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BEFORE THE
REGISTRAR OF CONTRACTORS
CONTRACTORS' STATE LICENSE BOARD
DEPARTMENT OF CONSUMER AFFAIRS
STATE OF CALIFORNIA

In the Matter of the Accusation Against**:** **KO REMODELING INC. DBA HOUSE NEXT DOOR, YAAQOV RAHLIN, RMO/CEO/PRES, RONI MILES, RMO, ORON GAL, SECRETARY** 4821 Lankershim Boulevard, Suite F214 North Hollywood, CA 91601 Contractor's License No. 966131 and **RONI MILES, DBA FLOOR TO ROOF** 6440 Woodley Avenue, Apt. 2 Van Nuys, CA 91406 Contractor's License No. 1057333 and **ORON GAL** 2600 Carman Crest Drive Los Angeles, CA 90068 Contractor's License No. 1040231 Respondents.	Case No. N2018-155 **FIRST AMENDED ACCUSATION**

PARTIES

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

2. On or about September 28, 2011, the Registrar of Contractors ("Registrar") issued Contractor's License Number 966131 to KO Remodeling Inc. dba House Next Door ("Respondent KO"). Yaaqov Rahlin ("Respondent Rahlin") associated as the CEO and President on September 28, 2011. On July 7, 2017, Respondent Rahlin associated as the RMO, CEO, and President. Roni Miles ("Respondent Miles") was the RMO from September 28, 2011, until he disassociated on July 7, 2017. The Contractor's License was in full force and effect at all times relevant to the charges brought herein and expired on September 30, 2019, and has not been renewed. The license was placed inactive on May 6, 2019.

3. Oron Gal ("Respondent Gal") is listed as the Secretary of Respondent KO in the records of the California Secretary of State, effective December 19, 2011. However, Respondent KO has not disclosed to the Registrar that Respondent Gal occupies this position. Therefore, Respondent Gal is not a member of the personnel of record for Respondent KO.

4. On or about August 22, 2019, the Registrar issued Contractor's License Number 1057333 to Respondent Miles, dba Floor To Roof. The Contractor's License will expire on August 31, 2021, unless renewed. The license was placed inactive on August 22, 2019.

5. On or about June 6, 2018, the Registrar issued Contractor's License Number 1040231 to Respondent Gal. The Contractor's License will expire on June 30, 2024, unless renewed. The license is currently under Contractor's bond suspension.

JURISDICTION

6. This First Amended Accusation is brought before the Registrar for the Board under the authority of the following laws. All section references are to the Code unless otherwise indicated.

7. Section 118, subdivision (b) provides, in pertinent part, that the expiration of a license shall not deprive the Registrar of jurisdiction to proceed with a disciplinary action during the

period within which the license may be renewed, restored, reissued or reinstated. Under Code section 7076.1, the Registrar may reinstate a cancelled license if the licensee pays all of the fees and meets all of the qualifications and requirements for obtaining an original license.

8. Section 7076.5 provides, in pertinent part, that the inactive status of a license shall not bar any disciplinary action for violating provisions of the Contractors' State License Law (Bus. & Prof. Code, '7000, et seq.).

9. 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.

10. Section 7106.5 provides, in pertinent part, that the expiration, cancellation, forfeiture, 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 the license 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.

11. 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."

12. Section 7121.5 states:

"A person who was the qualifying individual on a revoked license, or of a license under suspension, or of a license that was not renewed while it was under suspension, shall be prohibited from serving as an officer, director, associate, partner, manager, or qualifying individual of a licensee, whether or not the individual had knowledge of or participated in the prohibited acts or omissions for which the license was revoked, or suspended, and the employment, election, or association of that person by a licensee shall constitute grounds for disciplinary action."

13. Section 7122 states:

"The performance by an individual, partnership, corporation, limited liability company, firm, or association of an act or omission constituting a cause for disciplinary action, likewise constitutes a cause for disciplinary action against a licensee other than the individual qualifying on behalf of the individual or entity, if the licensee was a partner, officer, director, manager, or associate of that individual, partnership, corporation, limited liability company, firm, or association at the time the act or omission occurred, and had knowledge of or participated in the prohibited act or omission."

14. Section 7122.5 states:

"The performance by an individual, partnership, corporation, limited liability company, firm, or association of an act or omission constituting a cause for disciplinary action, likewise constitutes a cause for disciplinary action against a licensee who at the time that the act or omission occurred was the qualifying individual of that individual, partnership, corporation, limited liability company, firm, or association, whether or not he or she had knowledge of or participated in the prohibited act or omission."

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STATUTORY PROVISIONS

15. Section 7107 states:

"Abandonment without legal excuse of any construction project or operation engaged in or undertaken by the licensee as a contractor constitutes a cause for disciplinary action."

16. Section 7109 states:

"(a) A willful departure in any material respect from accepted trade standards for good and workmanlike construction constitutes a cause for disciplinary action, unless the departure was in accordance with plans and specifications prepared by or under the direct supervision of an architect."

17. Section 7110 states:

"Willful or deliberate disregard and violation of the building laws of the state, or of any political subdivision thereof, or of Section 8505 or 8556 of this code, or of Sections 1689.5 to 1689.8, inclusive, or Sections 1689.10 to 1689.13, inclusive, of the Civil Code, or of the safety laws or labor laws or compensation insurance laws or Unemployment Insurance Code of the state, or violation by any licensee of any provision of the Health and Safety Code or Water Code, relating to the digging, boring, or drilling of water wells, or Article 2 (commencing with Section 4216) of Chapter 3.1 of Division 5 of Title 1 of the Government Code, constitutes a cause for disciplinary action."

18. Section 7112 states that "[o]mission or misrepresentation of a material fact by an applicant or a licensee in obtaining, or renewing a license, or in adding a classification to an existing license constitutes a cause for disciplinary action."

19. Section 7113 states that "[f]ailure in a material respect on the part of a licensee to complete any construction project or operation for the price stated in the contract for such construction project or operation or in any modification of such contract constitutes a cause for disciplinary action."

20. Section 7116 states that "[t]he doing of any wilful or fraudulent act by the licensee as a contractor in consequence of which another is substantially injured constitutes a cause for disciplinary action."

21. Section 7117 states that "[a]cting in the capacity of a contractor under any license issued hereunder except: (a) in the name of the licensee as set forth upon the license, or (b) in accordance with the personnel of the licensee as set forth in the application for such license, or as later changed as provided in this chapter [the Contractors' License Law], constitutes a cause for disciplinary action."

22. Section 7159 states:

"(a) (1) This section identifies the projects for which a home improvement contract is required, outlines the contract requirements, and lists the items that shall be included in the contract, or may be provided as an attachment."

". . . .

"(c) In addition to the specific requirements listed under this section, every home improvement contract and any person subject to licensure under this chapter or his or her agent or salesperson shall comply with all of the following:

"(1) The writing shall be legible.

". . . .

"(d) A home improvement contract and any changes to the contract shall be in writing and signed by the parties to the contract prior to the commencement of work covered by the contract or an applicable change order and, except as provided in paragraph (8) of subdivision (a) of Section 7159.5."

23. Section 7159.5 states:

"This section applies to all home improvement contracts, as defined in Section 7151.2, between an owner or tenant and a contractor, whether a general contractor or a specialty contractor, that is licensed or subject to be licensed pursuant to this chapter with regard to the transaction.

(a) Failure by the licensee or a person subject to be licensed under this chapter, or by his or her agent or salesperson, to comply with the following provisions is cause for discipline:

. . . .

(5) Except for a downpayment, the contractor may neither request nor accept payment that exceeds the value of the work performed or material delivered. . . ."

COST RECOVERY, RESTITUTION, AND OTHER AUTHORITY

24. Section 125.3 states, in pertinent part:

> "(a) Except as otherwise provided by law, in any order issued in resolution of a disciplinary proceeding before any board within the department or before the Osteopathic Medical Board, upon request of the entity bringing the proceeding, the administrative law judge may direct a licentiate found to have committed a violation or violations of the licensing act to pay a sum not to exceed the reasonable costs of the investigation and enforcement of the case.
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> "(b) In the case of a disciplined licentiate that is a corporation or a partnership, the order may be made against the licensed corporate entity or licensed partnership. . . ."

25. Government Code section 11519, subdivision (d), provides that specified terms of probation may include an order of restitution, and where restitution is ordered and paid pursuant to the provisions of this subdivision, the amount paid shall be credited to any subsequent judgment in a civil action.

26. Section 143.5, subdivision (b) of the Code states:

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

27. Section 7095 of the Code states:

> "The decision may:
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> "(a) Provide for the immediate complete suspension by the licensee of all operations as a contractor during the period fixed by the decision.
>
> "(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 its 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.

28. Section 7097 of the Code 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."

29. Section 7098 of the Code states:

"Notwithstanding the provisions of Sections 7121 and 7122, when any license has been revoked under the provisions of this chapter [the Contractors' State License 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."

30. Section 7102 of the Code states:

"After suspension of a license upon any of the grounds set forth in this chapter [the Contractors' State License Law], the registrar may reinstate the license upon 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.

"After revocation of a license upon any of the grounds set forth in this chapter, the license shall not be reinstated or reissued and a license shall not be issued to any member of the personnel of the revoked licensee found to have had knowledge of or participated in the acts or omissions constituting grounds for revocation, within a 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.

"The board shall promulgate regulations covering the criteria to be considered 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:

"(a) The gravity of the violation.

"(b) The history of previous violations.

"(c) Criminal convictions.

"When any loss has been reduced to a monetary obligation or debt, however, the satisfaction of the monetary obligation or debt as a prerequisite for the issuance, reissuance, or reinstatement of a license shall not be required to the extent the 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."

THE DP PROJECT

31. On or about April 12, 2017, Respondent KO entered into a written home improvement contract with homeowner DP for $37,250.00, which included labor and materials for work to be completed on DP's home on 82nd Street in Los Angeles, California. The contract was to install windows, paint exterior, and level the front porch. The contract was sold by Martin Saville, registered Home Improvement Salesperson for Respondent KO. DP made a $100.00 down-payment and the project was financed through California First Efficiency Financing Company for $37,150.00. Work commenced on or about April 13, 2017 and ceased on or about October 23, 2017. The contract stated Respondent KO will demolish the porch, add rebar and pour new concrete to include three (3) steps; install "a total of 21 windows and pass final inspection…job will be performed to city code."

32. On or about April 13, 2017, workers began work on the DP Project; they removed the bars from the windows and demolished the porch. Additionally, Respondent KO performed modifications to the garage backwall entry door without DP's approval or a written change order and was not a part of the initial contract. On or about April 25, 2017, Invoice No. 10848 was issued for the amount of $22,000.00 stating the job was complete and requested the submission of payment. On or about July 13, 2017, an application for building permit (Permit # 17016-20000-19253) was issued for "Window change-out (same size & type) for residential buildings" for the DP Project.

33. On or about September 7, 2017, the City of Los Angeles, Department of Building and Safety inspected the DP Project and issued a correction notice stating sealant was needed for the loose window and to repair plaster joint under the living room window.

34. On or about February 7, 2018, an inspector for the Board inspected the DP Project and determined that the work of the installation of retrofit windows, porch steps and deck did not meet trade standards. The estimated cost to correct/complete the project to be $8,975.00. The total financial injury to DP is $9,978.00.

35. On or about June 20, 2011, Roni Miles, RMO for Respondent KO from September 28, 2011 through July 7, 2017, certified under penalty of perjury, he owned 20% of the corporation. Further, Secretary of State records listed Yaaqov Rahlin and Respondent Gal as officers of the corporation. However, Respondent Gal is not on the personnel list for Respondent KO.

FIRST CAUSE FOR DISCIPLINE

(Departure from Accepted Standards – Respondent KO)

36. Respondent KO is subject to disciplinary action under section 7109, subdivision (a), in that on the DP Project, Respondent KO willfully departed from accepted trade standards for good workmanlike construction, as follows:

a. Respondent KO failed to install additional wood blocking at the window sill as needed to secure the fins of the retrofit windows.

b. Respondent KO performed modifications to the garage backwall entry door without approval or a signed change Order with the homeowner.

c. Respondent KO failed to back roll the stucco paint resulting in mismatched color.

d. Respondent KO failed to follow through with the agreement and performed modifications to the porch without the homeowner's approval. The contract specified three steps leading to the porch and Respondent KO built two steps.

Complainant re-alleges paragraphs 31 through 35.

SECOND CAUSE FOR DISCIPLINE

(Building Law Violation – No Building Permit – Respondent KO)

37. Respondent KO is subject to disciplinary action under section 7110, in that on the DP Project, Respondent KO willfully or deliberately disregarded and violated building codes when it failed to obtain required permit approvals prior to commencement of work. Complainant re-alleges paragraphs 31 through 35.

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THIRD CAUSE FOR DISCIPLINE

(Willfully Misrepresented a Material Fact on License Application – Respondent KO)

38. Respondent KO is subject to disciplinary action under section 7112, in that on or about June 20, 2011, Respondent Miles willfully misrepresented a material fact on his application for an Original Contractor License indicating he owned 20% of the corporation and declared under penalty of perjury, when at no time was he listed as an officer of the corporation. Complainant re-alleges paragraphs 31 through 35.

FOURTH CAUSE FOR DISCIPLINE

(Failure to Complete Project for Contract Price – Respondent KO)

39. Respondent KO is subject to disciplinary action under section 7113, in that on the DP Project, Respondent KO failed to complete the project for the contract price, and the homeowner is required to spend substantial amounts in excess of the contract price to complete the project in accordance with the contract. Complainant re-alleges paragraphs 31 through 35.

FIFTH CAUSE FOR DISCIPLINE

(Undisclosed Personnel – Respondent KO)

40. Respondent KO is subject to disciplinary action under section 7117, subdivision (b), in that Respondent KO listed personnel on official records not in accordance with the personnel of the licensee as set forth in the application for such license. Secretary of State records listed Yaaqov Rahlin and Respondent Gal as officers of the corporation, however, Respondent Gal is not on the personnel list with the Contractors' State License Board. Complainant re-alleges paragraphs 31 through 35.

SIXTH CAUSE FOR DISCIPLINE

(Violations of Home Improvement Contract Form Requirements – Respondent KO)

41. Respondent KO is subject to disciplinary action under section 7159, subdivision (d), in that on the DP Project, Respondent KO failed to provide written change orders. Complainant re-alleges paragraphs 31 through 35.

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THE FO PROJECT

42. On or about August 20, 2017, Respondent KO entered into a written home improvement contract with homeowner FO for $25,100, to replace 1,900 square feet of roof with cool shingles at FO's home on Arbutus Street in Compton, California. The contract also called for tar paper and up to 1,000 square feet of insulation in the attic. [$]4,700.00, for one "big square patch [of] roof]." FO made a $100.00 down-payment, and the remaining project was financed through Ygrene. Work commenced on or about August 21, 2017, and was completed on or about September 5, 2017.

43. On or about October 23, 2019, an industry expert inspected the FO Project and determined that Respondent KO did not measure the roof area correctly. The industry expert measured the roof square footage over both the house and the garage and determined the square footage of the roof to be 1,400 square feet over both structures. Thus, Respondent KO overestimated the square footage of the roof area by 500 square feet and thus overcharged FO. The industry expert estimated that Respondent KO overcharged FO by $5,000.00, which is FO's financial injury as a result of Respondent KO's conduct.

SEVENTH CAUSE FOR DISCIPLINE

(Departure from Accepted Standards – Respondent KO)

44. Respondent KO is subject to disciplinary action under section 7109, subdivision (a), in that on the FO Project, Respondent KO willfully departed from accepted trade standards for good workmanlike construction, as follows:

a. Respondent KO failed to accurately measure the deck square footage of the roofs over the house and the garage and charge the customer a fair market price for their services based on the area to be covered. Respondent KO overestimated the square footage of the roofs by 500 square feet, and, based on that incorrect measurement, overcharged FO by $5,000.

Complainant re-alleges paragraphs 42 through 43.

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EIGHTH CAUSE FOR DISCIPLINE

(Requesting and Receiving Payment Exceeding Value of Work Performed and Materials Delivered – Respondent KO)

45. Respondent KO is subject to disciplinary action under section 7159.5, subdivision (a)(5), in that on the FO Project, Respondent KO requested and accepted payment that exceeds the value of the work performed or material delivered when it overestimated the square footage of the roof area by 500 square feet and overcharged FO by $5,000. Complainant re-alleges paragraphs 42 through 43.

NINTH CAUSE FOR DISCIPLINE

(Committing a Fraudulent Act – Respondent KO)

46. Respondent KO is subject to disciplinary action under section 7116, in that on the FO Project, Respondent KO committed a fraudulent act that substantially injured another. Respondent KO overestimated the square footage of the roof area by 500 square feet and overcharged FO by $5,000. Complainant re-alleges paragraphs 42 through 43.

THE SV PROJECT

47. On or about December 26, 2016, Respondent KO entered into a written home improvement contract with homeowner SV for $48,880 for replacement of nine green-efficient windows, a new roof, and installation of a new furnace at SV's home on Earldom Avenue in Playa del Rey, California. Respondent KO and SV entered into a second contract for $12,000 for mold testing and remediation in both bathrooms, including all painting and patching. SV made a $50.00 down-payment, and the remaining project was financed through the Ygrene PACE program. Work commenced on or about January 9, 2017, and was completed on or about May 23, 2017. Respondent KO and SV entered into the following change orders:

a. On December 28, 2016, for $53,888. The scope of work for this change order included cool paint, power wash, and fix cracks in the wall; install R38 insulation in ceiling, all walls, and under house; and install a new tankless water heater.

b. On January 5, 2017, for $53,850. The scope of work for this change order included replacing and upgrading the pluming in the entire house to copper pipes; install new

HVAC ducts in the ceiling; install three sliding French doors in the living room, master bedroom, and another bedroom; and install flat cool roof.

c. On January 9, 2017, for $28,885. The scope of work for this change order included hauling away all debris in the backyard; leveling and compacting the backyard; applying ½ inch gravel and compact; installing 1,200 square feet of pavers with two steps; and building a planter.

d. On January 9, 2017, for $129,000. The scope of work for this change order included installing a new cool roof; installing a tankless water heater; installing copper piping throughout the house; installing 1,000 square feet of attic insulation; installing new vinyl windows throughout the home; installing three sliding doors; replacing all HVAC air ducts; installing recessed lights; installing wall insulation; preparing the backyard and installing 1,200 square feet of pavers; and installing 500 square feet of artificial turf.

e. On January 16, 2017, for $160,000. The scope of work for this change order included pulling permits and building a 500 square foot addition.

f. On May 11, 2017, for $57,000 (reduced from $73,000). The scope of work for this change order included installing a new tankless water heater; installing three new French doors; installing recessed lighting and dimmer switches; preparing the backyard and installing 1,140 square feet of pavers; installing white gravel on the side of the house; installing artificial turf at the front and sides of the house; replacing all pipes with copper piping; installing approximately 200 square feet of wall insulation; painting the exterior of the house with cool paint; and installing 900 square feet of floor insulation.

g. On May 22, 2017, for $112,000 ($165,000, with credit for $53,000 for funds received). The scope of work for this change order included the construction of a 480 square foot addition; cancellation of the kitchen renovation outlined in prior change orders; cancellation of re-piping and re-wiring outlined in prior change orders; reduction of

paver job to 400 square feet; cancellation of the installation of nine new windows; installation of three French doors; all prior addendums will be cancelled.

h. On May 22, 2017, for $53,888. The scope of work for this change order included providing and installing two French doors, three windows, 400 square feet of pavers, 300 square feet of artificial grass, a tankless water heater, copper piping throughout the house, and recessed lights. This change order indicated that it was the final for completion of the project. This last change order waived and replaced all prior change orders entered into by the parties.

48. Respondent KO received $53,888.00 from Ygrene for work and material it supplied to SV's home. With SV's $50.00 deposit, Respondent KO received a total of $53,938.00 for work and materials it supplied to SV's home.

49. On or about March 6, 2019, an industry expert inspected Respondent KO's work on the SV Project. The industry expert determined that Respondent KO's work on the SV Project was not up to acceptable trade standards as follows:

a. Respondent KO used an incorrect base and spacing material and failed to properly compact the pavers into the ground.

b. Respondent KO failed to properly install the three French doors it installed at the SV Project. Respondent KO failed to properly align the French doors within the framing. Respondent also failed to cut all trim moldings to eliminate noticeable seams or joints.

c. With regards to the installation of a new tankless water heater, Respondent KO failed to install galvanic couplings, a gas line sediment trap, supply water filter, and pipe insulation.

d. The tile installed in the bathroom is uneven and flexing.

e. The heater function of the heater fan installed in the bathroom is not functional. Recessed lighting installed in the bathroom is not functional.

f. Respondent KO incorrectly installed the light fixture over the bathroom sink such that the screws securing the fixture to the wall are exposed.

g. The bathtub area has cracks and rough finish surfaces in several areas.

h. Respondent failed to install the bathroom window sill and casing.

50. The industry expert concluded that it would cost $25,149.00 to correct/complete the project. Adding in SV's initial $50.00 deposit, the total financial injury to SV is $25,199.00.

TENTH CAUSE FOR DISCIPLINE

(Departure from Accepted Standards – Respondent KO)

51. Respondent KO is subject to disciplinary action under section 7109, subdivision (a), in that on the SV Project, Respondent KO willfully departed from accepted trade standards for good workmanlike construction, as fully outlined in Paragraph 49, above. Complainant re-alleges paragraphs 47 through 50.

ELEVENTH CAUSE FOR DISCIPLINE

(Failure to Complete Project for Contract Price – Respondent KO)

52. Respondent KO is subject to disciplinary action under section 7113, in that on the SV Project, Respondent KO failed to complete the project for the contract price, and the homeowner is required to spend substantial amounts in excess of the contract price to complete the project in accordance with the contract. Complainant re-alleges paragraphs 47 through 50.

THE RR PROJECT

53. On or about August 7, 2016, Respondent KO entered into a written home improvement contract with homeowner RR for $33,180 for demolishing an internal wall, installing an air conditioning unit, and installing new flooring at RR's home on 7th Avenue in Los Angeles, California. Respondent KO and RR entered into the following additional contracts and change orders:

a. On August 15, 2016,[1] for $74,880. The scope of work for this change order included demolishing an existing driveway/walkway and pouring new cement; designing and installing a new patio; installing new glass windows; installing a new sliding French door; and installing a new patio gate.

[1] A handwritten contract written in Spanish was signed by RR and initialed by Respondent KO on or about August 15, 2016. A typed contract in English was signed by RR on November 2, 2016, and by Respondent KO on November 15, 2016.

b. On November 15, 2016, for $100,000. The scope of work for this change order included obtaining permits and building a 340 square foot master bedroom and master bathroom addition.

54. Work commenced on or about August 8, 2016, and Respondent KO stopped working on the project in September 2017. Respondent KO was paid approximately $182,086.00 for labor and material it provided to the RR Project.

55. On or about July 5, 2019, an industry expert inspected Respondent KO's work on the RR Project. The industry expert determined that Respondent KO's work on the RR Project was not up to acceptable trade standards as follows:

a. Before pouring the new concrete driveway, patio, and walkways, Respondent KO did not properly prepare and compact the substrate. Respondent KO's failure resulted in excessive cracking throughout the new concrete surfaces.

b. Before laying the new pavers in several areas around the perimeter of the driveway and patio, Respondent KO failed to properly prepare and compact the substrate. Respondent KO's failure resulted in approximately 85 pavers being placed above or below finish grade by as much as half an inch.

c. In pouring the new concrete driveway, Respondent KO failed to include pitch of one inch for every 10 feet away from the structure. Respondent KO's failure resulted in water puddling in the middle of the driveway due to the lack of proper drainage.

d. Respondent KO failed to properly tape all drywall seams in the addition prior to painting the ceiling. Respondent KO's failure resulted in a large crack in the ceiling of the bedroom addition.

56. The industry expert concluded that it would cost $9,834.00 to correct/complete the project.

TWELFTH CAUSE FOR DISCIPLINE

(Departure from Accepted Standards – Respondent KO)

57. Respondent KO is subject to disciplinary action under section 7109, subdivision (a), in that on the RR Project, Respondent KO willfully departed from accepted trade standards for

good workmanlike construction, as fully outlined in Paragraph 55, above. Complainant re-alleges paragraphs 53 through 56.

THE EL PROJECT

58. On or about January 24, 2017, Respondent KO entered into a written home improvement contract with homeowner EL for $69,880 for installing a new cool roof, retrofitting the foundation, plumbing, remodeling a bathroom, treating termite damage, and installing a tankless water heater at EL's home on Virginia Street in El Segundo, California. Respondent KO and EL entered into the following additional contracts and change orders:

a. On April 23, 2017, for either $117,000 or $124,000.[2] The scope of work for this change order included finishing paver work, installing an electric outlet on the porch, installing a door for the guest house, finishing the kitchen remodel with cabinets and paint, installing a cover for the sewer pump, installing a light fixture, adjusting the dish washer door, adding outlets in the existing water heater tank; capping the existing water heater tank.

59. Work commenced on or about January 25, 2017, and Respondent KO stopped working on the project on or about June 1, 2017. Respondent KO was paid approximately $130,100.00 for labor and material it provided to the EL Project.

60. On or about June 17, 2019, an industry expert inspected Respondent KO's work on the EL Project. The industry expert determined that Respondent KO's work on the EL Project was not complete and was not up to acceptable trade standards as follows:

a. Respondent KO failed to remodel the bathroom as indicated in the contract.

b. Respondent KO failed to install the pavers properly. The pavers were not pitched away from the structure, which allowed water to pool in certain areas. Several areas of the pavers were low, indicating Respondent KO used an incorrect substrate material. The area between the pavers appears to be filled with construction sand.

c. Respondent KO installed the pavers over the sewer pump, blocking access to service the sewer pump.

[2] The contract is unclear whether the contract amount is for $117,000 or $124,000.

d. Respondent KO failed to install baseboard moldings around the newly installed kitchen cabinets.

e. Respondent KO failed to install three outside doors with doors carrying an appropriate sound transmission rating.

61. The industry expert concluded that it would cost $22,945.00 to correct/complete the project.

THIRTEENTH CAUSE FOR DISCIPLINE

(Abandonment – Respondent KO)

62. Respondent KO is subject to disciplinary action under section 7107 of the Code, in that Respondent KO abandoned the EL Project without legal excuse, as outlined in paragraphs 58 through 61, above. Complainant incorporates paragraphs 58 through 61, above, as though fully stated herein.

FOURTEENTH CAUSE FOR DISCIPLINE

(Departure from Accepted Standards – Respondent KO)

63. Respondent KO is subject to disciplinary action under section 7109, subdivision (a), in that on the EL Project, Respondent KO willfully departed from accepted trade standards for good workmanlike construction, as fully outlined in Paragraph 60, above. Complainant re-alleges paragraphs 58 through 61.

FIFTEENTH CAUSE FOR DISCIPLINE

(Building Law Violation – No Building Permit – Respondent KO)

64. Respondent KO is subject to disciplinary action under section 7110, in that on the EL Project, Respondent KO willfully or deliberately disregarded and violated building codes when it failed to obtain required permit approvals prior to commencement of work. Specifically, Respondent KO was required to obtain a permit for replacing the water heater and to replace a window. Respondent KO did not obtain these necessary permits prior to commencing work on the EL project. Complainant re-alleges paragraphs 58 through 61.

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SIXTEENTH CAUSE FOR DISCIPLINE

(Failure to Complete Project for Contract Price – Respondent KO)

65. Respondent KO is subject to disciplinary action under section 7113, in that on the EL Project, Respondent KO failed to complete the project for the contract price, and the homeowner is required to spend substantial amounts in excess of the contract price to complete the project in accordance with the contract. Complainant re-alleges paragraphs 58 through 61.

SEVENTEENTH CAUSE FOR DISCIPLINE

(Violations of Home Improvement Contract Form Requirements – Respondent KO)

66. Respondent KO is subject to disciplinary action under section 7159, subdivision (c)(1), in that on the EL Project, Respondent KO entered into an illegible contract with EL that failed to clearly specify the contract amount. Complainant re-alleges paragraphs 58 through 61.

EIGHTEENTH CAUSE FOR DISCIPLINE

(Cause for Discipline for Qualifier – Respondent Miles)

67. Pursuant to section 7122.5 of the Code, the causes for discipline established as to Respondent KO constitute cause for discipline against Respondent Miles, doing business as Floor to Roof, under license number 1057333, regardless of whether Respondent Miles had knowledge of or participated in the acts or omissions which constitute cause for discipline against Respondent KO. Complainant re-alleges paragraphs 31 through 66.

NINETEENTH CAUSE FOR DISCIPLINE

(Cause for Discipline for Officer – Respondent Gal)

68. Pursuant to section 7122 of the Code, the causes for discipline established as to Respondent KO constitute cause for discipline against Respondent Gal, under license number 1040231, because Respondent Gal was partner, officer, director, manager, or associate of Respondent KO at the time the act or omission occurred, and had knowledge of or participated in the prohibited act or omission. Complainant re-alleges paragraphs 31 through 66.

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CAUSES FOR OTHER ACTION

FIRST CAUSE FOR OTHER ACTION

(Restrictions on Officer – Respondent Rahlin)

69. Pursuant to section 7121 of the Code, if license number 966131, issued to Respondent KO is revoked or suspended, Respondent Rahlin shall be prohibited from serving as an officer, director, associate, partner, manager, qualifying individual, or member of the personnel of record of a licensee in that, while serving as CEO and President of Respondent KO, he had knowledge of or participated in the acts or omissions which constitute cause for discipline against Respondent KO as alleged in the causes for discipline, above.

SECOND CAUSE FOR OTHER ACTION

(Restrictions on Corporate Qualifier – Respondent Rahlin)

70. Pursuant to section 7121.5 of the Code, if license number 966131 issued to Respondent is revoked or suspended, Respondent Rahlin is subject to prohibition from serving as an officer, director, associate, partner, manager, or qualifying individual of a licensee during the time the discipline is imposed, whether or not he had knowledge of or participated in the acts or omissions constituting grounds for discipline as alleged in the causes for discipline, above, and any licensee which employs, elects, or associates Respondent Rahlin other than as a bona fide nonsupervising employee shall be subject to disciplinary action.

THIRD CAUSE FOR OTHER ACTION

(Restrictions on Corporate Qualifier – Respondent Miles)

71. Pursuant to section 7121.5 of the Code, if license number 966131 issued to Respondent is revoked or suspended, Respondent Miles is subject to prohibition from serving as an officer, director, associate, partner, manager, or qualifying individual of a licensee during the time the discipline is imposed, whether or not he had knowledge of or participated in the acts or omissions constituting grounds for discipline as alleged in the causes for discipline, above, and any licensee which employs, elects, or associates Respondent Miles other than as a bona fide nonsupervising employee shall be subject to disciplinary action.

FOURTH CAUSE FOR OTHER ACTION

(Restrictions on Officer – Respondent Gal)

72. Pursuant to section 7121 of the Code, if license number 966131, issued to Respondent KO is revoked or suspended, Respondent Gal shall be prohibited from serving as an officer, director, associate, partner, manager, qualifying individual, or member of the personnel of record of a licensee in that, while serving as Secretary of Respondent KO, he had knowledge of or participated in the acts or omissions which constitute cause for discipline against Respondent KO as alleged in the causes for discipline, above.

DISCIPLINARY CONSIDERATIONS

73. To determine the degree of discipline, Complainant alleges that:

Citation No. 2-2017-1405 – Lankershim Boulevard Project.

a. On or about September 29, 2017, the Board issued Respondent KO administrative Citation No. 2-2017-1405 with $1,000.00 in fines. The citation alleged violations of section 7110 [disregard or violations of statutes]. The citation is final and incorporated by reference as if fully set forth. The circumstances were that Respondent failed to obtain a permit on the project as required by building code. On or about November 6, 2017, the citation was paid in full.

Citation No. 2-2016-1771 – Hobart Boulevard Project.

b. On or about November 3, 2016, the Board issued Respondent KO administrative Citation No. 2-2016-1771 with $750.00 in fines. The citation alleged violations of section 7110 [disregard or violations of statutes]. The citation is final and incorporated by reference as if fully set forth. The circumstances were that Respondent failed to obtain a permit on the project as required by building code. On or about December 8, 2016, the citation was paid in full.

PRAYER

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

1. Ordering the revocation or suspension of Contractor's License Number 966131 issued to KO Remodeling Inc. dba House Next Door, pursuant to Section 7090;

2. Ordering the revocation or suspension of Contractor License Number 1057333, issued to Respondent Miles, dba Floor To Roof, pursuant to section 7090;

3. Ordering the revocation or suspension of Contractor License Number 1040231, issued to Respondent Oron Gal, pursuant to section 7090;

4. Ordering restitution of all damages according to proof suffered by DP as a condition of probation in the event probation is ordered for Respondent KO, Respondent Miles, and/or Respondent Gal, pursuant to Government Code section 11519, subdivision (d);

5. Ordering restitution of all damages according to proof suffered by FO as a condition of probation in the event probation is ordered for Respondent KO, Respondent Miles, and/or Respondent Gal, pursuant to Government Code section 11519, subdivision (d);

6. Ordering restitution of all damages according to proof suffered by SV as a condition of probation in the event probation is ordered for Respondent KO, Respondent Miles, and/or Respondent Gal, pursuant to Government Code section 11519, subdivision (d);

7. Ordering restitution of all damages according to proof suffered by RR as a condition of probation in the event probation is ordered for Respondent KO, Respondent Miles, and/or Respondent Gal, pursuant to Government Code section 11519, subdivision (d);

8. Ordering restitution of all damages according to proof suffered by EL as a condition of probation in the event probation is ordered for Respondent KO, Respondent Miles, and/or Respondent Gal pursuant to Government Code section 11519, subdivision (d);

9. Ordering Respondent KO, Respondent Miles, and Respondent Gal to pay the Registrar of Contractors costs for the investigation and enforcement of the case according to proof at the hearing, pursuant to Business and Professions Code section 125.3;

10. Ordering Respondent KO, Respondent Miles, and Respondent Gal to provide the Registrar with a listing of all contracting projects in progress and the anticipated completion date of each, pursuant to Code section 7095;

11. Ordering that Respondent Rahlin be prohibited from serving as an officer, director, associate, partner, or qualifying individual of a licensee pursuant to Code sections 7121 and 7121.5; and

12. Ordering that Respondent Miles be prohibited from serving as an officer, director, associate, partner, or qualifying individual of a licensee pursuant to Code section 7121.5;

13. Ordering that Respondent Gal be prohibited from serving as an officer, director, associate, partner, or qualifying individual of a licensee pursuant to Code section 7121; and

14. Taking such other and further action as deemed necessary and proper.

DATED: _____

WOOD ROBINSON
Enforcement Supervisor I
Contractors' State License Board
Department of Consumer Affairs
State of California
Complainant

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