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9 **BEFORE THE**  
**REGISTRAR OF CONTRACTORS**  
10 **CONTRACTORS' STATE LICENSE BOARD**  
**DEPARTMENT OF CONSUMER AFFAIRS**  
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. N2016-483  
Case No. N2016-484

13 **JOSEPH ZENOVIC, JR.**  
**dba JOSEPH ZENOVIC JR**  
14 1956 North Iris Lane  
Escondido, CA 92026

**ACCUSATION**

15 Contractor's License No. 406165, A, C27

16 and

17 **JAMES CHARLES ZENOVIC**  
18 **dba JAMES ZENOVIC CONSTRUCTION**  
16588 N. Woodson Dr.  
19 Ramona, CA 92065

20 Contractor's License No. 753143, B

21 Respondents.

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23  
24 **PARTIES**

25 1. Wood Robinson (Complainant) brings this Accusation solely in his official capacity  
26 as the Enforcement Supervisor I of the Contractors' State License Board (Board), Department of  
27 Consumer Affairs.

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2. On or about June 8, 1981, the Registrar of Contractors (Registrar) issued Contractor's License Number 406165 to Joseph Zenovic, Jr. (Respondent Joseph Zenovic). License No. 406165 is classified as an A (General Engineering Contractor) and C27 (Landscaping Contractor) license. The Contractor's License was in full force and effect at all times relevant to the charges brought herein and will expire on June 30, 2021, unless renewed. Effective August 1, 2009, through the present, Respondent Joseph Zenovic certified to the Board that he did not have employees working for him and was exempt from the requirement to submit proof of workers' compensation insurance coverage.

3. On or about August 19, 1998, the Registrar issued Contractor's License Number 753143 to James Charles Zenovic, doing business as James Zenovic Construction (Respondent James Zenovic).<sup>1</sup> License No. 753143 is classified as a B (General Building Contractor) license. The Contractor's License was in full force and effect at all times relevant to the charges brought herein and will expire on August 31, 2020, unless renewed. Effective July 28, 1998, through November 19, 2017, Respondent James Zenovic certified to the Board that he did not have employees working for him and was exempt from the requirement to submit proof of workers' compensation insurance coverage.

### **JURISDICTION**

4. This Accusation is brought before the Registrar for the Board, Department of Consumer Affairs, under the authority of the following laws. All section references are to the Business and Professions Code (Code) unless otherwise indicated.

5. Section 118, subdivision (b), of the Code states:

The suspension, expiration, or forfeiture by operation of law of a license issued by a board in the department, or its suspension, forfeiture, or cancellation by order of the board or by order of a court of law, or its surrender without the written consent of the board, shall not, during any period in which it may be renewed, restored, reissued, or reinstated, deprive the board of its authority to institute or continue a disciplinary proceeding against the licensee upon any ground provided by law or to enter an order suspending or revoking the license or otherwise taking disciplinary action against the licensee on any such ground.

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<sup>1</sup> Complainant alleges on information and belief that Respondent Joseph Zenovic is Respondent James Zenovic's father.

6. Section 7090 provides, in pertinent part, that the Registrar may suspend or revoke any license or registration if the licensee or registrant is guilty of or commits any one or more of the acts or omissions constituting cause for disciplinary action.

7. Section 7106.5 provides, in pertinent part, that the expiration, cancellation, forfeiture, revocation or suspension of a license by operation of law or by order or decision of the registrar, or a court of law, or the voluntary surrender of a license by a licensee shall not deprive the registrar of jurisdiction to proceed with any investigation of or action or disciplinary proceeding against the license, or to render a decision suspending or revoking the license.

8. Section 7121 states:

A person who has been denied a license for a reason other than failure to document sufficient satisfactory experience for a supplemental classification for an existing license, or who has had his or her license revoked, or whose license is under suspension, or who has failed to renew his or her license while it was under suspension, or who has been a partner, officer, director, manager, or associate of any partnership, corporation, limited liability company, firm, or association whose application for a license has been denied for a reason other than failure to document sufficient satisfactory experience for a supplemental classification for an existing license, or whose license has been revoked, or whose license is under suspension, or who has failed to renew a license while it was under suspension, and while acting as a partner, officer, director, manager, or associate had knowledge of or participated in any of the prohibited acts for which the license was denied, suspended, or revoked, shall be prohibited from serving as an officer, director, associate, partner, manager, qualifying individual, or member of the personnel of record of a licensee, and the employment, election, or association of this type of person by a licensee in any capacity other than as a nonsupervising bona fide employee shall constitute grounds for disciplinary action.

## **STATUTORY PROVISIONS**

9. Section 7029.1 states:

(a) Except as provided in this section, it is unlawful for any two or more licensees, each of whom has been issued a license to act separately in the capacity of a contractor within this state, to be awarded a contract jointly or otherwise act as a contractor without first having secured a joint venture license in accordance with the provisions of this chapter.

(b) Prior to obtaining a joint venture license, contractors licensed in accordance with this chapter may jointly bid for the performance of work covered by this section. If a combination of licensees submit a bid for the performance of work for which a joint venture license is required, a failure to obtain that license shall not prevent the imposition of any penalty specified by law for the failure of a contractor who submits a bid to enter into a contract pursuant to the bid.

(c) A violation of this section constitutes a cause for disciplinary action.

1           10. Section 7056 defines “general engineering contractor” as follows:

2           A general engineering contractor is a contractor whose principal contracting  
3 business is in connection with fixed works requiring specialized engineering  
4 knowledge and skill, including the following divisions or subjects: irrigation,  
5 drainage, water power, water supply, flood control, inland waterways, harbors, docks  
6 and wharves, shipyards and ports, dams and hydroelectric projects, levees, river  
7 control and reclamation works, railroads, highways, streets and roads, tunnels,  
8 airports and airways, sewers and sewage disposal plants and systems, waste  
9 reduction plants, bridges, overpasses, underpasses and other similar works, pipelines  
10 and other systems for the transmission of petroleum and other liquid or gaseous  
11 substances, parks, playgrounds and other recreational works, refineries, chemical  
12 plants and similar industrial plants requiring specialized engineering knowledge and  
13 skill, powerhouses, powerplants and other utility plants and installations, mines and  
14 metallurgical plants, land leveling and earthmoving projects, excavating, grading,  
15 trenching, paving and surfacing work and cement and concrete works in connection  
16 with the above-mentioned fixed works.

11          11. Section 7057 defines “general building contractor” as follows:

12           (a) Except as provided in this section, a general building contractor is a  
13 contractor whose principal contracting business is in connection with any structure  
14 built, being built, or to be built, for the support, shelter, and enclosure of persons,  
15 animals, chattels, or movable property of any kind, requiring in its construction the  
16 use of at least two unrelated building trades or crafts, or to do or superintend the  
17 whole or any part thereof.

18           This does not include anyone who merely furnishes materials or supplies  
19 under Section 7045 without fabricating them into, or consuming them in the  
20 performance of, the work of the general building contractor.

21           (b) A general building contractor may take a prime contract or a subcontract  
22 for a framing or carpentry project. However, a general building contractor shall not  
23 take a prime contract for any project involving trades other than framing or carpentry  
24 unless the prime contract requires at least two unrelated building trades or crafts  
25 other than framing or carpentry, or unless the general building contractor holds the  
26 appropriate license classification or subcontracts with an appropriately licensed  
27 contractor to perform the work. A general building contractor shall not take a  
28 subcontract involving trades other than framing or carpentry, unless the subcontract  
requires at least two unrelated trades or crafts other than framing or carpentry, or  
unless the general building contractor holds the appropriate license classification.  
The general building contractor shall not count framing or carpentry in calculating  
the two unrelated trades necessary in order for the general building contractor to be  
able to take a prime contract or subcontract for a project involving other trades.

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12. Section 7114 states:

(a) Aiding or abetting an unlicensed person to evade the provisions of this chapter or combining or conspiring with an unlicensed person, or allowing one's license to be used by an unlicensed person, or acting as agent or partner or associate, or otherwise, of an unlicensed person with the intent to evade the provisions of this chapter constitutes a cause for disciplinary action.

(b) A licensee who is found by the registrar to have violated subdivision (a) shall, in accordance with the provisions of this article, be subject to the registrar's authority to order payment of a specified sum to an injured party, including, but not limited to, payment for any injury resulting from the acts of the unlicensed person.

13. Section 7117.6 states:

Acting in the capacity of a contractor in a classification other than that currently held by the licensee constitutes a cause for disciplinary action.

14. Section 7118 states:

Entering into a contract with a contractor while such contractor is not licensed as provided in this chapter constitutes a cause for disciplinary action.

15. Section 7125.4 states:

(a) The filing of the exemption certificate prescribed by this article that is false, or the employment of a person subject to coverage under the workers' compensation laws after the filing of an exemption certificate without first filing a Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in accordance with the provisions of this article, or the employment of a person subject to coverage under the workers' compensation laws without maintaining coverage for that person, constitutes a cause for disciplinary action.

16. Section 7161 states:

It is a misdemeanor for any person to engage in any of the following acts, the commission of which shall be cause for disciplinary action against any licensee or applicant.

...

(c) Any fraud in the execution of, or in the material alteration of, any contract, trust deed, mortgage, promissory note, or other document incident to a home improvement transaction or other transaction involving a work of improvement.

17. Section 7164 states:

(a) Notwithstanding Section 7044, every contract and any changes in a contract, between an owner and a contractor, for the construction of a single-family dwelling to be retained by the owner for at least one year shall be evidenced in writing signed by both parties.

(b) The writing shall contain the following:

...

(2) The approximate dates when the work will begin and be substantially completed.

...

(4) A statement with the heading "Mechanics Lien Warning" as follows:

**"MECHANICS LIEN WARNING:**

Anyone who helps improve your property, but who is not paid, may record what is called a mechanics lien on your property. . .

Even if you pay your contractor in full, unpaid subcontractors, suppliers, and laborers who helped to improve your property may record mechanics liens and sue you in court to foreclose the lien. If a court finds the lien is valid, you could be forced to pay twice or have a court officer sell your home to pay the lien. Liens can also affect your credit.

To preserve their right to record a lien, each subcontractor and material supplier must provide you with a document called a 'Preliminary Notice.' This notice is not a lien. The purpose of the notice is to let you know that the person who sends you the notice has the right to record a lien on your property if he or she is not paid.

**BE CAREFUL.** The Preliminary Notice can be sent up to 20 days after the subcontractor starts work or the supplier provides material. This can be a big problem if you pay your contractor before you have received the Preliminary Notices.

You will not get Preliminary Notices from your prime contractor or other persons you contract with directly or from laborers who work on your project. The law assumes that you already know they are improving your property.

**PROTECT YOURSELF FROM LIENS.** You can protect yourself from liens by getting a list from your contractor of all the subcontractors and material suppliers that work on your project. Find out from your contractor when these subcontractors started work and when these suppliers delivered goods or materials. Then wait 20 days, paying attention to the Preliminary Notices you receive.

**PAY WITH JOINT CHECKS.** One way to protect yourself is to pay with a joint check. When your contractor tells you it is time to pay for the work of a subcontractor or supplier who has provided you with a Preliminary Notice, write a joint check payable to both the contractor and the subcontractor or material supplier.

For other ways to prevent liens, visit CSLB's Web site at [www.cslb.ca.gov](http://www.cslb.ca.gov) or call CSLB at 800-321-CSLB (2752).

1 REMEMBER, IF YOU DO NOTHING, YOU RISK HAVING A LIEN  
2 PLACED ON YOUR HOME. This can mean that you may have to pay twice, or  
3 face the forced sale of your home to pay what you owe.”

4 (5)(A) A statement prepared by the board through regulation that emphasizes  
5 the value of commercial general liability insurance and encourages the owner to  
6 verify the contractor’s insurance coverage and status.

7 (B) A check box indicating whether or not the contractor carries commercial  
8 general liability insurance, and if that is the case, the name and the telephone number  
9 of the insurer.

10 (c) ... Prior to commencement of any work, the owner shall be furnished a  
11 copy of the written agreement, signed by the contractor. The provisions of this  
12 section are not exclusive and do not relieve the contractor from compliance with all  
13 other applicable provisions of law.

14 (d) Every contract subject to the provisions of this section shall contain, in  
15 close proximity, to the signatures of the owner and contractor, a notice in at least 10-  
16 point boldface type or in all capital letters, stating that the owner has the right to  
17 require the contractor to have a performance and payment bond and that the expense  
18 of the bond may be borne by the owner.

19 ....

### 20 **COST RECOVERY, RESTITUTION AND OTHER AUTHORITY**

21 18. Section 125.3 states, in pertinent part:

22 (a) Except as otherwise provided by law, in any order issued in resolution of a  
23 disciplinary proceeding before any board within the department or before the  
24 Osteopathic Medical Board, upon request of the entity bringing the proceeding, the  
25 administrative law judge may direct a licentiate found to have committed a violation  
26 or violations of the licensing act to pay a sum not to exceed the reasonable costs of  
27 the investigation and enforcement of the case.

28 ....

19. Government Code section 11519 states:

(a) The decision shall become effective 30 days after it is delivered or mailed  
to respondent unless: a reconsideration is ordered within that time, or the agency itself  
orders that the decision shall become effective sooner, or a stay of execution is  
granted.

(b) A stay of execution may be included in the decision or if not included  
therein may be granted by the agency at any time before the decision becomes  
effective. The stay of execution provided herein may be accompanied by an express  
condition that respondent comply with specified terms of probation provided;  
provided, however, that the terms of probation shall be just as reasonable in light of  
the findings and decision.

1 (c) If respondent was required to register with any public officer, a  
2 notification of any suspension or revocation shall be sent to the officer after the  
3 decision has become effective.

4 (d) As used in subdivision (b), specified terms of probation may include an  
5 order of restitution. Where restitution is ordered and paid pursuant to the provisions  
6 of this subdivision, the amount paid shall be credited to any subsequent judgment in a  
7 civil action.

8 (e) The person to which the agency action is directed may not be required to  
9 comply with a decision unless the person has been served with the decision in the  
10 manner provided in Section 11505 or has actual knowledge of the decision.

11 (f) A nonparty may not be required to comply with a decision unless the  
12 agency has made the decision available for public inspection and copying or the  
13 nonparty has actual knowledge of the decision.

14 (g) This section does not preclude an agency from taking immediate action to  
15 protect the public interest in accordance with Article 13 (commencing with Section  
16 11460.10) of Chapter 4.5.

17 20. Section 143.5, subdivision (b) states:

18 Any board, bureau, or program within the Department of Consumer Affairs that  
19 takes disciplinary action against a licensee or licensees based on a complaint or report  
20 that has also been the subject of a civil action and that has been settled for monetary  
21 damages providing for full and final satisfaction of the parties may not require its  
22 licensee or licensees to pay any additional sums to the benefit of any plaintiff in the  
23 civil action.

24 21. Section 7095 states:

25 The decision may:

26 (a) Provide for the immediate complete suspension by the licensee of all  
27 operations as a contractor during the period fixed by the decision.

28 (b) Permit the licensee to complete any or all contracts shown by competent  
evidence taken at the hearing to be then uncompleted.

(c) Impose upon the licensee compliance with such specific conditions as may  
be just in connection with his operations as a contractor disclosed at the hearing and  
may further provide that until such conditions are complied with no application for  
restoration of the suspended or revoked licensee shall be accepted by the registrar.

22. Section 7097 states:

Notwithstanding the provisions of Sections 7121 and 7122, when any licensee  
has been suspended by a decision of the registrar pursuant to an accusation or  
pursuant to subdivision (b) of Section 7071.17, Section 7085.6 or 7090.1, any  
additional license issued under this chapter [the Contractors' State License Law] in  
the name of the licensee or for which the licensee furnished qualifying experience and  
appearance under the provisions of Section 7068, may be suspended by the registrar  
without further notice.



1           23.   Section 7098 states:

2                 Notwithstanding the provisions of Sections 7121 and 7122, when any license  
3                 has been revoked under the provisions of this chapter [the Contractors' State License  
4                 Law], any additional license issued under this chapter in the name of the licensee or  
                for which the licensee furnished qualifying experience and appearance under the  
                provisions of Section 7068, may be revoked by the registrar without further notice.

5           24.   Section 7102 states:

6                 After suspension of a license upon any of the grounds set forth in this chapter  
7                 [the Contractors' State License Law], the registrar may reinstate the license upon  
8                 proof of compliance by the contractor with all provisions of the decision as to  
                reinstatement or, in the absence of a decision or any provisions of reinstatement, in  
                the sound discretion of the registrar.

9                 After revocation of a license upon any of the grounds set forth in this chapter,  
10                the license shall not be reinstated or reissued and a license shall not be issued to any  
11                member of the personnel of the revoked licensee found to have had knowledge of or  
12                participated in the acts or omissions constituting grounds for revocation, within a  
13                minimum period of one year and a maximum period of five years after the final  
                decision of revocation and then only on proper showing that all loss caused by the act  
                or omission for which the license was revoked has been fully satisfied and that all  
                conditions imposed by the decision of revocation have been complied with.

14                The board shall promulgate regulations covering the criteria to be considered  
15                when extending the minimum one-year period. The criteria shall give due  
                consideration to the appropriateness of the extension of time with respect to the  
                following factors:

- 16                   (a) The gravity of the violation.
- 17                   (b) The history of previous violations.
- 18                   (c) Criminal convictions.

19                When any loss has been reduced to a monetary obligation or debt, however, the  
20                satisfaction of the monetary obligation or debt as a prerequisite for the issuance,  
21                reissuance, or reinstatement of a license shall not be required to the extent the  
22                monetary obligation or debt was discharged in a bankruptcy proceeding. However,  
                any nonmonetary condition not discharged in a bankruptcy proceeding shall be  
                complied with prior to the issuance, the reissuance, or reinstatement of the license.

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2 **FACTUAL ALLEGATIONS**

3 25. On November 5, 2015, before the parties executed a construction contract, the City of  
4 Laguna Beach issued a permit (Permit) for a new single-family two-story dwelling located on  
5 Temple Hills Drive in Laguna Beach, California. The Permit identified A.C. as the owner of the  
6 project property and Respondent Joseph Zenovic as the contractor for the project.

7 26. On or about December 1, 2015, A.C., on behalf of Von Becelaere Ventures, LLC  
8 (VBV) entered into a written contract with Respondent James Zenovic for the construction of a  
9 single family two story home in Laguna Beach, California, for the contract price of \$1,173,000.00  
10 (VBV Project), located on Temple Hills Drive, Laguna Beach, California. The contract required  
11 Respondent James Zenovic to construct a new, two-story, 2,608 sq.ft. single-family-residence, in  
12 accordance with plans approved by the City of Laguna described in the Permit above.

13 27. The contract lacked significant statutorily required language. Specifically, the  
14 contract did not contain the approximate dates work would begin and be substantially completed.  
15 The contract also lacked the required notice regarding general liability insurance coverage, the  
16 check box indicating whether Respondent James Zenovic was covered by general liability  
17 insurance, and the statutory Mechanics Lien Warning.

18 28. Thereafter, A.C. executed seven change orders on behalf of VBV. On April 22, 2016,  
19 A.C. executed Change Order Nos. 1 through 6 on behalf of VBV, wherein the parties revised the  
20 original cost of the project from \$1,173,000.00 to \$1,302,137.00, increased the overall price of  
21 the project to \$1,505,415.46, and identified the completion date as April 17, 2017. On September  
22 13, 2016, A.C. executed Change Order No. 12 on behalf of VBV, increasing the total contract  
23 price of \$1,667,127.46 based on all the signed Change Orders.<sup>2</sup>

24 29. Work commenced on December 5, 2015, and ceased on October 11, 2016. On  
25 October 10, 2016, VBV terminated Respondents citing a breach of contract for, among other  
26 things, failure to: provide project records to support the work performed, to comply with

27 \_\_\_\_\_  
28 <sup>2</sup> Respondent Joseph Zenovic proposed additional change orders, Change Order Nos. 7-11  
and Change Orders Nos. 13-17, but VBV did not agree to them.

1 minimum safety requirements, to ensure proper insurance coverage was in place, and because the  
2 project was only 55% complete, but Respondents had spent 67% of the budget.

3 30. Sunwest Bank funded the VBV Project through an account with Dixieline Builders  
4 Fund Control, Inc. (Dixieline). Dixieline's payment procedure involved a five-step process: (1)  
5 Respondents would send their invoices and documentation requesting payment to Dixieline, (2)  
6 Dixieline would send A.C. a request for approval, (3) A.C. would approve the payment request,  
7 (4) Dixieline would issue vouchers to Respondents, and (5) Respondents would then send the  
8 vouchers to Sunwest Bank for payment. On or about December 14, 2015, Respondent Joseph  
9 Zenovic requested that Dixieline issue payment by direct deposit.

10 31. Respondents Joseph and James, in furtherance of their unlicensed joint venture, used  
11 Union Site Contracting Company (Union Site), a New Jersey Domestic For-Profit Corporation  
12 Business ID No. 0100168680, to "hold and disperse all of the monies received" in connection  
13 with the VBV Project. On or about December 10, 2015, Respondent Joseph Zenovic provided  
14 Dixieline with a W-9 falsely certifying that Union Site was a Class "C" corporation with  
15 employee identification No. 46-1653611, which Dixieline relied upon when paying Respondents  
16 when they submitted additional vouchers for payment. Since the contract for the VBV Project  
17 was between VBV and Respondent James Zenovic, Dixieline inquired whether Union Site had  
18 done work on the project. In response, on December 14, 2015, Respondent Joseph Zenovic  
19 represented to Dixieline ". . . , [a]ll work was performed by Union Site."

20 32. Respondents Joseph Zenovic and James Zenovic, in furtherance of their unlicensed  
21 joint venture, falsely represented to VBV and Dixieline that Union Site was qualified to do  
22 business in California, when in fact it was not, when Respondents submitted invoices from Union  
23 Site. On September 1, 1988, the State of New Jersey suspended Union Site's corporate status for  
24 failure to pay taxes. Thirty years later, after Respondent's VBV terminated Respondents from the  
25 project, on July 13, 2018, the State of New Jersey reinstated Union Site's corporate status. Union  
26 Site first qualified to do business in California on October 5, 2018, when Respondent Joseph  
27 Zenovic filed a Statement and Designation by Foreign Corporation with the Secretary of State.

Respondent Joseph Zenovic represented in the Statement and Designation that he was Union Site's Chief Executive Officer (CEO), Secretary, and Chief Financial Officer (CFO).<sup>3</sup>

33. On behalf of VBV, Dixieline paid Union Site \$453,950.09 between December 14, 2015, and September 13, 2016, for work performed on the Project in seventeen disbursements. On October 6, 2016, Respondent Joseph Zenovic submitted Invoice No. 20 to VBV for \$64,766.02. On October 20, 2016, Respondent Joseph Zenovic submitted Invoice No. 22, to VBV for \$122,994.71. On March 8, 2017, Respondent James Zenovic submitted an Invoice to VBV for \$449,126.96. On March 20, 2017, Respondent James Zenovic filed a mechanic's lien against the Project property seeking to recover \$449,126.96 for the VBV Project. It is unclear whether Invoice Nos. 20, 22, and James Zenovic's invoice were paid.

34. Respondents Joseph and James used at least two other workers in furtherance of their unlicensed joint venture on the VBC Project while claiming an exemption from the requirement to have Worker's Compensation Insurance covering their employees. On June 21, 2016, Respondent Joseph Zenovic admitted to Dixieline that it used two other employees to work on the VBV Project; A.M. and L.A.

35. Accusation Nos. N2016-483 and N2016-484 do not address a financial injury because of pending civil litigation between VBV and Respondents.

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<sup>3</sup> On September 13, 2017, Respondent Joseph filed a certificate of incorporation with the State of New Jersey creating Union Site Contracting Company, Domestic Profit Corporation ID No. 0450199756 (Union Site II), after civil litigation between the parties had commenced in *Von Becelaere Ventures LLC v. Zenovic* (Super. Ct., San Diego County, 2017, No. 37-2017-00011817-CU-CD-CTL). On October 30, 2017, Respondent Joseph filed a Statement and Designation by Foreign Corporation with the California Secretary of State for Union Site II. On June 18, 2018, Respondent Joseph submitted a Certificate of Surrender for Union Site II with the California Secretary of State.

1 **FIRST CAUSE FOR DISCIPLINE**

2 **(Unlawfully Acting in Joint Venture Without a License)**

3 36. Respondents Joseph Zenovic and James Zenovic have subjected their contractor's  
4 licenses to disciplinary action under Section 7029.1 for unlawfully acting as a joint venture,  
5 without first obtaining a joint venture license. The circumstances are more particularly set forth  
6 at paragraphs 25 through 35, which are incorporated here by reference.

7 **SECOND CAUSE FOR DISCIPLINE**

8 **(Aiding and Abetting Unlicensed Person)**

9 37. Respondents Joseph Zenovic and James Zenovic have subjected their contractor's  
10 licenses to disciplinary action under Section 7114, in that on the VBV project, Respondents aided  
11 and abetted unlicensed contractor Union Site. The circumstances are more particularly set forth  
12 at paragraphs 25 through 35, which are incorporated here by reference.

13 **THIRD CAUSE FOR DISCIPLINE**

14 **(Acted Outside of Classification)**

15 38. Respondent Joseph Zenovic has subjected his contractor's license to disciplinary  
16 action under Section 7117.6, in that on the VBV project, Respondent Joseph Zenovic acted in the  
17 capacity of a Class B general contractor while licensed as a Class A (general engineering  
18 contractor) and Class C27 (landscaping contractor). The circumstances are more particularly set  
19 forth at paragraphs 25 through 35, which are incorporated here by reference.

20 **FOURTH CAUSE FOR DISCIPLINE**

21 **(Contracting with an Unlicensed Contractor)**

22 39. Respondents Joseph Zenovic and James Zenovic have subjected their contractor's  
23 licenses to disciplinary action under Section 7118 in that Respondents entered into a contract with  
24 Union Site, an unlicensed suspended foreign corporate entity unqualified to conduct business in  
25 California. The circumstances are more particularly set forth at paragraphs 25 through 35, which  
26 are incorporated here by reference.

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1 **FIFTH CAUSE FOR DISCIPLINE**

2 **(Failed to Provide Workers' Compensation Insurance)**

3 40. Respondents Joseph Zenovic and James Zenovic have subjected their contractor's  
4 licenses to disciplinary action under Section 7125.4, subdivision (a), in that Respondents filed an  
5 exemption certificate with the Board certifying they had no employees subject to the workers'  
6 compensation laws. However, on the VBV project, Respondents had employees working on the  
7 job who were subject to coverage under the workers' compensation laws. The circumstances are  
8 more particularly set forth at paragraphs 2 through 3 and 25 through 35, which are incorporated  
9 here by reference.

10 **SIXTH CAUSE FOR DISCIPLINE**

11 **(Committed Fraud in the Execution of Document Incident to**  
12 **Transaction Involving Work of Improvement)**

13 41. Respondents Joseph Zenovic and James Zenovic have subjected their contractor's  
14 licenses to disciplinary action under Section 7161, subdivision (c), in that Respondents committed  
15 fraud in the execution of documents incident to a home improvement transaction or a transaction  
16 involving a work of improvement. Respondent's fraud was in the furtherance of their unlicensed  
17 joint venture on the VBV Project for which Dixieline and VBV were substantially injured. The  
18 circumstances are more particularly set forth at paragraphs 25 through 35, which are incorporated  
19 here by reference.

20 a. Respondents falsely certified Union Site's W-9 claiming that Union Site was a Class  
21 "C" corporation with employee identification No. 46-1653611 in order to be paid on the VBV  
22 Project by Dixieline, which Dixieline relied upon seventeen times when Respondents submitted  
23 vouchers for payment;

24 b. Respondents fraudulently represented Union Site was qualified to do business in  
25 California, when in fact it was not, which led VBV and Dixieline to believe they were conducting  
26 business with a legitimate corporate entity.

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1 **SEVENTH CAUSE FOR DISCIPLINE**

2 **(Failure to Comply with Provisions of the Law**  
3 **Relating to Construction Contracts for Single Family Dwellings)**

4 42. Respondents Joseph Zenovic and James Zenovic have subjected their contractor's  
5 licenses to disciplinary action under Section 7164 in that Respondents failed to ensure that their  
6 written contract and change orders for the VBV Project contained required language. The  
7 circumstances are more particularly set forth at paragraphs 25 through 35, which are incorporated  
8 here by reference, and as follows:

9 a. **Violation of Business and Professions Code section 7164, subdivision (b)(2):**  
10 Respondents failed to ensure the contract and change orders contained the approximate dates  
11 when work would begin and be substantially completed;

12 b. **Violation of Business and Professions Code section 7164, subdivision (b)(5)(A):**  
13 Respondents failed to ensure the contract and change orders contained a required statement that  
14 emphasizes the value of commercial general liability insurance and encourages the owner to  
15 verify Respondents' insurance coverage and status;

16 c. **Violation of Business and Professions Code section 7164, subdivision (b)(5)(B):**  
17 Respondents failed to ensure the contract and change orders contained a check box indicating  
18 whether or not Respondents carried commercial general liability insurance, and the name and  
19 telephone number of the insurer, if any;

20 d. **Violation of Business and Professions Code section 7164, subdivision (c):**  
21 Respondents failed to furnish VBV with a copy of the written agreement signed by Respondents  
22 prior to the commencement of any work in that Respondent Joseph Zenovic pulled the permit for  
23 the Project prior to the execution of the contract for the VBV Project.

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1 **CAUSES FOR OTHER ACTION**

2 **FIRST CAUSE FOR OTHER ACTION**

3 **(Restrictions on Respondent Joseph Zenovic, Jr.)**

4 43. Pursuant to Section 7121, if License Number 406165 (Classification A – General  
5 Engineering Contractor and C27 – Landscaping Contractor) issued to Respondent Joseph Zenovic  
6 is revoked or under suspension, Respondent Joseph Zenovic is prohibited from serving as an  
7 officer, director, associate, partner, manager, qualifying individual, or member of the personnel of  
8 record of a licensee.

9 **SECOND CAUSE FOR OTHER ACTION**

10 **(Restrictions on Respondent James Zenovic)**

11 44. Pursuant to Section 7121, if License Number 753143 (Classification B – General  
12 Building Contractor) issued to Respondent James Zenovic, doing business as James Zenovic  
13 Construction, is revoked or under suspension, Respondent James Zenovic is prohibited from  
14 serving as an officer, director, associate, partner, manager, qualifying individual, or member of  
15 the personnel of record of a licensee.

16 **PRAYER**

17 WHEREFORE, Complainant requests that a hearing be held on the matters herein alleged,  
18 and that following the hearing, the Registrar issue a decision:

19 1. Ordering the revocation or suspension of Contractor's License Number 406165, Class  
20 A, Class C27 issued to Respondent Joseph Zenovic pursuant to Section 7090;

21 2. Ordering the revocation or suspension of Contractor's License Number 753143, B  
22 issued to Respondent James Zenovic, doing business as James Zenovic Construction, pursuant to  
23 Section 7090;

24 3. Ordering that Respondent Joseph Zenovic be prohibited from serving as an officer,  
25 director, associate, partner, manager, qualifying individual, or member of personnel of record of a  
26 licensee, pursuant to Section 7121;

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1           4.     Ordering that Respondent James Zenovic be prohibited from serving as an officer,  
2 director, associate, partner, manager, qualifying individual, or member of personnel of record of a  
3 licensee, pursuant to Section 7121;

4           5.     Ordering restitution of all damages according to proof suffered by VBV as a  
5 condition of probation in the event probation is ordered for Respondent Joseph Zenovic pursuant  
6 to Government Code section 11519, subdivision (d);

7           6.     Ordering restitution of all damages according to proof suffered by VBV as a  
8 condition of probation in the event probation is ordered for Respondent James Zenovic, doing  
9 business as James Zenovic Construction, pursuant to Government Code section 11519,  
10 subdivision (d);

11          7.     Ordering Respondent Joseph Zenovic and Respondent James Zenovic to pay the  
12 Registrar of Contractors costs in the investigation and enforcement of the case according to proof  
13 at the hearing, pursuant to Section 125.3;

14          8     Ordering Respondents Joseph Zenovic and James Zenovic to provide the Registrar  
15 with a listing of all contracting projects in progress and the anticipated completion date of each,  
16 pursuant to Section 7095; and

17          9.     Taking such other and further action as deemed proper.

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19     DATED: \_\_\_\_\_

20                     WOOD ROBINSON  
21                     Enforcement Supervisor I  
22                     Contractors' State License Board  
23                     Department of Consumer Affairs  
24                     State of California  
25                     Complainant

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