-related crimes.

## SUCCESSFUL STRATEGIC PARTNERSHIPS

CSLB's Enforcement division focused on strengthening existing and developing new partnerships with members of the construction industry, law enforcement agencies, and allied state agencies in 2012. These strategic partnerships enhance efforts to combat predatory, unlicensed, and uninsured contractors that undermine the construction industry, harm consumers, and place employees at risk. By sharing resources and data, the participating agencies have significantly increased their ability to identify, cite, and prosecute violators who operate in the underground economy. As an additional benefit, these efforts produced significant criminal convictions for egregious offenders with histories of elder abuse, sex crimes, and predatory business practices.

In 2012, CSLB investigations resulted in 3,454 legal actions, with a record 1,188 referred to local prosecutors. Administrative and criminal action results are as follows:



## Expansion of Joint Enforcement Strike Force

The Joint Enforcement Strike Force (JESF) is a coalition of California government enforcement agencies established in January 1995 that works together to share information and resources to enforce license, tax, and workers' compensation insurance requirements, and ensure a level playing field for California businesses. JESF members include CSLB, the Employment Development Department (EDD), Department of Insurance (CDI), Franchise Tax Board (FTB), Board of Equalization (BOE), and Department of Justice (DOJ).

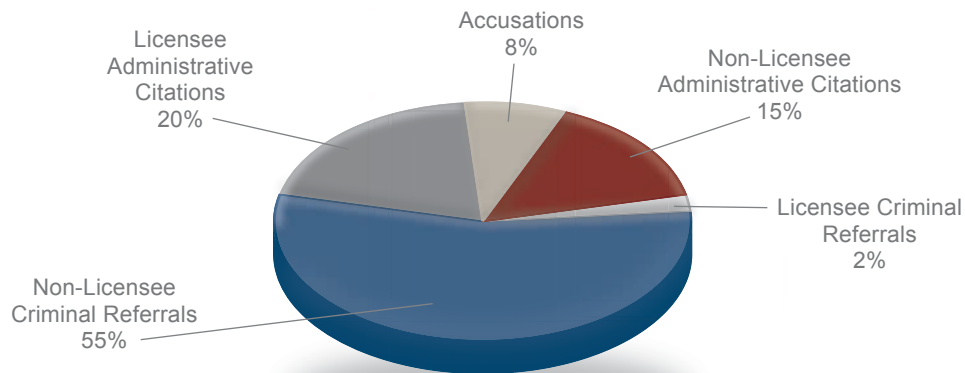
### 2012 Statistics

CSLB conducted 74 sting operations and took 887 JESF administrative or criminal enforcement actions for license, workers' compensation insurance, and Labor Code violations. CSLB filed 67 accusations to suspend or revoke a contractor license, issued 134 administrative licensee citations, issued 178 non-licensee citations, and referred 178 licensees and 487 non-licensees for local criminal prosecution.

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#### CSLB'S JESF LEGAL ACTIONS

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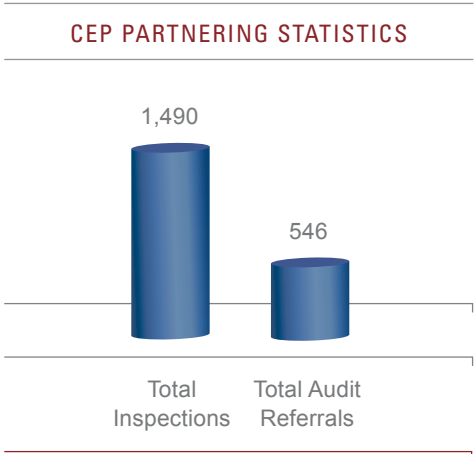




**Construction Enhancement Project**

In January 2012, CSLB and EDD established the Construction Enhancement Project (CEP) to increase the number of joint CSLB-EDD investigations during the calendar year, targeting contractors who intentionally evade payroll taxes, licensing, and workers' compensation (WC) insurance requirements.

- **Goal:** Pair 21 CSLB investigators with 21 EDD agents to target unlicensed and tax-evading contractors by performing 56 inspections per month that result in 768 tax investigations, yielding an estimated \$23 million in tax assessment through payroll and tax audits and CSLB disciplinary actions. Specific enforcement actions:
  - Conduct four sting operations per month
  - Perform two sweeps per month
  - Respond to leads on a daily basis



**Estimated Unreported Wages \$68,288,340**

*In 2012, 1,490 inspections were performed and an estimated \$68 million in unreported wages was identified, exceeding the established goals shown in the chart above.*

**2012 Outstanding Tax and Civil Liability Suspension**

CSLB's partnership with EDD, FTB, and the Department of Industrial Relations' Division of Labor Standards Enforcement (DLSE) and Division of Occupational Safety and Health (DOSH) resulted in the suspension of 877 licenses for more than \$25 million in outstanding liability. CSLB's license suspension program resulted in payment of more than \$10 million to the allied state agencies, listed at the top of page 38.



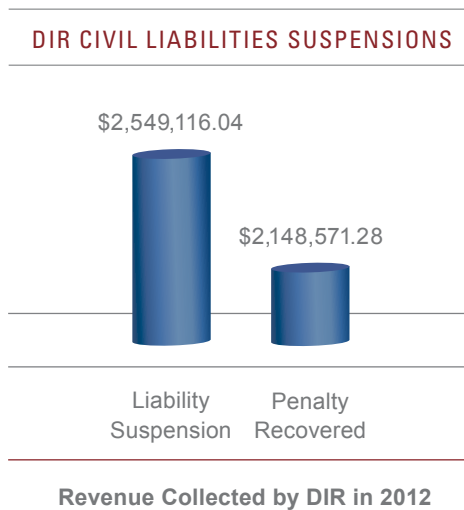
**EDD Outstanding Tax and Civil Liability Suspensions**

CSLB provides EDD query access to CSLB’s licensing system, including licensing data, and pending application data, within agreed-upon security and confidentiality provisions. The ability to share information online expedites the exchange of information and allows integration with EDD’s Automated Collection Enhancement System (ACES) data warehouse. Shared information includes the referral by EDD of unresolved tax liability cases to CSLB, which results in automatic license suspension until the outstanding liabilities are satisfied.



**Department of Industrial Relations (DIR) Outstanding Civil Liability Suspensions**

DLSE and DOSH refer civil wage claim liability cases to CSLB, resulting in automatic license suspensions until the outstanding liabilities are satisfied.



**2012 JESF-Specific Operations**

**Spring Blitz**

SWIFT investigators partnered with local law enforcement, DA investigators, and EDD to conduct the year’s first statewide blitz on March 13 and 14, 2012. Simultaneous stings were held in Chico, Clovis, Grover Beach, Lawndale, Murrieta, Redwood City,

Visalia, and Porterville. Undercover operations resulted in 110 arrests and notices to appear (NTAs) in Superior Court. The spring blitz focused on repeat offenders and wanted individuals. Highlights for the two-day operation included:

- An unlicensed operator who arrived at the Visalia sting and was taken into custody for six active arrest warrants;
- Two unlicensed operators taken into custody for having active warrants in Clovis; and
- A suspect caught at the Redwood City sting who was accompanied by a Missouri parolee with an active no-bail arrest warrant for battery in Placer County. Officers found drugs in his possession when he was taken into custody.

### **Fall Blitz Targets Repeat Offenders**

On October 17 and 18, 2012, SWIFT partnered with local law enforcement and DA investigators to conduct the fall blitz with simultaneous stings in Alameda, Los Angeles, Monterey, Placer, San Diego, San Luis Obispo, and Sonoma counties. Highlights included:

- Ninety-two individuals being arrested, many of whom faced misdemeanor charges for contracting without a license;
- Two subjects who were repeat offenders and faced a mandatory 90-day jail sentence if convicted a second time;
- Seventy-seven individuals additionally charged with illegal advertising;
- Twelve who requested excessive down payments; and
- Fourteen who were issued Stop Orders for failing to provide WC for employees brought to the sting site.

## **Multi-State Enforcement Partnering**

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### **Craigslist Stings**

CSLB spearheaded a first-time, multi-state blitz targeting illegal contractors who solicit work through illegal and deceptive Internet advertisements on the online classified advertising website [www.craigslist.org](http://www.craigslist.org). In June 2012, simultaneous enforcement operations were conducted in California, Arizona, Nevada, and Oregon, using craigslist ads as a basis to identify suspects. In California, undercover sting operations conducted in eight different cities led to the arrest of 100 suspects.

Three-quarters of the targets were identified from craigslist ads. Noted during the operation:

- One suspect was a convicted murderer;
- Another suspect was wanted for murder and arrested at the sting site on the murder warrant, violation of probation, and possession of a controlled substance; and
- Two suspects were registered sex offenders.

All suspects faced a variety of misdemeanor charges, including contracting without a license and illegal advertising.

In September 2012, the online bulletin board sting operation expanded as Arizona, California, Nevada, and Oregon were joined by Rhode Island, South Carolina, and Utah. In California, craigslist.org stings were conducted in San Jose, Hanford, and Mission Hills, resulting in 36 NTAs being issued for misdemeanor charges of contracting without a license. Additional sting results included:

- Thirty charged with illegal advertising;
- Fourteen charged with excessive down payments;
- Eight Stop Orders issued for failing to maintain WC insurance for employees;
- Two of the arrested individuals were registered sex offenders, another was a convicted statutory rapist; and
- One individual was caught in a 2010 CSLB sting and faced a mandatory 90-day jail sentence if convicted a second time.

### **Second Annual Cal-Neva Border Blitz**

On May 16, 2012, CSLB and the Nevada State Contractors Board (NSCB) conducted their second annual simultaneous enforcement operation called the Cal-Neva Border Blitz. The operation sent 11 suspects to court in El Dorado County, and five suspects in Douglas County, Nevada. Sting participants included the El Dorado County DA's Office and DCA's Division of Investigation. In both operations, SWIFT and the NSCB investigators posed as property owners, seeking bids for carpentry, painting, and landscaping. Nine NTAs were issued by CSLB for contracting without a license and related violations, including illegal advertising and requesting an excessive down payment. One suspect who bid at the California sting site was on probation for theft; another was accompanied by an individual who was transported to jail for a probation violation on a prior burglary conviction.

## Stop Orders

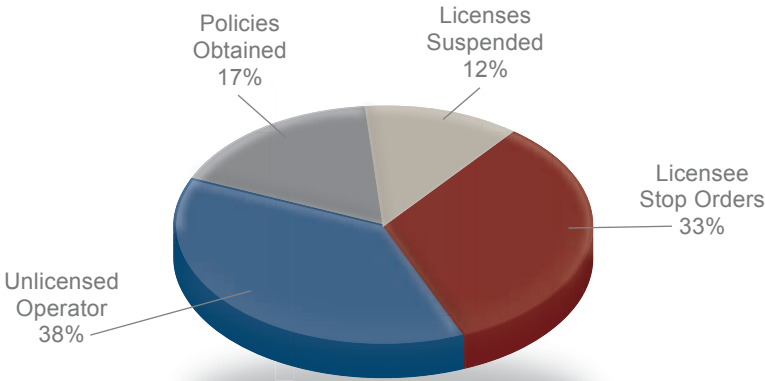
Enforcement staff continued proactive participation with JESF partners to enforce workers' compensation insurance laws. In 2012, ERs issued approximately 600 Stop Orders to licensed and unlicensed contractors who had employees on job sites but failed to provide WC insurance.

CSLB issued 502 Stop Orders that resulted in licensed contractors obtaining 125 workers' compensation insurance policies and the suspension of 84 licenses. An administrative citation and/or a referral to the local prosecutor was issued to 260 unlicensed contractors.

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ENHANCED WORKERS' COMPENSATION ENFORCEMENT

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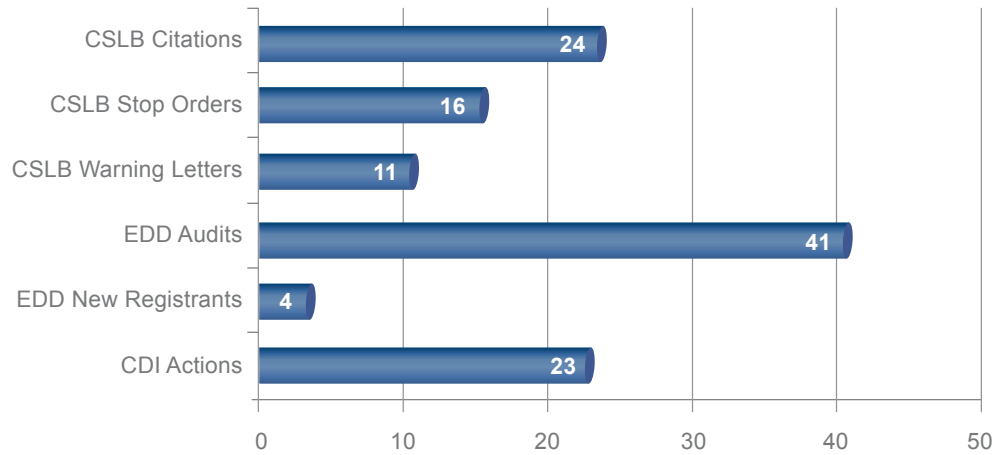


## Operation Underground

On June 20 and 21, 2012, investigators partnered with CDI, EDD, and DA investigators to take action against contractors operating in California's underground economy. More than 100 personnel conducted sweeps at suspected illegal construction sites in 11 counties: Alameda, Butte, El Dorado, Kern, Los Angeles, Monterey, Orange, Riverside, San Bernardino, Santa Clara, and Yolo.

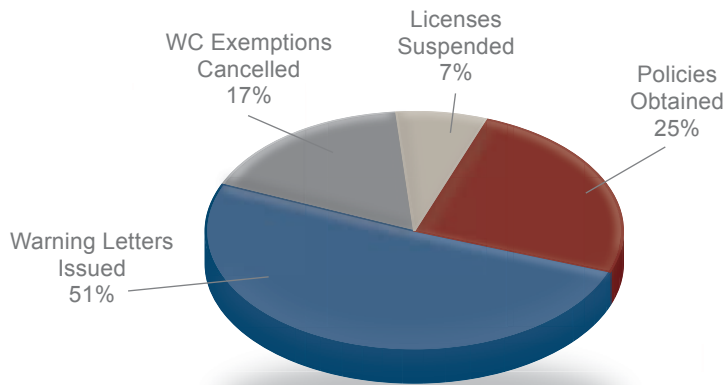
The operation targeted contractors suspected of insurance premium fraud, failing to provide WC insurance for employees, failing to register as employers with EDD, and/or failing to withhold payroll taxes. Results are shown in the chart on page 44.

OPERATION UNDERGROUND VIOLATIONS



Prior to the sweep operations, CSLB vetted leads by having Investigative Centers, SWIFT, and Intake/Mediation Center staff call 84 contractors who filed WC insurance exemptions with CSLB to determine if they had employees. After the original calls were made, IMC staff made follow-up calls and, when warranted, canceled WC exemptions and issued warning letters. Follow-up calls allowed sufficient time for WC policies to be updated on CSLB's website and resulted in the following:

OPERATION UNDERGROUND STATISTICS



More than 100 enforcement actions resulted in contractors obtaining 18 workers' compensation insurance policies, issuance of 36 warning letters (task force partners took the lead on formal disciplinary action), and the suspension of five licenses.



## Establishment of the Labor Enforcement Task Force

Among the new strategic partnerships was the launching of the Labor Enforcement Task Force (LETf) on January 1, 2012. LETf is an unprecedented collaboration of multiple state agencies with authority over workplace and labor enforcement, including CSLB, DLSE, DOSH, and EDD. Although LETf examines many different industries in California, 48 percent of the year-to-date inspections have focused on the construction industry, with emphasis on active construction sites.

LETf significantly complements the existing JESF partnership, which enables information-sharing among participating state agencies and CDI to pursue contractors suspected of egregious license, tax, and insurance violations. LETf is committed to close collaboration with other government agencies and the use of improved enforcement efforts to target noncompliant employers. Targets generally are identified by industry partners, led by the Construction Enforcement Coalition, made up of 42 individual building industry associations.

LETf teams performed targeted construction sweeps every three weeks, and nine teams inspected about four projects each. Prior to conducting sweeps, each team performed research to identify potential offenders' active job sites, WC history, payroll tax history, and license status, resulting in an increased number of enforcement actions by ERs and more efficient sweep operations.

Results for LETf's 2012 inspections within the construction industry are as follows:

CATEGORY	CSLB	OTHER LETf AGENCIES
Number of Inspections	449	1007
Businesses Out of Compliance	237	543
% of Businesses Out of Compliance	53%	54%
Total Citation Penalties and Assessments	\$122,150	\$2,329,600

Note that the LETf team approach often results in one business receiving inspections from more than one participating agency. Of all businesses inspected, 35 percent were found out of compliance by one agency, 28 percent were found out of compliance by two agencies, and 9 percent were found out of compliance by three agencies. Only 28 percent of the businesses inspected were found to be in compliance by all inspecting agencies.

## CSLB ACCOMPLISHMENTS AND ACTIVITIES REPORT

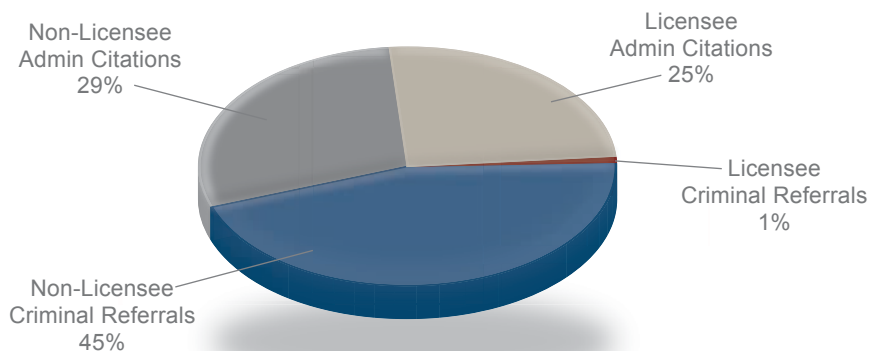
CSLB's LETF enforcement actions totaled 593 administrative or criminal actions for license and workers' compensation insurance violations. CSLB issued 157 licensee administrative citations, 168 non-licensee administrative citations, and referred three licensees and 168 non-licensees to local prosecutors.

In addition to inspection and enforcement efforts, LETF includes education and outreach efforts. A multi-year education and outreach plan has been developed for a statewide effort, with UC Berkeley contracted for campaign design and implementation consultation. New educational materials are being developed in multiple languages, with a regional emphasis targeting low-wage workers and employers.

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### CSLB'S LETF LEGAL ACTIONS

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## Public Works Projects

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CSLB's Public Works Investigative Unit was established in August 2010, and currently has 1.5 ERs investigating public works complaints. This successful unit has established effective partnerships with labor compliance organizations and other state agencies, including DLSE, Caltrans, and EDD.

Contractors working on public works projects are required to submit certified payroll reports (CPRs) that detail employees, rate of pay, and days/hours worked. CPRs have been instrumental in supporting violations, including failure to maintain workers' compensation insurance for employees, contracting with a suspended/expired license, contracting with an unlicensed contractor, and contracting without a license.



Direct communication with labor compliance organizations (LCOs) is key to the Public Works Investigative Unit's success because it allows potential complaints to be vetted prior to being filed. Formal complaints often are averted, as a phone call can usually bring a licensee into compliance on minor issues and allow CSLB to focus on investigating major violations. LCO field staff serve as the eyes and ears; early communication with them has resulted in phenomenal results from the strong violation evidence that has accompanied formal complaints. The following LCOs are among many that communicate regularly with CSLB Public Works staff:

- Center for Contract Compliance (CCC)
- Foundation for Fair Contracting (FFC)
- Iron Workers International Union
- Northern California Electrical Construction Industry (NCECI)
- Sheet Metal Workers International Association (SMWIA)
- Work Preservation Fund, Inc.

During 2012, the Public Works Unit closed 97 complaints, and 49 – more than half – resulted in either administrative disciplinary action or criminal referrals. Additionally, licenses were not issued to known public works offenders; two applicants for licensure withdrew applications, and two were formally denied licenses based on violations established by DLSE as well as other misrepresentations/omissions on the applications.

## 2012 Public Works Investigative Unit Highlights

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### **Caltrans Contractor Indicted in Orange County**

Caltrans filed complaints against Reza Mohammadi, dba Southland Construction, for Labor Code (LC) violations, including failure to pay prevailing wages. Complaints resulted in a stipulated agreement whereby Mohammadi paid employees and agreed to not bid or work on Caltrans projects until January 1, 2018. However, a joint investigation that involved the cooperation of CSLB, the Center for Contract Compliance, EDD, DLSE, and FTB resulted in the Orange County DA filing criminal charges—all felonies—against Mohammadi, including 15 counts of failing to file a return with the intent to evade tax, 15 counts of willful failure to pay tax, seven counts of taking and receiving a portion of a worker's wage on public works, six counts of recording false and forged instruments, and three counts of filing false tax returns. On April 26, 2012, Mohammadi was indicted by the Orange County Grand Jury. He was arraigned on May 23, 2012, and faces sentencing enhancement

allegations for losses exceeding \$100,000 and property damage over \$200,000 as well as a prior strike conviction for criminal threats in 1999. If convicted on all counts, he faces a maximum sentence of 48 years in state prison. CSLB referred three cases for accusation to revoke the license for conviction of a “substantially related crime” and the LC violations. Mohammedi appealed the accusation, and the next criminal hearing was postponed until spring 2013.

**Public Works Contractor Hid Beneath Corporate Veil**

SMWIA filed a complaint against public works contractor Div 15 Tech, alleging that the responsible managing officer/president, Black Jon Harrison, failed to disclose his association with two revoked licensees, Ash Mechanical Inc. and CalNev Mechanical Inc., corporate licensees qualified by Harrison’s family members. In addition, Harrison employed another revoked licensee in a supervisory capacity, in violation of Business and Professions Code § 7127.7, and the officers listed with the Secretary of State were not listed on CSLB personnel records. Evidence and witness statements supported that Harrison ran both Ash Mechanical and CalNev Mechanical Inc. but hid in the corporate shadows. Div 15 Tech was served with an accusation to revoke the license in October 2012. The accusation was appealed, and an appeal hearing will be scheduled in 2013.



# LEGISLATION

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## Development and Coordination of Sponsored Legislation



CSLB sponsored Assembly Bills (AB) 2237 and 2554 during the second half of the 2011-12 legislative session. Below is a summary of the chaptered bills.

### **AB 2237 (Monning) Chapter 371, Statutes of 2012**

In 2008, CSLB adopted Precedential Decision No. 1, establishing that a

person acting in the capacity of a swimming pool consultant is a contractor. In 2009, the 2nd District Court of Appeal ruled in *The Fifth Day v. Bolotin* that a person acting in the capacity of a construction manager is not required to be licensed as a contractor, undermining the board's Precedential Decision.

The Board experienced a case where an unlicensed contractor facing criminal prosecution for violating Business & Professions (B&P) Code 7028 (engaging in business of a contractor without a license) claimed to have been a project coordinator and asserted exemption from licensure, citing *The Fifth Day v. Bolotin* decision. Although the unlicensed contractor was not overseeing a contract between the project owner and a general contractor, as in the legal decision, the defense strategy nonetheless concerned the prosecutor and ultimately resulted in a plea bargain dismissing the charge. To address this problem, CSLB sponsored AB 2237.

The new law (B&P Code 7026.1) states that anyone who provides or oversees bids for construction, arranges for subcontractor work, and schedules and/or has oversight for a project is, in fact, acting in the capacity of a contractor and must be state-licensed. AB 2237 is a valuable consumer protection measure and will place project responsibility where it belongs.

### **AB 2554 (Berryhill) Chapter 85, Statutes of 2012**

Under previous law, only enforcement representatives of CSLB's Statewide Investigative Fraud Team (SWIFT) could issue Notices to Appear (NTA) in court. (SWIFT investigators perform proactive undercover sting and sweep operations to identify illegal contracting activity.) With California's growing population and difficult economic times, an increasing number of complaints are being filed against unlicensed and illegal contractors, many who are without workers' compensation (WC) insurance for employees. A significant amount of these complaints against unlicensed contractors and uninsured contractors are received through the CSLB's Investigative Centers (ICs).

AB 2554 added a provision to amend Business and Professions Code section 7011.4, giving all CSLB Enforcement Representatives the authority to issue an NTA for misdemeanor violations of Contractors' State License Law. This authority enables ERs an opportunity to refer more criminal complaints to prosecutors through NTAs. With new focus on WC violations, CSLB's enforcement program is enhanced by allowing IC investigators to issue NTAs and Stop Orders so that they can partner with CDI and the Premium Insurance Fraud Task Force to combat unlicensed and uninsured practices. By enabling IC investigators to issue NTAs and Stop Orders, enforcement of contractor laws will be enhanced and protect those who live, work, and conduct business in California.

Also, under previous law, CSLB could proceed with an investigation of a complaint even though the license had expired, been cancelled, forfeited, or suspended by operation of law, or voluntarily surrendered. However, the statute did not provide for pursuing an accusation to revoke the license when the license had already been revoked by operation of law.

AB 2554 provides that the expiration, cancellation, forfeiture, suspension, or voluntary surrender of a license does not restrict CSLB's jurisdiction to proceed with any investigation or disciplinary proceeding against a licensee. With this change, CSLB can proceed with an accusation hearing, and put the discipline and facts of the case on record, which will require the licensee to comply with the Order of the Registrar prior to getting the license reissued.

The change also protects the public by establishing a financial injury relative to the case, which allows the consumer to file against the bond. The public will be better protected when, and if, the licensee reapplies because the egregious act will result in the requirement of a higher disciplinary bond amount (which currently can be imposed up to \$125,000), and the consumer who filed the complaint leading to the accusation will be entitled to restitution before the license is reissued.

## Other Legislation Impacting CSLB Operations

All bills introduced in the Legislature must be screened to determine whether they will have a relevant impact on the Board, consumers, or the construction industry. The Legislative division continuously monitors and engages in the legislative processes to influence bills that impact CSLB operations and/or relevant stakeholders. The following chaptered legislation, although not sponsored by CSLB, directly impacts or involves the agency. These laws took effect January 1, 2013:

### Workers' Compensation Insurance

**AB 1794** authorizes the Employment Development Department (EDD) to provide new employee information filed by employers with members of the Joint Enforcement Strike Force (which includes CSLB) to aid in prosecuting tax withholding and workers' compensation insurance violations.

**AB 2219** indefinitely extends the requirement that all C-39 Roofing contractors obtain workers' compensation insurance coverage, even if they certify that they have no employees. The bill also extends, indefinitely, the requirement that insurers conduct annual audits, and requires that these audits be conducted in person to verify the accuracy of the reported number of employees.

**SB 691** adds CSLB to the list of agencies approved to receive workers' compensation insurance information from EDD.

### Regulations/Permits

**AB 2114** enacts new construction permit requirements for swimming pools, spas, or public wading pools.

**SB 1099** changes the effective date of regulations to four times annually, versus the current 30 days following Office of Administrative Law (OAL) approval, and requires OAL to provide a link on its website to all regulations filed with the Secretary of State.

**SB 1520** makes minor changes to the state's regulatory adoption processes.



### Public Works Contracting

**AB 2440** makes changes impacting those contracting for public works projects with the Los Angeles County Metropolitan Transportation Authority.

**SB 1370** requires the Department of Industrial Relations to post on its website prevailing wage requirements on public works projects.

**SB 1549** changes public works contract bidding in the San Diego region.

### Boards and Licensees

**AB 1588** waives fees or continuing education requirements for a licensee whose license expires while on active duty in the armed forces or California National Guard.

**AB 1904** allows for the issuance of temporary professional licenses (including those issued by CSLB) to spouses of those serving in the military.

**AB 2570** prohibits a licensee from including provisions in settlements of a civil dispute that prohibit the consumer from contacting, filing a complaint, or withdrawing a complaint with CSLB (or any other consumer protection program overseen by the Department of Consumer Affairs).

**SB 1576** enables CSLB to take administrative action if a licensee files a false complaint against another licensee.

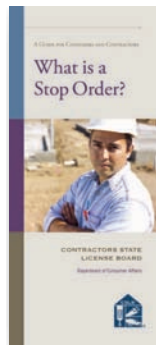
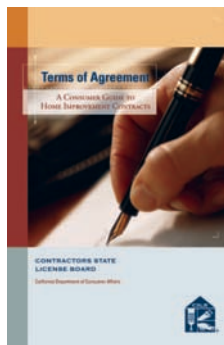


# PUBLIC AFFAIRS

CSLB's Public Affairs Office (PAO) manages news media, industry, licensee, consumer, and employee relations. PAO provides a wide range of services, including proactive public relations and paid advertising campaigns; response to media inquiries; community outreach, including Senior Scam Stopper<sup>SM</sup> and Consumer Scam Stopper<sup>SM</sup> seminars, special events, and speeches to service groups and organizations; publication and newsletter development and distribution; contractor education and outreach; and support for employee events.

During 2012, CSLB's Public Affairs Office:

- Distributed 40 news releases, including four joint news releases with other state and national agencies
- Distributed 10 industry bulletins
- Organized and conducted three media events
- Fielded almost 200 media inquiries and requests for interviews
- Produced four California Licensed Contractor newsletters
- Produced 22 publications, including 10 meeting packets, two reports, and the 1,000+ page *2013 California Contractors License Law & Reference Book*



## CSLB Media Events

- **March 16, 2012 – Riverside**

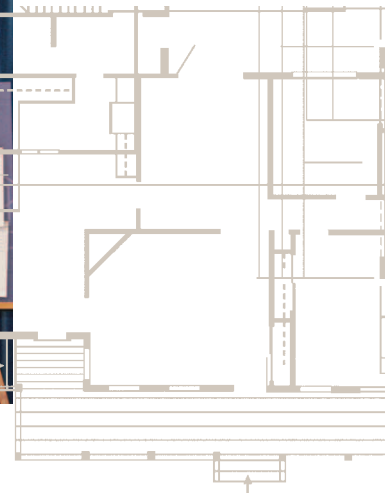
PAO hosted a news conference at the Riverside County District Attorney’s (DA) office with DA Paul Zellerbach to announce results of CSLB’s annual spring California Blitz following simultaneous stings in eight cities. Investigators caught 110 individuals contracting illegally in Chico (Butte County), Clovis (Fresno County), Grover Beach (San Luis Obispo County), Lawndale (Los Angeles County), Murrieta (Riverside County), Redwood City (San Mateo County), and Visalia and Porterville (Tulare County).

- **June 20, 2012 – State Capitol, Sacramento**

PAO issued a Consumer Alert about rampant illegal and deceptive advertisements placed on Internet bulletin board sites such as [www.craigslist.org](http://www.craigslist.org). State Senator Bill Monning (D-Santa Cruz) and Assembly member Bill Berryhill (R-Stockton) participated in the event.



*CSLB Public Affairs Chief Rick Lopes details results of a sting operation aimed at unlicensed contractors advertising on [craigslist.org](http://craigslist.org) at a June news conference.*



CSLB was joined by state contractor licensing boards from Arizona, Nevada, and Oregon, as well as the National Association of State Contractors Licensing Agencies (NASCLA), in issuing a nationwide alert about the illegal online contractor ads.

To illustrate the seriousness of the problem, simultaneous enforcement operations were conducted in California, Arizona, Nevada and Oregon the week of June 11, using craigslist ads as a basis to identify suspects. In California, undercover sting operations led to the arrest of 100 suspects, which included one convicted murderer and two registered sex offenders. Arizona’s sting operation resulted in 15 investigations; the Nevada board issued 23 citations to craigslist advertisers; and Oregon’s stings resulted in 16 individuals being cited for bidding and advertising violations.



A second round of undercover enforcement stings was held by seven state contractor licensing boards in September— Arizona, California, Nevada, Oregon, Rhode Island, South Carolina, and Utah, targeting illegal Craigslist ads. Three undercover sting operations in California (San Jose, Hanford, and Mission Hills) netted 36 individuals who were contracting illegally.

- **October 19, 2012 – Union City, Alameda County**

Results of CSLB’s annual fall California Blitz were announced at a Bay Area sting house, one of eight statewide locations during a two-day period. Ninety-two individuals were caught in undercover operations held in Alameda, Los Angeles (2 locations), Monterey, Placer, San Diego, San Luis Obispo, and Sonoma counties.

## Licensee/Applicant Scam

PAO worked closely with CSLB Licensing, Testing, Enforcement, and Information Technology staff in the wake of a scam targeting licensees and license applicants. The scam centered on applicant information on CSLB’s website that was considered to be public information. At least one unscrupulous company gleaned personal contact information from the website and led licensees and applicants to believe they were being contacted by CSLB, and that money was needed for a new license exam or for continuing education to renew a license.

PAO issued an “Industry Alert” as well as scam warning letters to applicants and to licensees in their renewal notifications. Scam warnings were prominently posted on CSLB’s website and in related industry materials. Warning notices also were posted at all CSLB testing centers. The information was shared with other state contracting boards and the National Association of State Contractor Licensing Agencies (NASCLA).



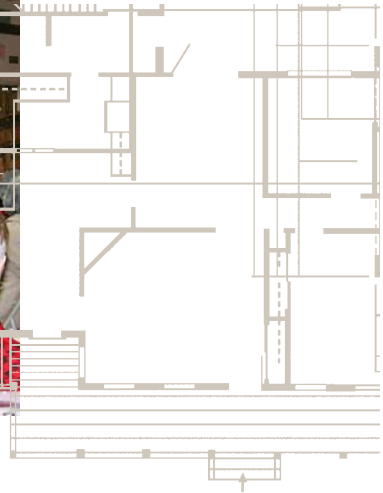
## Disaster Outreach

While no major natural disasters struck California in 2012, PAO continued to support efforts to assist NASCLA's Resource Committee in developing model program materials that can be used by states around the country as part of disaster response. CSLB made its disaster response plan available to NASCLA, and elements of the plan already have been put into action by other states. CSLB also helped NASCLA develop a model program to address elder abuse.

## Senior Scam Stopper<sup>SM</sup> Seminars



*Right: CSLB Outreach Coordinator Jane Kreidler informs consumers about contractor scams at the Asian Community Center in Sacramento.*



In 1999, PAO created the Senior Scam Stopper<sup>SM</sup> (SSS) program to inform, empower, and educate senior consumers at the local level about unlicensed or unscrupulous contractors, and to bring government to the people. Seminars are coordinated with legislative offices and feature presentations by a panel of experts from local, state, and federal agencies, and community-based organizations; distribution of consumer publications; and spirited question-and-answer sessions.

In 2012, PAO staff delivered 50 Senior Scam Stopper<sup>SM</sup> (SSS) seminars. Average attendance was 57, and the 200th SSS presentation occurred on June 29, 2012, in San Jose with Assembly member Nora Campos. In addition, a promotional/informational brochure and letter was sent to each legislator in December. The letter was personalized and showed elderly population increases in each legislator's district.

Since the program's inception, Senior Scam Stopper<sup>SM</sup> seminars have been conducted or translated into five different languages with special attention given to ensure these events reach under-served communities.

## 2012 Senior Scam Stopper<sup>SM</sup> Seminars

DATE	LOCATION	LEGISLATOR(S) / PARTNER(S)
January 13, 2012	Sacramento	Sen. Darrell Steinberg
January 20, 2012	Fremont	Asm. Bob Wieckowski
January 27, 2012	Sacramento	Sen. Darrell Steinberg
February 3, 2012	Compton	Sen. Roderick Wright Asm. Isadore Hall
February 6, 2012	Pleasanton	Asm. Mary Hayashi
February 8, 2012	Castro Valley	Asm. Mary Hayashi
February 10, 2012	Inglewood	Sen. Roderick Wright
February 24, 2012	San Diego	Asm. Ben Hueso
March 9, 2012	Westlake Village	Sen. Fran Pavley
March 30, 2012	Pacoima	Sen. Alex Padilla Asm. Felipe Fuentes
April 3, 2012	San Rafael – AM Greenbrae – PM	Asm. Jared Huffman
April 4, 2012	Petaluma – AM San Rafael - PM	Asm. Jared Huffman
April 13, 2012	Mill Valley – AM Petaluma – PM	Asm. Jared Huffman
April 20, 2012	San Jose	Asm. Jim Beall
April 26, 2012	Sherman Oaks	
April 26, 2012	Carson	Women in NAACP City of Carson
April 27, 2012	Anaheim	Sen. Lou Correa
May 4, 2012	Dublin	Sen. Loni Hancock Sen. Mark DeSaulnier Asm. Joan Buchanan
May 11, 2012	Richmond	Sen. Loni Hancock Sen. Mark DeSaulnier
May 18, 2012	San Francisco	Sen. Leland Yee
June 13, 2012	Stockton	Cong. Jerry McNerney
June 25, 2012	Brentwood	Cong. Jerry McNerney
June 29, 2012	San Jose	Asm. Nora Campos
August 1, 2012	Sacramento	Asm. Roger Dickinson
August 10, 2012	Los Angeles	Asm. Holly Mitchell
August 13, 2012	Roseville	Asm. Beth Gaines
August 17, 2012	Watsonville	Asm. Bill Monning Asm. Luis Alejo
August 22, 2012	Lincoln	Asm. Beth Gaines

CSLB ACCOMPLISHMENTS AND ACTIVITIES REPORT

DATE	LOCATION	LEGISLATOR(S) / PARTNER(S)
August 24, 2012	Los Angeles	Sen. Ted Lieu
September 6, 2012	San Jose	Asm. Nora Campos
September 7, 2012	Tarzana	Sen. Fran Pavley
September 13, 2012	San Diego	Asm. Marty Block
September 14, 2012	San Jose	Asm. Jim Beall
September 17, 2012	Chino	Sen. Gloria Negrete McLeod/ Sen. Bob Huff
September 18, 2012	Pomona	Sen. Gloria Negrete McLeod
September 20, 2012	Palo Alto	Asm. Richard Gordon
September 21, 2012	San Leandro	Sen. Ellen Corbett Sen. Loni Hancock
September 24, 2012	Riverside	Asm. Kevin Jeffries
September 25, 2012	El Monte	Sen. Ed Hernandez
September 26, 2012	Rosemead	Sen. Ed Hernandez
September 27, 2012	La Puente	Sen. Ed Hernandez
October 17, 2012	Hayward	Sen. Ellen Corbett
October 26, 2012	Montebello	Sen. Ron Calderon
November 14, 2012	Sacramento	Asm. Roger Dickinson
November 28, 2012	Sacramento	Asm. Roger Dickinson
December 5, 2012	Sacramento	Asm. Roger Dickinson

**Consumer Scam Stopper<sup>SM</sup> Seminars**

In September 2012, PAO launched a Consumer Scam Stopper<sup>SM</sup> (CSS) program. This program targets consumer audiences of all ages. Introduction letters were mailed to libraries and community centers in Sacramento, Placer, and Yolo counties to initiate a focused pilot program for the new seminar series. Three CSS seminars were conducted during 2012:

DATE	LOCATION	GROUP
September 12, 2012	Sylmar	Sylmar Women's Club
September 19, 2012	Simi Valley	Women's Information Network of Simi Valley
November 14, 2012	Vallejo	City of Vallejo

## Speakers Bureau

CSLB speakers continue to be in demand. Since more requests are for enforcement-related topics, most of the requests are being accommodated by utilizing Enforcement division staff. In 2012, 50 presentations and/or appearances were conducted.

## Social Media

PAO expanded information distribution through social media sources to better interact with licensees and other stakeholders. The primary social media vehicles are Facebook, Twitter, and YouTube.

As of December 31, 2012, CSLB has:

- Facebook – 1,173 Likes
- Twitter – 1,082 Followers
- YouTube – 25 Videos, with 94,752 Views

## License Application Instructional Video

On August 28, 2012, PAO staff posted the first tutorial video on CSLB's YouTube page that explains how to correctly fill out a CSLB license application. Scripting



for the video was created with assistance from the Licensing division. Particular attention was paid to parts of the application where staff has identified high error rates. Common errors include failing to include a full legal name, listing an incorrect business type, failing to disclose a criminal incident, or simply forgetting to sign the application.

Through December 31, 2012, the entire video was viewed more than 6,400 times.

## Email Alert Feature

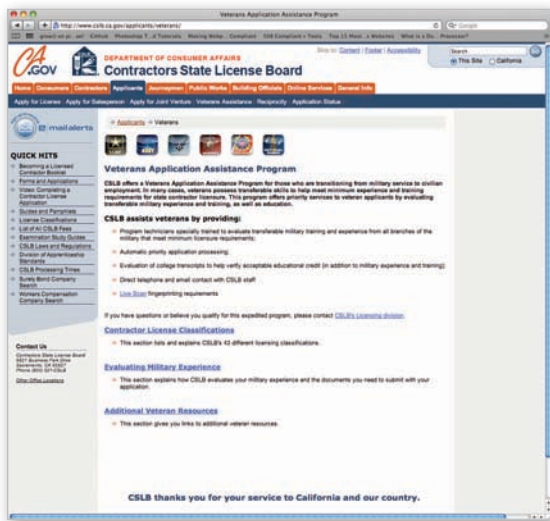
PAO continued to publicize a website feature launched in May 2010 that allows people to sign up to receive any of four different email alerts from CSLB.

Subscribers can receive alerts for:

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

As of December 31, 2012, a total of 19,405 subscriptions were activated, an increase of 4,584, or 31% since the first of the year. Each of the four lists is growing at about the same rate, with the greatest number of subscribers to newsletters, followed by industry bulletins, press releases, and meeting notices. PAO also utilizes a database consisting of email addresses voluntarily submitted on license applications and renewal forms. This list currently consists of 78,487 active email addresses, bringing the combined email database to almost 98,000 addresses.

## Veterans Application Assistance Program



PAO staff completed the first phase of building a new category in the “Applicant” section of CSLB’s website for a “Veterans Application Assistance Program.” PAO worked with Licensing staff to refine content, HTML code, and build the pages that explain services CSLB now offers to help those transitioning from military service to civilian employment.

## International Visitors

During 2012, PAO helped host three foreign delegations.

On September 7, 2012, a delegation of Chinese government officials and business executives visited CSLB headquarters in Sacramento. The visit was arranged by the US-China Business Training Center, located in the City of Industry. The delegation consisted of government officials, mostly from work and safety bureaus in various Chinese provinces. The business executives represented several different construction-related industries. Board Chair Paul Schifino and several senior staff members gave presentations about CSLB's role in regulating California's construction industry.

On October 16, 2012, a second delegation from China toured CSLB's southern headquarters in Norwalk. The delegation also met with CSLB Enforcement supervisors and staff to learn about CSLB's regulatory structure and licensing process. This visit also was coordinated by the US-China Business Training Center.

On November 15, 2012, PAO staff hosted a visit at CSLB headquarters for a delegation from Singapore's Ministry of National Development and the Building and Construction Authority. The delegation met with representatives from Licensing, Testing, Enforcement, and Public Affairs to learn more about California construction law, as well as CSLB operations, especially in the area of testing and licensing.

Regulations in Singapore are much different than in California. Licensees there are not tested, but do have to meet stringent educational qualifications. In addition, Singapore has a 0 percent unemployment rate and has to admit foreigners into the country to supplement its workforce. Workers must qualify to be admitted into Singapore. As a result, a top priority for the country's Building and Construction Authority is to increase productivity and automation to reduce the need for foreign workers.



## Employee Wellness

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For the first half of 2012, PAO coordinated an Employee Wellness program at the main headquarters in Sacramento and southern headquarters in Norwalk. The program, which began in 2007, was suspended due to the elimination of a Retired Annuitant position. Wellness Program events conducted during 2012 included:

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

## Contractor Outreach Program

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The 2012-13 CSLB Strategic Plan included a contractor outreach campaign to be developed by PAO that will provide licensees with daily tools to help educate consumers and/or potential clients about the value of using licensed contractors; and to provide licensees with resources that help ensure they are aware of contracting laws and are using best business practices. The objective received Board approval on April 17, 2012.

This is a multi-year project. Online research to gain contractor input was conducted in 2012 that identified licensee interests and needs. Printed and online information is in development, with delivery anticipated by mid-2013. Follow-on campaign elements include an online contractor resource center and development of a contractor-specific logo.





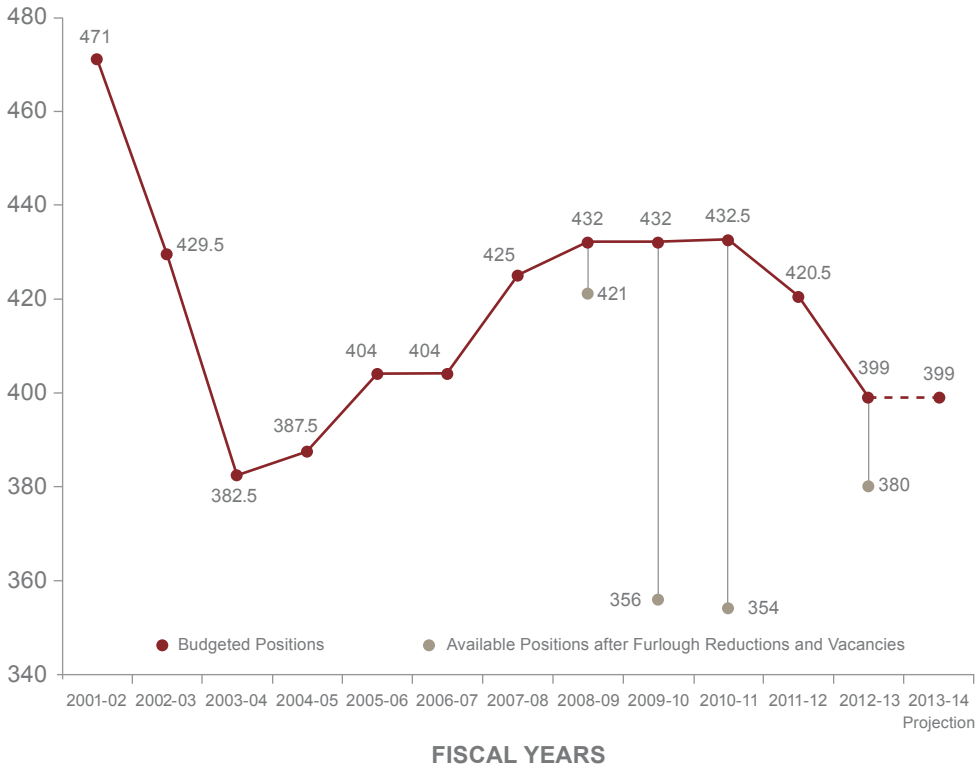
# ADMINISTRATION

## CSLB Staffing

In fiscal year (FY) 2001-02, CSLB had 471 authorized staff or personnel years (PYs). In the two subsequent years, CSLB lost 20 percent of its staff (88.5 PYs). CSLB worked to restore as many PYs as possible over the next five years, then experienced the loss of 33 more PYs in FY 2008-09. From FY 2008-09 through 2012-13, CSLB had fewer available positions due to furloughs and hiring freezes, reaching its lowest point in 2010-11 with 354 available PYs.

Also, as a result of employee contract negotiations, CSLB lost 20 student assistant and six retired annuitant positions, effective August 30, 2012. This action had a significant negative impact on CSLB programs, especially within the Licensing division.

CSLB BUDGETED POSITIONS – FY 2001-02 TO FY 2013-14



## Personnel

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### 2012 Staffing Activity

- 31 Promotions
- 22 Internal Transfers
- 44 Interdepartmental
- 14 New Hires
- 7 Reinstatements
- 27 Temporary/Seasonal
- 16 Retirements
- 19 State Separations
- 1 Training & Development Hiring Freeze

### Exams Administered by DCA/CSLB:

Enforcement Representative I – continuous – June & December 2012

Enforcement Representative II – Spring 2013

Enforcement Supervisor I & II – 2/2012

Management Services Technician – 4/2012

Personnel Selection Consultant I – (promotion 6/2012 & open 11/2012)

Personnel Selection Consultant II – (promotion 6/2012 & open 11/2012)

Program Technician III – 2/2012

Test Validation & Development Specialist I & II - 9/2012

Staff Services Analyst Transfer – continuous (quarterly)

Supervising Program Technician II – 5/2012

Supervising Program Technician III – 5/2012

**Exams Administered by CalHR:**

- Associate Governmental Program Analyst
- Information Systems Technician (Series)
- Information Officer I (Specialist)
- Information Officer II
- Office Assistant (General & Typing)
- Office Technician (General & Typing)
- Staff Services Analyst (General)
- Staff and Senior Information Systems Analyst (Series)
- Staff Services Manager I
- Staff Services Manager II (Series)
- Staff Services Manager III
- Systems Software Specialist I (Technical)
- Systems Software Specialist II and III (Series)

**Enforcement Representative (ER) I / II**

**Peace Officer Positions**

CSLB established 10 peace officer positions in 2012 and has approval to hire two more. Seven positions have been filled; recruitment to fill three vacant positions is under way.

**Fingerprinting**

The Personnel office is actively involved in assuring that Enforcement division personnel in the Enforcement I and II, and Enforcement Supervisor I and II classifications undergo fingerprinting, as required by hiring guidelines.



## Business Services

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### 2012 Property and Workspace Projects

- Relocated and combined Fresno SWIFT with the Fresno IC and testing center
- Completed site search for a new Bakersfield office; tenant improvements were completed; modular furniture was ordered; anticipated move date is March 2013
- Reconfigured Oxnard testing center to ensure testing candidates have enough room at each workstation
- Completed plans and bids for the public counter reconfiguration to add bullet-proof glass at the San Bernardino IC
- Completed site search to relocate the Oakland testing center to Berkeley
- Purged 11 vehicles from its fleet as directed by DGS Fleet Reduction program
- Completed BAR Government Fleet Smog Check Program
- Purged file room of more than 100,000 files

### Contracts and Procurement

- Executed 11 contracts, including Ablegov for maintenance support of the Uninterrupted Power Supply; California Highway Patrol (CHP) for standby security services; FedEx™ and Golden State for mailing services; InaBind Systems, Inc. for laminating services; Inter-Con Security for security guard services; Newcal for copy machine maintenance; Paper Recycling & Shredding for shredding services; Smile Business Products for copy machine maintenance; and Viking Shred for shredding services.
- The Testing and Enforcement divisions currently have 325 active contracts for participants in the Industry Expert Program.

### Vehicles

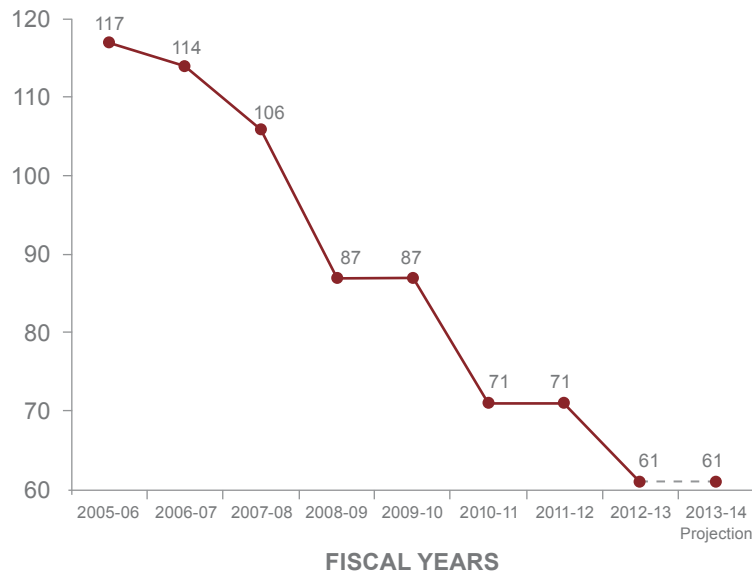
Historically, all CSLB investigators who performed field investigations were assigned an individual vehicle. They were permitted to store the state vehicle at their personal residences if home storage was in the best interest of the state and complied with Department of General Services (DGS) requirements. In 2006, CSLB had 117 vehicles and 114 home storage permits.

Due to the reduction in CSLB’s fleet (beginning in 2006), management implemented a new business model. Home storage permits were restricted to investigators assigned to outlying geographic locations. Management secured off site storage locations at local police departments or other state agencies to store vehicles in the vicinity of investigators’ assigned work locations. These vehicles are used by multiple investigators on a “pool” basis, reducing the need for individual home storage permits.

CSLB’s Enforcement division now has four home storage permits and 55 vehicles for 108 field investigators, a reduction of 59 vehicles—52 percent.

CSLB has six other vehicles used for pool purposes for other staff at CSLB (Testing, IT, Admin, etc.).

CSLB VEHICLE INVENTORY BY FISCAL YEARS



## INFORMATION TECHNOLOGY

### CSLB Website

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CSLB's website is a user-friendly warehouse of information and services where visitors can search license status, including complaint/legal action information; download forms, guides, and pamphlets; file and submit complaints online; view CSLB processing times; search for surety bond and workers' compensation insurance companies; and sign up to receive email alerts. CSLB's website had more than 9.4 million visitors, of which 850,000 were users of mobile devices.

### CSLB Green IT Efforts

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- CSLB IT Programming staff completed the conversion of mainframe print jobs generated from Systems Network Architecture (SNA) printers to IP (Internet Protocol) printers using an IP printway. This allows jobs/reports to print at multiple CSLB locations and eliminates the need for limited mainframe printing systems.
- A Self-Service Report Center was created to convert paper reports to Portable Document Format (PDF) format on the CSLB intranet, making that information accessible to all staff members in a more timely fashion.
- IT staff upgraded the electronic bond filing process to provide letters and reports directly to bonding companies through email as PDF attachments. The result has been increased efficiency, more timely notification, and the elimination of hard copy document printing and postage.

### IT Equipment

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- To reduce printing costs and provide environmentally sensitive office equipment, IT staff has consolidated single function devices into multifunction office machines. Individual printers, faxes, and scanners were replaced with 37 multifunction copier machines.
- Legacy telephone systems are being replaced with Voice over Internet Protocol (VoIP) phones. Eleven of 13 legacy phone systems at field sites were fully converted in 2012; the remaining two sites are to be completed in spring 2013.

## E-Payment

The e-payment project is in full operation, giving applicants and licensees the ability to pay their respective fees by credit card at CSLB headquarters. The project was to provide these services through the CSLB website; however, with DCA's enterprise-wide licensing system (BreZEze), the expansion of these services was limited to CSLB headquarters.

When e-payment was implemented in 2011, CSLB processed 1,210 transactions and collected \$329,611. In 2012, transactions increased to 1,812, with revenues of \$526,892.

In 2012, the following application and renewal fees were payable at CSLB headquarters using all payment types:

- License Renewals
- Re-Exam Fee
- Home Improvement Salesperson Renewals
- License Reactivation
- Original Exam Application Fees
- Original Application Exam Waiver Fees
- Initial License Fees
- Additional Classification Applications Fees
- Asbestos Certification Application Fees
- Hazardous Certification Application Fees
- RME/RMO Application Fees
- Home Improvement Salesperson Application Fees

## **Imaging and Workflow Automation System (IWAS)**

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CSLB's Imaging and Workflow Automation System (IWAS) is responsible for creating and displaying electronic images of more than 300 specific document types received or produced by the board. Hard copy documents are manually scanned and indexed to produce the electronic images. With the full implementation of automated file import this year, approximately one-third of these document types now transfer automatically into the IWAS system without the need of an originating hard copy document. Not all document types are candidates for this process, but those that are have been gradually converted to the automated process. Since the file import conversions in late 2011, nearly 495,000 documents have been automatically imported, allowing for commensurate savings on applicable resource costs. To date, a total of 10,243,072 documents have been scanned/imported into the system.

## **Information Technology Virtualization Project**

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Using VMware, CSLB network administrators began deploying virtual environments to CSLB's eight testing facilities throughout California. Virtual servers reduce our IT footprint and provide a green environment with less power consumption. The project also provides faster processing and redundancy, which increases the availability of our applications. Physical hardware at the San Diego and San Bernardino testing facilities was converted into virtual environments between October and November 2012. The remaining testing facilities are scheduled for deployment in 2013.

## **Information Technology Help Desk**

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CSLB's IT Help Desk provides assistance to over 500 CSLB employees, business contractors, and vendors. Help Desk staff processed over 4,400 tickets in 2012. Those tickets were opened by CSLB staff who had problems with testing stations, desktops, laptops, printers, land and cellular phones, access to various automated systems, adding or changing employee access levels, or forgotten passwords. Tickets are generated via phone or intranet. Incoming tickets are reviewed and assigned within 15 minutes. The average Level-1 ("user down") priority tickets are resolved or fixed in under 30 minutes and Level-2 more complex tickets are resolved or fixed in under 60 minutes.



## Interactive Voice Response (IVR) System

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CSLB's IVR is an interactive, self-directed telephone system that is a valuable source of information for consumers, contractors, and others. It provides callers with the ability to request forms or pamphlets that can immediately be faxed to them. Callers can look up a license, and applicants can check the status of their exam application. The IVR provides consumers with information on how to file complaints as well as how to become a licensed contractor. In addition to providing information, the IVR gives callers an option to speak to call center agents in Sacramento or Norwalk. In 2012, the IVR handled over 37,000 calls per month (444,000 in the year) and is available 24 hours a day, seven days a week, including holidays.



**CONNECT WITH CSLB:**





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THE CONTRACTORS STATE LICENSE BOARD  
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