

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

In the Matter of the Accusation Against:

**LA SOLAR GROUP, INC.
DBA A P ELECTRICAL
ARA PETROSYAN, RMO/CEO/PRES**
520 Library Street
San Fernando, CA 91340

Contractor's License No. 974115, C-10, C-46

Respondent.

CASE NO. N2021-152

OAH NO. 2022030467

DECISION AND ORDER

The attached Proposed Decision of the Administrative Law Judge is hereby adopted by the Registrar of Contractors as his Decision in the above-entitled matter, except that is modified to DELETE the following requirement from the ORDER:

COLLEGE COURSE – Respondent Ara Petrosyan shall take and pass a course in Contractors License Law or a course related to construction law at an accredited community college.

IT IS FURTHER ORDERED that **LA SOLAR GROUP, INC., DBA A P ELECTRICAL**, License Number **974115**, on the effective date of this Decision shall have on file a Disciplinary Bond or post a cash deposit in the amount of \$50,000.00, for a period of not less than three years pursuant to Section 7071.8 of the Business and Professions Code. Any suspension for failing to post a disciplinary bond or a cash deposit, or any suspension for any other reason, shall not relieve the Respondent from complying with the terms and conditions of probation. Furthermore, suspension of the license during the period of probation, for any reason under this chapter, will cause the probationary period to be automatically extended in time equal to the length of time that the license is not in a clear and active status.

IT IS FURTHER ORDERED that respondent shall pay the investigative costs in the amount of **\$ 15,000.00**. Monthly payments are to be made in the amount of **\$625.00**, until completed. Payments are to be made at the end of each month, commencing the first full month after the effective date of this decision.

IT IS THE responsibility of the respondent named in this Decision, to read and follow the terms and conditions of probation found in the Proposed Decision. The deadlines for meeting the terms and conditions are based upon the EFFECTIVE DATE of the Decision. No notices or reminders will be sent as to the compliance of the terms and conditions. Proof of payments of restitution and payments for the Cost of Investigation and Enforcement if ordered, are to be sent to CSLB, Sacramento Case Management, Post Office Box 26888, Sacramento, CA 95826.

This Decision shall become effective on February 29, 2024.

IT IS SO ORDERED January 30, 2024.



Mike Jannetski
Chief Deputy Registrar

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

In the Matter of the Second Amended Accusation Against:

**LA SOLAR GROUP, Inc., dba AP ELECTRICAL, and ARA
PETROSYAN, RMO, CEO and PRES, Respondents**

Agency Case No. N2021-152

OAH No. 2022030467

PROPOSED DECISION

Matthew S. Block, Administrative Law Judge (ALJ), Office of Administrative Hearings (OAH), State of California, heard this matter on January 23 and 24, 2023, September 7 and 8, 2023, and October 19, 2023, by videoconference from Sacramento, California.

Phillip L. Arthur, Deputy Attorney General, represented Thomas Jager (complainant), Supervising Special Investigator I, Contractors State License Board (Board), Department of Consumer Affairs, State of California.

Geoffrey G. Melkonian, Attorney at Law, represented LA Solar Group, Inc. (LA Solar), doing business as (dba) AP Electrical, and Ara Petrosyan (Petrosyan),

Responsible Managing Officer (RMO), Chief Executive Officer (CEO), and President (PRES), who was present throughout the hearing.

Evidence was received. The record was held open until November 30, 2023, to allow the parties to file written closing arguments. Complainant and respondent filed closing briefs, marked respectively as Exhibits 34 and SS, and reply briefs, marked respectively as Exhibits 35 and TT. On November 30, 2023, Exhibits 34, 35, SS, and TT were admitted, the record closed, and the matter was submitted for decision.

FACTUAL FINDINGS

Jurisdiction

1. On June 20, 2012, the Registrar of Contractors issued LA Solar Contractors License No. 974115 (license), in classifications C10 (Electrical), C39 (Roofing), and C46 (Solar). Petrosyan associated as the RMO, CEO, and PRES the same day. The license will expire on June 30, 2024, unless renewed or revoked.

2. On August 24, 2022, complainant signed and thereafter filed the Second Amended Accusation against respondents. Complainant alleges cause exists to discipline respondents for: (1) departure from accepted trade standards; (2) failure to complete a project for the contract price; (3) failure to report a home improvement salesperson; (4) accepting payment exceeding the value of work performed; (5) abandonment; and (6) failure to comply with the provisions of a home improvement contract. Additionally, complainant alleges respondents were previously cited for similar violations in 2019. Finally, if the license is revoked, complainant seeks to prohibit Petrosyan from serving as an officer, director, associate, partner, manager, or qualifying individual of a licensee during the time the discipline is imposed.

3. Respondents timely filed a Notice of Defense. The matter was set for evidentiary hearing before an ALJ of the OAH, an independent adjudicative agency of the State of California, pursuant to Government Code section 11500 et seq.

Complainant's Evidence

TEMPLETON PROJECT

4. On October 29, 2019, Anthony Garay, a home improvement salesperson, contracted with Christina Templeton to install a roof-mounted photovoltaic solar module array and two Tesla Powerwall batteries at Ms. Templeton's home in Penn Valley, California. The total contract price was \$87,725. Ms. Templeton only negotiated with Mr. Garay, who entered the contract on behalf of LA Solar. However, LA Solar did not report that Mr. Garay was an LA Solar employee to the Board.

5. Ms. Templeton testified at hearing. The contract she signed provided that LA Solar would install flashings, racking, and 51 solar panels manufactured by Hyundai on her roof. LA Solar requested and accepted two payments totaling \$60,707.50, on December 4, 2019. On December 28, 2019, two workers went to Ms. Templeton's home and installed the flashings and racking on the roof. However, due to a shortage of Hyundai solar panels, LA Solar had to use solar panels manufactured by Panasonic instead. The Panasonic solar panels were similar in size to the Hyundai solar panels, but they were not identical. As a result, the racking system had to be removed and reinstalled to fit the Panasonic solar panels.

6. When LA Solar removed the racking system, they left the original flashings in place, and installed additional flashings to reinstall the panels. The original flashings are visible on the roof. Over a period of approximately two months, multiple work crews went to Ms. Templeton's home and sporadically worked on the project.

According to Ms. Templeton, each crew performed the same or similar work that the previous crew had already performed. The project was eventually completed on March 12, 2020.

7. Ms. Templeton was frustrated that it took so long for LA Solar to install the solar system at her home. Additionally, shortly after the system was installed, Ms. Templeton noticed damage to her roof, which she attributed to excessive foot traffic during installation. On March 31, 2020, Ms. Templeton filed a complaint against LA Solar with the Board.

8. Justin Wickersham, a Board Special Investigator, testified at hearing. He was assigned to investigate Ms. Templeton's complaint against LA Solar and interviewed Petrosyan on the telephone on April 13, 2021. Petrosyan told Mr. Wickersham that Mr. Garay was the individual who "sold the project" with Ms. Templeton and that he believed Mr. Garay was associated with his license. After Mr. Wickersham informed Petrosyan that Mr. Garay was not associated with his license, Petrosyan sent Mr. Wickersham an email stating that Mr. Garay only performed introductions and that two other individuals performed the negotiations.

9. Edmond Murray is a licensed general and solar contractor who has installed approximately 200 residential solar panel systems like the one installed at Ms. Templeton's home. The Board retained Mr. Murray to inspect the Templeton project and provide his opinion on the quality of work performed. According to Mr. Murray, the industry standard for a project like the Templeton project is to completely install the system one time after properly measuring the roof for racking and solar panels and without damaging the roof. Mr. Murray drafted an inspection report and testified at hearing about his findings.

10. Mr. Murray inspected the Templeton project for approximately two hours on April 19, 2021. He noted there were a large quantity of composition shingle granules displaced and discoloration of the tiles in the area where the solar panels were installed. Mr. Murray attributed the damage to "heavy foot traffic" during installation, though he admitted the discoloration may have been caused by sun exposure. Mr. Murray also acknowledged the roof appeared old, and he does not know what the roof looked like before the solar panels were installed. Finally, he acknowledged the system was functioning properly at the time of inspection, and there did not appear to be any evidence of water intrusion into the home.

11. According to Mr. Murray, solar panels should be installed in the morning when temperatures are low. He believes the damage he observed on Ms. Templeton's roof was exacerbated because "the installers were on the roof in the heat of the day and should have worked when it was cooler in the morning." Mr. Murray ultimately concluded that the roof on Ms. Templeton's home was damaged beyond repair, and that it needs to be completely replaced before the flashings, racking, and solar panels can be reinstalled. He estimates the cost to correct is \$16,945.

SHAO PROJECT

12. On May 14, 2020, Denis Avdic, a home improvement salesperson, contracted with Junjie Shao on behalf of LA Solar to install a photovoltaic solar module array and two Tesla Powerwall batteries at Mr. Shao's home in San Jose, California. Mr. Avdic entered the contract on behalf of LA Solar, but LA Solar did not report to the Board that Mr. Avdic was an LA Solar employee until May 19, 2020.

13. The total contract price for the Shao project was \$45,714. On May 31, 2020, Mr. Shao entered into a 20-year Power Purchase Agreement (PPA) which

superseded the initial contract. Under the PPA, instead of paying \$45,714 for the system, Mr. Shao agreed to pay \$132 per month for the power produced by the panels and \$141 per month for the two Tesla Powerwall batteries.

14. Mr. Shao testified at hearing. When he signed the contract with LA Solar, Mr. Avdic told him the system would be installed at his home by August 2020. Work on the project did not even begin until October 2020. Over the course of four days, LA Solar workers installed the new main electrical panel and the solar modules. However, according to Mr. Shao, the wiring for the system was left incomplete.

15. The two Tesla Powerwall batteries were delivered to Mr. Shao's home in mid-November 2020. LA Solar told him the system would be completely installed by February 2021. However, LA Solar did not perform any further work after the batteries were delivered. Mr. Shao became frustrated with the delays in installing the system, and on May 27, 2021, he told LA Solar he wanted to cancel the contract. LA Solar offered to complete the installation, but ultimately agreed to the cancellation upon Mr. Shao's payment of a \$2,000 cancellation fee as provided for by the contract. After the contract was cancelled, LA Solar personnel attempted to retrieve the two Powerwall batteries that were delivered in November 2020. However, Mr. Shao refused to allow anyone onto his property to do so. On June 14, 2021, Mr. Shao filed a complaint against LA Solar with the Board.

16. Martin Herzfeld is a licensed solar and electrical contractor with 15 years of experience in the solar industry and has supervised over 40 projects like the one at Mr. Shao's home. The Board retained him to inspect the Shao project and provide his opinion on the quality of work performed. Mr. Herzfeld drafted an inspection report and testified at hearing about his findings.

17. Mr. Herzfeld inspected the Shao project for approximately one hour on February 23, 2022. He found three items of complaint, namely: (1) the main panel upgrade was incomplete; (2) the solar array wiring was incomplete; and (3) the two Tesla Powerwall batteries were not installed. Mr. Herzfeld explained the industry standard for workmanship on a project like the one at Mr. Shao's home was to fully complete the installation of the system. He estimates the cost to correct as \$75,963. However, in determining the cost to correct, Mr. Herzfeld opined that the system needed to be removed and reinstalled. He based his cost estimate on that assumption.

SUSMAN PROJECT

18. On September 15, 2020, Robert Hayrapetyan, a home improvement salesperson, contracted with Karl Susman on behalf of LA Solar to install a Tesla Powerwall battery at Mr. Susman's home in Los Angeles, California. The total contract price was \$10,600. The contract did not include the heading "Approximate Start Date" and the approximate date on which work was to commence. It also did not include the heading "Approximate Completion Date" and the approximate date installation would be complete.

19. Mr. Susman testified at hearing. He already had solar panels installed at his home when he contracted with LA Solar, but he wanted to have a backup battery system installed. He paid LA Solar a \$1,000 deposit and work on the project began October 15, 2020, Mr. Susman paid the balance after LA Solar told him installation was complete.

20. Shortly after the system was installed, Mr. Susman reported to LA Solar that it was not functioning properly. Specifically, he said the lights in his home flickered, the breakers tripped off when too many electrical items were on at once, and

the battery did not turn on when power to the home went out. LA Solar told Mr. Susman that to address his concerns with the system, a higher capacity electrical panel or a second Tesla Powerwall battery would need to be installed. Ultimately, LA Solar agreed to give Mr. Susman a \$500 discount to resolve the dispute.

21. On June 21, 2021, Mr. Susman filed a complaint against LA Solar with the Board. In the complaint, he alleged: (1) the backup subpanel was improperly labeled; (2) the Tesla battery did not turn on when power to the house went out; (3) the breakers trip off when too many electrical items are on the same time; (4) the lights in the house flicker; and (5) LA Solar drilled a hole through the wall dividing the utility service entrance and the distribution circuit breakers of Mr. Susman's original electrical panel.

22. Daniel Conway, a Board Special Investigator, testified at hearing. The Board assigned him to investigate Mr. Susman's complaint against LA Solar. Mr. Conway interviewed Petrosyan on July 22, 2022. Petrosyan told Mr. Conway that LA Solar does not include approximate start and completion dates for Tesla battery contracts because it is difficult to determine when Tesla batteries will be available for installation.

23. Petrosyan told Mr. Conway that Mr. Susman insisted LA Solar move the breakers from his main electrical panel to the backup electrical panel that LA Solar installed. LA Solar told Mr. Susman that doing so would overload his subpanel because the Tesla battery had a capacity of 30 amps and Mr. Susman's entire system required a capacity of 60 amps. The overloaded backup panel is what caused the breakers to trip and the lights in Mr. Susman's home to flicker. Mr. Susman demanded a main panel upgrade and got upset when LA Solar refused to provide one for free.

24. Petrosyan told Mr. Conway that Tesla required current transformers to be installed when a battery is installed. There was not enough room to install a current transformer in Mr. Susman's main electrical panel, so LA Solar drilled a hole in the dividing wall and ran the current transformer wires through the hole from the utility meter enclosure to the circuit breakers.

25. Grigor Manukov is a licensed solar and electrical contractor with approximately 10 years of experience installing residential solar systems. He is also a verified Tesla installer and has installed between 40 and 60 Tesla batteries in the last several years. The Board retained him to inspect the Susman project and provide his opinion on the quality of work performed. Mr. Manukov drafted an inspection report and testified at hearing about his findings.

26. Mr. Manukov inspected the Susman project on May 4, 2022. He formed the opinion that the electrical panel was not properly labeled. However, he did not independently test any of the circuits for accuracy. He also did not perform any tests to determine whether the Tesla battery turned on when power went out in Mr. Susman's home, whether the lights flicker inside the home, or whether the breakers trip off when too many electrical items are on at once.

27. Mr. Manukov confirmed a hole had been drilled in the dividing wall between the utility service entrance and the distribution circuit breakers. He explained the dividing wall is intended to act as a barrier, and that the industry standard is for the meter box to remain fully intact and unaltered.

ALAN PROJECT

28. On April 7, 2016, LA Solar contracted with Jordan Alan to install a 10.6 kilowatt (KW) solar photovoltaic grid-tied solar system on the gravel, low-slope roof of

Mr. Alan's home in Beverly Hills, California. The total contract price was \$30,379. The contract provided a 10-year roof warranty, which included the following language:

Roof warranty applies if the leak is caused by solar penetration. If the leak is caused by non solar penetration, then LA Solar will not be responsible and it will not be covered by LA Solar warranty. If a roof leak occurs then a 3rd party roofer has to do an estimate to determine whether the leak is from solar penetrations or not.

29. Work on the Alan project began in June 2016. In March 2017, Mr. Alan and Petrosyan agreed to written change orders to install two Tesla batteries for an additional \$20,595. Mr. Alan is a filmmaker. He offered to shoot a series of commercials for LA Solar rather than pay the additional \$20,595. Petrosyan agreed, and Mr. Alan paid LA Solar the original contract price of \$30,379.

30. The solar system worked well after it was installed. However, after approximately one year, Mr. Alan noticed a subtle crack in the ceiling of the great room of his home, which was directly under the area of the roof where the solar panels were installed. He could also see a slight indentation in the drywall of the ceiling near the crack. Over time, what appeared to be water damage in the ceiling led to drywall corrosion and eventual collapse, leaving a two-foot by three-foot hole in the ceiling. According to Mr. Alan, LA Solar sent people out to repair his roof and ceiling on several different occasions, but they did not do so to his satisfaction. Mr. Alan also said Petrosyan agreed to remove the solar panels, repair the roof, and reinstall the solar panels, but never did so.

31. Over the next several years, Mr. Alan spent "considerable money" with other roofers trying to repair the leaking roof. On March 24, 2021, he filed a complaint against LA Solar with the Board. Mr. Conway was assigned to investigate the complaint and interviewed Mr. Alan on February 2, 2022.

32. Mr. Alan told Mr. Conway that he began emailing Petrosyan about the leaking roof in late 2018 or early 2019. Petrosyan sent a roofing contractor to the home in February 2021. The contractor said the battens holding the solar panels were installed "lower than the roof." Mr. Alan asked Petrosyan to authorize the roofing contractor to repair the roof but Petrosyan refused. Petrosyan told Mr. Alan that the leaks were due to the age of the roof and not the installation of the solar panels.

33. Mr. Conway interviewed Petrosyan on June 2, 2022. He could not remember when LA Solar began work on the Alan project but believed it took about one and a half weeks to install the system. Petrosyan admitted he reluctantly agreed to a barter agreement with Mr. Alan to shoot an LA Solar television commercial because Mr. Alan did not want to pay the balance owed under the contract.

34. Petrosyan explained Mr. Alan's roof was leaking in four different spots, so performing spot repairs would not have fixed the problem. The roof needed to be completely replaced. The pooling of water that was contributing to the leaks was due to the age of the roof and not the weight of the panels. Petrosyan explained rock roofs often experience pooling due to the weight of the stones. Petrosyan believes Mr. Alan blamed LA Solar for the leaks because he is trying to use the 10-year warranty to get a free new roof.

35. Carl Brown has been a licensed roofing contractor for approximately 25 years and has worked on over 100 roofs like the one at Mr. Alan's home. The Board

retained Mr. Brown to inspect the Alan project and provide his opinion on the quality of work performed. Mr. Brown drafted an inspection report and testified at hearing about his findings. He explained that the industry standard for solar panel installation is for penetrations of the roof to be waterproof.

36. Mr. Brown inspected the roof and ceiling of Mr. Alan's home on February 17, 2022. The roof is flat and composed of asphalt and gravel. By the date of inspection, Mr. Brown found there to be approximately 25 square feet of water damage in the ceiling, directly underneath the solar panels.

37. During the inspection, Mr. Brown found that LA Solar used a newer product called an E-Curb mount to attach the solar panels directly to Mr. Alan's roof. The E-Curb mount eliminates the need for traditional flashings and solar racking and results in the panels lying much closer to the roof itself. The E-Curb mount is affixed to the roof using an adhesive compound. As a result, it is intended for roofs that have smoother surfaces and is not approved for gravel surfaces or low slope roofs because it is difficult to affix the mount flush with the roof and can result in water intrusion. In addition to the mounts being used on a roof for which they were not intended for, Mr. Brown also found LA Solar failed to use the necessary primer and sealant to prevent water intrusion. Mr. Brown explained that the method of correction would be to remove all the E-Curb mounts and panels, repair the roof, and re-install the solar system using traditional flashings and racking. He estimates the cost to correct is \$15,000.

MATTERS IN AGGRAVATION

38. On November 14, 2019, LA Solar received a citation for violating Business and Professions Code sections 7109, subdivision (a) (poor workmanship); 7113 (failure

to complete project for contract price); 7159 (contract violations); and 7161, subdivision (b) (substantial misrepresentations in the procurement of a contract). LA Solar was assessed a fine of \$1,700, which was paid in full.

Respondents' Evidence

39. Petrosyan testified at hearing. He was born in Armenia and moved to the United States in 2009. He has a master's degree in electrical engineering and has owned LA Solar since 2012. LA Solar presently has over 90 employees and works with over 20 sub-contractors.

40. On average, LA Solar installs approximately 3,000 residential solar panel systems per year, all of which are covered by warranty. They presently have approximately 27,000 solar systems in service nationwide. They are considered a "top tier" partner with Tesla, a status which is based on the total volume of Tesla products sold and reported customer satisfaction.

41. Petrosyan admits LA Solar was cited in 2019. However, since the complaints at issue here were filed with the Board, LA Solar has implemented measures to improve their business. For example, LA Solar now assigns a single project manager to each project, so customers have one point of contact. They have also started using improved project-management software.

TEMPLETON PROJECT

42. Petrosyan concedes Anthony Garay contracted with Ms. Templeton on behalf of LA Solar. He also concedes LA Solar failed to report Mr. Garay's employment with LA Solar to the Board.

43. Petrosyan acknowledges the racking had to be removed and reinstalled on Ms. Templeton's roof because of the difference in size between the Hyundai and Panasonic solar panels. Hyundai solar panels, and solar materials in general, were in short supply due to the early stages of the COVID-19 pandemic. He admits LA Solar left the erroneously placed flashings on the roof, and that it was not aesthetically pleasing. However, LA Solar left the flashings in place to prevent possible water intrusion.

44. Petrosyan does not believe the discoloration of the roof tiles on Ms. Templeton's home is attributable to heavy foot traffic during installation of the solar panels. The discoloration appears predominantly on the south facing side of the roof. The south facing side of the roof is admittedly where the solar panels were installed. However, they were installed in that location because the south facing side of the roof receives the most sunlight, so placing the solar panels in that location enables the system to function more effectively. Given the age of the roof, and the fact that the south facing side receives the most sunlight, Petrosyan attributes the discoloration of the tiles to years of sun exposure, rather than foot traffic over the course of only a few days. Moreover, Petrosyan denies that simply walking on the roof could have displaced the composition shingle granules so significantly, because roofs like Ms. Templeton's are made to withstand occasional foot traffic.

SHAO PROJECT

45. According to Petrosyan, LA Solar never abandoned the Shao project. In fact, LA Solar installed 99 percent of the system that Mr. Shao requested and tried on multiple occasions to return to his property and complete the installation, even after he told LA Solar he wanted to cancel. Mr. Shao never paid the \$2,000 cancellation fee,

and he refuses to allow anyone onto his property to retrieve the two Tesla Powerwall batteries.

SUSMAN PROJECT

46. When Mr. Susman initially contacted LA Solar, he only wanted one Tesla battery installed at his home. He said he was not looking to power his entire home with the battery. Rather, he wanted to be able to keep necessary appliances functioning during a power outage. However, after the battery was installed, Mr. Susman demanded another battery and insisted he wanted two batteries all along. When LA Solar informed him that an additional battery would cost \$11,500, Mr. Susman called the price "preposterous." Petrosyan suspects Mr. Susman changed his mind about powering the entire home and was attempting to get a free electrical panel upgrade or an additional Tesla battery for free. All the breakers on Mr. Susman's electrical panel were properly labeled when the project was finished. However, Mr. Susman repeatedly repositioned the breakers himself, which is why they weren't properly labeled on the date of inspection.

47. According to Petrosyan, there is no industry standard or Business and Professions Code provision against drilling a hole through the dividing wall in the electrical panel. In support of that contention, Petrosyan noted that the project passed inspection by the Department of Building and Safety despite the fact the hole was present. Petrosyan concedes the contract for the Susman project did not include the required information regarding the date work was to commence and the date work was to end. LA Solar did not typically include those dates on contracts for Tesla battery installations because it was difficult to determine an approximate start date due to the availability of Tesla batteries.

ALAN PROJECT

48. Petrosyan insists E-Curb mounts can be used to affix solar panels to gravel or low-slope roofs provided the area where the mount is to be affixed to the roof is ground down to a smooth surface. He does not believe the damage to Mr. Alan's roof was caused by LA Solar. He suspects the leaks occurred because of the age and condition of the roof and were potentially exacerbated by the subsequent repairs performed by other roofers. Petrosyan believes Mr. Alan is trying to get a new roof for free by claiming LA Solar damaged his roof by installing the solar panels.

Analysis

49. Complainant bears the burden of proving each allegation in the Second Amended Accusation by clear and convincing evidence. Each allegation is addressed in turn below.

TEMPLETON PROJECT

50. Complainant alleged LA Solar willfully departed in a material respect from accepted trade standards for good and workmanlike construction in its work on the Templeton project. In support of the allegation, Mr. Murray testified the industry standard for this kind of project is to measure the roof correctly and install the system one time without damaging the roof. Complainant contends LA Solar failed to properly install the flashings, racking, and solar panels on multiple occasions. Complainant also alleges that LA Solar's failures caused a large number of penetrations to Ms. Templeton's roof and excessive wear and tear due to foot traffic.

51. Ms. Templeton testified that workers would intermittently arrive at her home but would only be on the roof for short periods of time. Moreover, Mr. Murray's

contention that any damage to the roof was exacerbated because workers were walking on the roof during the heat of the day was unpersuasive. Complainant did not present any evidence of the time of day that workers were on the roof. Moreover, even assuming they were working on the roof at the warmest hour of the day, the system was installed during the winter months in Northern California, when temperatures typically remain cool all day. Finally, Mr. Murray admitted the discoloration of the tiles on the roof may have been caused by sun exposure, as opposed to wear and tear, and that he had no idea what the roof looked like before LA Solar started work on the project.

52. Complainant did prove by clear and convincing evidence that LA Solar installed, removed, and re-installed the flashings and racking on multiple occasions because of the difference in size between the Hyundai and Panasonic solar panels. As explained by Mr. Murray at hearing, the industry standard for good and workmanlike construction is to complete the project after properly measuring the roof for racking and solar panels. It was incumbent on LA Solar to measure and install racking for solar panels which were available for use on the project at the time. By failing to do so, LA Solar willfully departed in a material respect from accepted trade standards for good and workmanlike construction.

53. Complainant alleged that LA Solar failed to complete the Templeton project for the contract price. Complainant failed to prove the allegation by clear and convincing evidence. The price Ms. Templeton agreed to pay was \$87,725. The price she paid was \$87,725. The system functions properly.

54. Complainant alleged LA Solar failed to report to the Board that home improvement salesperson Anthony Garay was an LA Solar employee. Complainant

proved the allegation by clear and convincing evidence, and respondents concede they failed to properly report Mr. Garay's employment status.

55. Complainant alleged LA Solar requested and received an amount that exceeded the value of work performed and/or materials supplied prior to commencing work on the Templeton Project. Complainant proved the allegation by clear and convincing evidence. Ms. Templeton paid LA Solar \$60,707.50, nearly 70 percent of the total contract price, before any work on her project began.

SHAO PROJECT

56. Complainant alleged LA Solar abandoned work on the Shao project without legal excuse, leaving the work incomplete. Complainant failed to prove the allegation by clear and convincing evidence. LA Solar may not have worked as diligently on the project as Mr. Shao expected, but it was Mr. Shao who cancelled the contract and refused LA Solar's efforts to complete it. These circumstances do not amount to LA Solar's abandonment of the Shao project.

57. Complainant alleged LA Solar willfully departed in a material respect from accepted trade standards for good and workmanlike construction in the work it performed on the Shao project, because LA Solar left a gap in the main electrical panelboard greater than 1/8th of an inch, failed to provide a directory for branch circuits, failed to allow appropriate spacing between solar modules, and because the project was never completed,. Complainant failed to prove the allegation by clear and convincing evidence. Mr. Shao cancelled the contract before the work was completed. He prevented LA Solar from completing work on the Shao project.

58. Complainant alleged LA Solar failed to complete the Shao project for the contract price. Complainant failed to prove the allegation by clear and convincing

evidence. As discussed above, LA Solar did not complete the Shao project because Mr. Shao elected to cancel it. Under those circumstances, LA Solar was not able to complete the project for the contract price.

59. Complainant alleged LA Solar failed to report to the Board that home improvement salesperson Denis Avdic was an LA Solar employee. Complainant proved the allegation by clear and convincing evidence. It is undisputed that Mr. Avdic contracted with Mr. Shao on behalf of LA Solar on May 14, 2020. However, Mr. Avdic was not associated LA Solar's license until May 19, 2020.

SUSMAN PROJECT

60. Complainant alleged LA Solar willfully departed in a material respect from accepted trade standards for good and workmanlike construction in its work on the Susman project. Complainant proved the allegation by clear and convincing evidence. Mr. Susman contracted with LA Solar to install a Tesla Powerwall battery at his home. LA Solar installed the battery, but Mr. Susman was unsatisfied with the battery's performance. There was no evidence presented at hearing about the functionality of the battery other than Mr. Susman's testimony, and Mr. Manukov did not independently test whether the battery worked properly. However, Mr. Manukov explained that drilling a hole in the dividing wall of the electrical panel deviates from accepted trade standards.

61. Complainant alleged LA Solar failed to complete the Susman project for the contract price. Complainant failed to prove the allegation by clear and convincing evidence. The original contract price was \$10,600. LA Solar installed the Tesla battery for a reduced price of \$10,100, which Mr. Susman agreed to.

62. Complainant alleged LA Solar failed to comply with the provisions of the law regarding home improvement contract. Specifically, complainant alleges that the contract for the Susman project: (1) failed to include the heading "Approximate Start Date"; failed to include the approximate date on which work will be commenced; (3) failed to include the heading "Approximate Completion Date"; and (4) failed to include the approximate date of completion. Complainant proved the allegation by clear and convincing evidence. It is undisputed the contract for the Susman project did not contain the required headings or the dates on which work was to be commenced and completed. Petrosyan explained LA Solar does not include the dates on contracts for battery installation due to the uncertainty surrounding when the parts will be available. Although that explanation is not entirely unreasonable, it does not relieve LA Solar of its obligation to comply with the Contractor's License Law.

ALAN PROJECT

63. Complainant alleged LA Solar abandoned the 10-year warranty on the Alan project, leaving work on the project incomplete. As a preliminary matter, LA Solar contends the allegation is barred by operation of Business and Professions Code section 7091, subdivision (a)(1), which provides:

A complaint against a licensee alleging commission of any patent acts or omissions that may be grounds for legal action shall be filed in writing with the registrar within four years after the act or omission alleged as the ground for disciplinary action.

64. Complainant argues Business and Professions Code section 7091, subdivision (a)(1) specifically refers to the filing of "complaints," and that Business and

Professions Code section 7091, subdivision (a)(2), is the statute that applies in this proceeding. Business and Professions Code section 7091, subdivision (a)(2) provides:

A disciplinary action against a licensee relevant to this subdivision shall be filed or a referral to the arbitration program outlined in Section 7085 shall be referred within four years after the patent act or omission alleged as the ground for disciplinary action or arbitration within 18 months from the date of the filing of the complaint with the registrar, whichever is later.

65. Complainant argues the "patent act or omission" occurred when LA Solar stopped working on the Alan project and refused to honor the 10-year warranty in January 2021. Consequently, the allegation is timely because the Accusation was filed within four years of that date.

66. The arguments of the parties have been considered. This is a disciplinary proceeding. The cause for discipline pertaining to the Alan project arose in January 2021, and the Accusation was filed within four years of that date. Thus, the cause for discipline pertaining to the Alan project is timely.

67. Regarding the merits of the alleged cause for discipline, complainant contends respondents' refusal to honor the 10-year warranty in the home improvement contract constitutes abandonment of the project. Respondents contend LA Solar continued to offer to perform repairs to Mr. Alan's roof, but he would not allow them to do so. Alternatively, respondents contend they had no legal obligation to continue repairing the roof because multiple other roofers performed repairs to Mr. Alan's roof after the solar panels were installed and Mr. Alan could not prove LA Solar

was responsible for any damages. In support of this contention, LA Solar cites to the following language in the contract:

Roof warranty applies if the leak is caused by solar penetration. If the leak is caused by non solar penetration, then LA Solar will not be responsible and it will not be covered by LA Solar warranty. If a roof leak occurs then a 3rd party roofer has to do an estimate to determine whether the leak is from solar penetrations or not.

68. Complainant proved the initial damage to Mr. Alan's roof was caused by LA Solar. Mr. Alan credibly testified he never had a problem with the rook leaking until after LA Solar installed the solar panels. The water intrusion occurred directly below where the panels were installed. LA Solar performed repair work on the roof on multiple occasions. The repairs were insufficient.

69. However, complainant did not allege as a cause for discipline that LA Solar departed from accepted trade standards for good and workmanlike construction on the Alan Project. As a cause for discipline, complainant alleged only that LA Solar abandoned the Alan Project. Complainant failed to prove the allegation by clear and convincing evidence. It is undisputed that LA Solar was still performing repairs on Mr. Alan's roof in 2021, even after other roofers worked on the roof.

MATTERS IN AGGRAVATION

70. Complainant alleged LA Solar was cited on November 14, 2019, for violating Business and Professions Code sections 7109, subdivision (a) (poor workmanship); 7113 (failure to complete project for contract price); 7159 (contract violations); and 7161, subdivision (b) (substantial misrepresentations in the

procurement of a contract). Complainant proved the allegation by clear and convincing evidence.

Costs

71. Complainant requested that respondents be ordered to reimburse the Board for its the reasonable costs of investigation and enforcement of this matter in the total amount of \$29,674.66. In support of this amount, complainant submitted: (1) a Certification of Prosecution Costs: Declaration of Phillip L. Arthur, dated November 4, 2022, with an attached billing summary (AG Certification), which states the Attorney General's Office billed the Board \$17,583.75 for time spent on this matter (AG Costs); and (2) a Declaration of Costs of Kevin Abbes, with an attached billing summary (Board Certification), which indicates complainant's investigative costs total \$12,090.91. Complainant's request for costs is addressed further in the Legal Conclusions below.

LEGAL CONCLUSIONS

1. The purpose of the Contractors' License Law is to protect the public from incompetence and dishonesty in those who provide building and construction services. The licensing requirements provide minimal assurance that all persons offering such services have the requisite skill and character, understand applicable local laws and codes, and know the rudiments of administering a contracting business. (*Hydrotech Systems, Ltd v. Oasis Waterpark* (1991) 52 Cal.3d 988, 995.)

Burden and Standard of Proof

2. Complainant has the burden of proving the violations alleged in the Accusation by clear and convincing evidence. (*Ettinger v. Board of Medical Quality*

Assurance (1982) 135 Cal.App.3d 853.) "[T]he registrar at all times shall have the burden of proof to establish by clear and convincing evidence that he or she is entitled to the relief sought in the petition." (Bus. And Prof. Code, § 7090.)

Applicable Law

3. Business and Professions Code section 7090 provides in part that the Registrar may suspend or revoke any license if the licensee is guilty of one or more acts or omissions constituting cause for disciplinary action.

4. Pursuant to Business and Professions Code section 7096, the term "licensee" includes the following:

[A]n individual, partnership, corporation, limited liability company, joint venture, or any combination or organization licensed under this chapter, and shall also include any named responsible managing officer, responsible managing manager, responsible managing member, or personnel of that licensee whose appearance has qualified the licensee under the provisions of Section 7068.

5. Business and Professions Code section 7107 provides in part that abandonment without legal excuse of any construction project or operation engaged in or undertaken by the licensee as a contractor constitutes cause for disciplinary action.

6. Business and Professions Code section 7109, subdivision (a), provides that willful departure in a material respect from accepted trade standards for good and workmanlike construction constitutes cause for disciplinary action, unless the

departure was in accordance with plans or specifications prepared by or under the direct supervision of an architect.

7. Business and Professions Code section 7113 provides in part that failure in a material respect on the part of a licensee to complete any construction project or operation for the price stated on the contract or in any modification of the contract constitutes cause for disciplinary action.

8. Business and Professions Code section 7121.5 provides in part that any 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, 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 such person by a licensee shall constitute grounds for disciplinary action.

9. Business and Professions Code section 7154, subdivision (c), provides that a home improvement contractor's failure to notify the Board that they employ a registered home improvement salesperson constitutes cause for disciplinary action.

10. Business and Professions Code section 7159, subdivision (d)(10) requires a written contract to display the heading "Approximate Start Date" and the approximate date on which work will begin.

11. Business and Professions Code section 7159, subdivision (d)(11) requires a written contract to display the heading "Approximate Completion Date" and the approximate date on which work will be completed.

12. Business and Professions Code section 7159.5, subdivision (a)(5), provides that a contractor may not request or accept payment that exceeds the value of material delivered or work performed.

Causes for Discipline

TEMPLETON PROJECT

13. Based on the Factual Findings and Legal Conclusions as a whole, complainant proved by clear and convincing evidence that LA Solar willfully departed from accepted trade standards for good and workmanlike construction on the Templeton project. Consequently, cause exists to discipline LA Solar's license pursuant to Business and Professions Code section 7109, subdivision (a).

14. Based on the Factual Findings and Legal Conclusions as a whole, complainant did not prove by clear and convincing evidence that LA Solar failed to complete the Templeton project for the contract price. Consequently, cause does not exist to discipline LA Solar's license pursuant to Business and Professions Code section 7113.

15. Based on the Factual Findings and Legal Conclusions as a whole, complainant proved by clear and convincing evidence that LA Solar failed to report to the Board that it employed Anthony Garay as a Home Improvement Salesman. Consequently, cause exists to discipline LA Solar's license pursuant to Business and Professions Code section 7154, subdivision (c).

16. Based on the Factual Findings and Legal Conclusions as a whole, complainant proved by clear and convincing evidence that LA Solar requested and received payment that exceeded the value of the work performed on the Templeton

project. Consequently, cause exists to discipline LA Solar's license pursuant to Business and Professions Code section 7159.5, subdivision (a)(5).

SHAO PROJECT

17. Based on the Factual Findings and Legal Conclusions as a whole, complainant did not prove by clear and convincing evidence that LA Solar abandoned the Shao project without legal excuse. Consequently, cause does not exist to discipline LA Solar's license pursuant to Business and Professions Code section 7107.

18. Based on the Factual Findings and Legal Conclusions as a whole, complainant did not prove by clear and convincing evidence that LA Solar willfully departed from accepted trade standards for good and workmanlike construction on the Shao project. Consequently, cause does not exist to discipline LA Solar's license pursuant to Business and Professions Code section 7109, subdivision (a).

19. Based on the Factual Findings and Legal Conclusions as a whole, complainant did not prove by clear and convincing evidence that LA Solar failed to complete the Shao project for the contract price. Consequently, cause does not exist to discipline LA Solar's license pursuant to Business and Professions Code section 7113.

20. Based on the Factual Findings and Legal Conclusions as a whole, complainant proved by clear and convincing evidence that LA Solar failed to report to the Board that it employed Denis Avdic as a Home Improvement Salesman. Consequently, cause exists to discipline LA Solar's license pursuant to Business and Professions Code section 7154, subdivision (c).

SUSMAN PROJECT

21. Based on the Factual Findings and Legal Conclusions as a whole, complainant proved by clear and convincing evidence that LA Solar willfully departed from accepted trade standards for good and workmanlike construction on the Susman project. Consequently, cause exists to discipline LA Solar's license pursuant to Business and Professions Code section 7109, subdivision (a).

22. Based on the Factual Findings and Legal Conclusions as a whole, complainant did not prove by clear and convincing evidence that LA Solar failed to complete the Susman project for the contract price. Consequently, cause does not exist to discipline LA Solar's license pursuant to Business and Professions Code section 7113.

23. Based on the Factual Findings and Legal Conclusions as a whole, complainant proved by clear and convincing evidence that LA Solar failed to comply with the provisions of the law on the Susman project home improvement contract. Consequently, cause exists to discipline LA Solar's license pursuant to Business and Professions Code section 7159.

ALAN PROJECT

24. Based on the Factual Findings and Legal Conclusions as a whole, complainant did not prove by clear and convincing evidence that LA Solar abandoned the Alan project without legal excuse. Consequently, cause does not exist to discipline LA Solar's license pursuant to Business and Professions Code section 7107.

MATTERS IN AGGRAVATION

25. Based on the Factual Findings as a whole, complainant proved by clear and convincing evidence that on November 14, 2019, LA Solar was cited for violating Business and Professions Code sections 7109, subdivision (a) (poor workmanship); 7113 (failure to complete project for contract price); 7159 (contract violations); and 7161, subdivision (b) (substantial misrepresentations in the procurement of a contract).

Appropriate Discipline

26. California Code of Regulations, title 16, section 871, provides that in reaching a decision on a disciplinary action under the Administrative Procedure Act, the Board shall consider guidelines entitled "Disciplinary Guidelines" [rev. 12/11/96] (Guidelines). Complainant proved two violations of Business and Professions Code section 7109, subdivision (a). Per the Guidelines, the minimum penalty for violating Business and Professions Code section 7109, subdivision (a) is revocation, stayed, and two years of probation. The maximum penalty is revocation.

27. Complainant also proved two violations of Business and Professions Code section 7154. Per the Guidelines, the minimum penalty for violating Business and Professions Code section 7154 is a 60-day suspension, stayed, and one year of probation. If warranted, the Board may also impose an actual suspension of five days or more. The maximum penalty is revocation.

28. Finally, complainant proved Business and Professions Code section 7159, and one violation of section 7159.5, subdivision (a)(5). Per the Guidelines, the minimum penalty for violating Business and Professions Code section 7159 is a 60-day suspension, stayed, and one year of probation.

29. The Guidelines also provide a list of criteria to be considered in determining whether revocation, suspension, or probation is appropriate in a case. Relevant criteria here include: (1) nature and severity of the offense; (2) actual or potential harm to the public; (3) performance of work that was potentially hazardous to the public health, safety, or welfare; (4) prior disciplinary record; (5) number and variety of violations; (6) mitigation evidence; and (7) rehabilitation evidence.

30. The Board's Guidelines have been read and considered. Although complainant alleged multiple violations associated with the Templeton, Shao, Susman, and Alan projects, only six were proven. Two of the violations were for Board reporting requirements and one was for failure to include required language in a home improvement contract. Although complainant proved LA Solar deviated from industry standards for good and workmanlike construction on the Templeton and Susman projects, he did not prove Ms. Templeton, Mr. Susman, or anyone else, was actually or potentially harmed.

31. However, this is not the first disciplinary proceeding against LA Solar. Complainant proved that LA Solar was previously cited in 2019 for similar violations. As such, LA Solar's license will be revoked, the revocation will be stayed, and respondents will be placed on probation for three years, subject to the terms and conditions outlined below.

Cause for Other Action

32. Because LA Solar's license is not being revoked, cause does not exist to prohibit Petrosyan from serving as an officer, director, associate, partner, manager, or qualifying individual of a licensee.

Costs

33. Pursuant to Business and Professions Code section 125.3, a licensee found to have violated a licensing act may be ordered to pay the reasonable costs of investigation and prosecution of a case. In *Zuckerman v. Board of Chiropractic Examiners* (2002) 29 Cal.4th 32, the California Supreme Court set forth factors to be considered in determining the reasonableness of the costs sought pursuant to statutory provisions like Business and Professions Code section 125.3. The factors include whether the licensee has been successful at hearing in getting charges dismissed or reduced, the licensee's subjective good faith belief in the merits of his position, whether the licensee has raised a colorable challenge to the proposed discipline, the financial ability of the licensee to pay, and whether the scope of the investigation was appropriate in light of the alleged misconduct.

34. In this case, the scope of the investigation was appropriate in light of the alleged misconduct, and there is no evidence that respondents are unable to pay the Board's costs. However, complainant only proved six causes for discipline, and respondents raised a colorable challenge to the proposed discipline of revocation. While the requested costs of \$29,674.66 are reasonable, when all the evidence is considered, reduced costs in the amount of \$15,000 are appropriate.

ORDER

Contractors License No. 974115 issued to LA Solar Group, Inc., dba AP Electrical, and Ara Petrosyan, RMO, CEO, and PRES, is REVOKED. However, the REVOCATION IS STAYED, and respondents are placed on probation for a period of three years, subject to the following terms and conditions:

OBEY ALL LAWS

Respondents shall comply with all federal, state and local laws governing the activities of a licensed contractor in California.

INTERVIEWS WITH REGIONAL DEPUTY

Respondents and any of respondents' personnel of record shall appear in person for interviews with the Regional Deputy or designee upon request and reasonable notice.

COMPLETION OF PROBATION

Upon successful completion of probation, respondents' license will be fully reinstated.

VIOLATION OF PROBATION

If respondents violate probation in any respect, the Registrar, after giving notice and opportunity to be heard, may revoke probation, and impose the disciplinary order that was stayed. If the decision contains an order to make restitution, the Registrar may impose the disciplinary order without giving respondents an opportunity to be heard should respondents fail to comply with the restitution order.

SUBMIT COPIES OF DOCUMENTS

Respondents shall submit copies of documents directly related to construction operations to the Registrar upon demand during the probation period.

LAW AND BUSINESS EXAMINATION

If not taken within the past 5 years, respondent Ara Petrosyan shall take and pass the Board's law and business examination.

COLLEGE COURSE

Respondent Ara Petrosyan shall take and pass a course in Contractors License Law, or a course related to construction law at an accredited community college. All courses must be approved in advance by the Registrar.

PAY ENFORCEMENT COSTS

Respondents shall pay the Board's investigative and enforcement costs in the amount of \$15,000.

SUBMIT COPIES OF CONSTRUCTION CONTRACTS

Respondents shall submit copies of construction contracts to the Registrar upon demand during the probation period.

DATE: December 28, 2023

Matthew Block

MATTHEW S. BLOCK

Administrative Law Judge

Office of Administrative Hearings