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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**:** **ALL STARS BUILDERS INC.; LANCE REED, RMO; EYAL KELER, CEO/PRES** **655 S. Main St. #200188** **Orange, CA 92868** **Contractor's License No. 1090757, B, C10** **and** **LANCE REED** **DBA TRI STAR CONSTRUCTION** **PO Box 47778** **Los Angeles, CA 90047** **Contractor's License No. 690651, B, C10** **Respondents.**	Case No. N2024-207 **ACCUSATION**

PARTIES

1. Brian Melvin (Complainant) brings this Accusation solely in his official capacity as the Supervising Special Investigator I of the Contractors' State License Board (Board), Department of Consumer Affairs.

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2. On or about April 27, 2022, the Registrar of Contractors (Registrar) issued Contractor's License Number 1090757, Classifications B (general building) and C10 (electrical), to All Stars Builders, Inc. (Respondent All Stars). The Contractor's License was in full force and effect at all times relevant to the charges brought herein and will expire on April 30, 2026, unless renewed. Lance Reed (Respondent Reed) associated as the responsible managing officer (RMO) on February 6, 2023. Eyal Keler (Respondent Keler) associated as the Chief Executive Officer (CEO) and President on October 16, 2023.

3. On or about June 20, 1994, the Registrar issued Contractor's License Number 690651, Classifications B (general building) and C10 (electrical), to Respondent Reed, doing business as Tri Star Construction. The Contractor's License will expire on June 30, 2026, unless renewed.

JURISDICTION

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

5. Code section 118, subdivision (b), states:

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

6. Code section 7076.5, subdivision (h), states:

> The inactive status of a license shall not bar any disciplinary action by the board against a licensee for any of the causes stated in this chapter.

7. Code 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.

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8. Code section 7106.5 states:

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

9. Code 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.

10. Code 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.

STATUTORY PROVISIONS

11. Code section 7068.1 states:

(a) The person qualifying on behalf of an individual or firm under paragraph (1), (2), (3), or (4) of subdivision (b) of Section 7068 shall be responsible for exercising supervision and control of their employer's or principal's construction operations to secure compliance with this chapter and the rules and regulations of the board. This person shall not act in the capacity of the qualifying person for an additional individual or firm unless one of the following conditions exists:

(1) There is a common ownership of at least 20 percent of the equity of each individual or firm for which the person acts in a qualifying capacity.

(2) The additional firm is a subsidiary of or a joint venture with the first. "Subsidiary," as used in this subdivision, means any firm at least 20 percent of the equity of which is owned by the other firm.

(3) With respect to a firm under paragraph (2), (3), or (4) of subdivision (b) of Section 7068, the majority of the partners, officers, or managers are the same.

(b) Notwithstanding paragraphs (1) to (3), inclusive, of subdivision (a), a qualifying individual may act as the qualifier for no more than three firms in any one-year period.

(c) The following definitions shall apply for purposes of this section:

(1) "Firm" means a partnership, a limited partnership, a corporation, a limited liability company, or any other combination or organization described in Section 7068.

(2) "Person" is limited to natural persons, notwithstanding the definition of "person" in Section 7025.

(3) "Supervision and control" means direct supervision or control or monitoring and being available to assist others to whom direct supervision and control has been delegated.

(4) "Direct supervision or control" means any of the following:

(A) Supervising construction operations.

(B) Managing construction activities by making technical and administrative decisions.

(C) Checking jobs for proper workmanship.

(D) Supervision on construction sites.

(d) The board shall require every applicant or licensee qualifying by the appearance of a qualifying individual to submit detailed information on the qualifying individual's duties and responsibilities for supervision and control of the applicant's construction operations.

(e) Violation of this section shall constitute a cause for disciplinary action and shall be punishable as a misdemeanor by imprisonment in a county jail not to exceed six months, by a fine of not less than three thousand dollars ($3,000), but not to exceed five thousand dollars ($5,000), or by both the fine and imprisonment.

12. Code section 7113 states:

Failure 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.

13. Code section 7116 states:

The 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.

14. Code 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.

15. Code section 7154, subdivision (d), states:

A home improvement contractor who employs a person to sell home improvement contracts while that person is not registered by the registrar as a home improvement salesperson as provided in this article, is subject to disciplinary action by the registrar.

16. Code 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.

. . .

(b) For purposes of this section, "home improvement contract" means an agreement, whether oral or written, or contained in one or more documents, between a contractor and an owner or between a contractor and a tenant, regardless of the number of residence or dwelling units contained in the building in which the tenant resides, if the work is to be performed in, to, or upon the residence or dwelling unit of the tenant, for the performance of a home improvement, as defined in Section 7151, and includes all labor, services, and materials to be furnished and performed thereunder, if the aggregate contract price specified in one or more improvement contracts, including all labor, services, and materials to be furnished by the contractor, exceeds five hundred dollars ($500). "Home improvement contract" also means an agreement, whether oral or written, or contained in one or more documents, between a salesperson, whether or not they are a home improvement salesperson, and an owner or a tenant, regardless of the number of residence or dwelling units contained in the building in which the tenant resides, which provides for the sale, installation, or furnishing of home improvement goods or services.

. . .

(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, shall include or comply with all of the following:

. . .

(2) If applicable, the name and registration number of the home improvement salesperson that solicited or negotiated the contract.

. . . .

17. Code 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 their agent or salesperson, to comply with the following provisions is cause for discipline:

. . .

(5) Except for a downpayment, the contractor shall neither request nor accept payment that exceeds the value of the work performed or material delivered. The prohibition prescribed by this paragraph extends to advance payment in whole or in part from any lender or financier for the performance or sale of home improvement goods or services.

. . . .

COST RECOVERY, RESTITUTION AND OTHER AUTHORITY

18. Code 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.

(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.

. . .

19. Government Code section 11519 states:

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

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

(c) If respondent was required to register with any public officer, a notification

of any suspension or revocation shall be sent to the officer after the decision has become effective.

(d) As used in subdivision (b), specified terms of probation may include an order of restitution. 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.

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

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

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

20. Code section 143.5, subdivision (b), states:

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.

21. Code section 7095 states:

(a) The decision may:

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

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

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

(4)

(A) Provide for the stay of execution of the decision pending completion of specified terms and conditions of probation.

(B) Failure to fully comply with the terms and conditions of probation set pursuant to subparagraph (A) may result in automatic termination of the stay of execution without further notice. If a stay of execution is terminated pursuant to this subparagraph, the decision shall be considered a disciplinary action within the

meaning of this chapter.

(b) The specific terms and conditions imposed pursuant to paragraph (3) or (4) of subdivision (a) may include, but are not limited to, any of the following:

(1) Payment of restitution to persons injured as a result of the violation.

(2) Payment of the costs of investigation and enforcement pursuant to Section 125.3.

(3) Enrollment in, and completion of, specified administrative or trade-specific coursework.

(4) Successful completion of the board's law and business examination or trade examination, as appropriate.

(5) Any further terms and conditions as are set forth for specified violations in the board's disciplinary guidelines in Section 871 of Title 16 of the California Code of Regulations.

22. Code section 7097 states:

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

23. Code section 7098 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.

24. Code section 7102 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.

FACTUAL ALLEGATIONS

25. On or about November 28, 2023, J.T. and M.T. entered into a written home improvement contract with Respondent All Stars for the re-roofing of their property located on Bernadette Avenue in Buena Park, California. The contract was sold by Dan Talmor, an unregistered Home Improvement Salesperson for Respondent All Stars. The price of the contract was $28,437.00 and included a full shingle roof replacement. The contract did not contain certain required provisions of a home improvement contract as required by law. Specifically, the name and registration number of the Home Improvement Salesperson was not listed on the contract.

26. On December 4, 2023, Respondent All Stars commenced work on the project. Subsequent written change orders increased the price of the contract by $10,400.00. Specifically, on December 13, 2023, a change order in the amount of $2,000.00 was agreed to for engineer calculations. On December 20, 2023, a change order in the amount of $8,400.00 was agreed to for sheathing work.

27. On or about January 3, 2024, work ceased when Respondent All Stars was terminated from the project. Respondent All Stars received payments in the amount of $21,200.00 on the contract, an amount that exceeds the value of the work performed and materials delivered.

28. An investigation revealed that Respondent Reed did not exercise his duties as RMO as it relates to the project. Respondent Reed did not supervise construction activities, manage

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construction activities, make technical or administrative decisions, check jobs for proper workmanship, or provide direct supervision on construction job sites.

29. The investigation further revealed that Respondent All Stars fraudulently obtained money for engineer plans that were never provided or obtained.

30. J.T. and M.T. secured the services of other contractors in the amount of $144,570.33 in order to correct and complete the project, resulting in a financial injury to J.T. and M.T. in the amount of $126,933.33.

FIRST CAUSE FOR DISCIPLINE

(Respondent All Stars – Willful or Fraudulent Act)

31. Respondent All Stars has subjected its contractor's license to disciplinary action under Code section 7116, in that it committed willful or fraudulent acts in that Respondent All Stars obtained money for engineer plans that were never obtained, causing substantial injury to the property owners, as more fully set forth in paragraphs 25 through 30, which are incorporated herein by this reference.

SECOND CAUSE FOR DISCIPLINE

(Respondent All Stars – Failed to Exercise Responsibility of Qualifier)

32. Respondent All Stars has subjected its contractor's license to disciplinary action under Code section 7068.1, in that Respondent Reed failed to exercise direct supervision and control of construction operations, as more fully set forth in paragraphs 25 through 30, which are incorporated herein by this reference.

THIRD CAUSE FOR DISCIPLINE

(Respondent All Stars – Failed to Complete for Contract Price)

33. Respondent All Stars has subjected its contractor's license to disciplinary action under Code section 7113, in that it failed in a material respect to compete the project for the contract price, and the property owner was required to spend a substantial sum in excess of the contract price to complete the project in accordance with the contract, as more fully set forth in paragraphs 25 through 30, which are incorporated herein by this reference.

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FOURTH CAUSE FOR DISCIPLINE

(Respondent All Stars – Employed Unregistered Home Improvement Salesperson)

34. Respondent All Stars has subjected its contractor's license to disciplinary action under Code section 7154, subdivision (d), in that it employed Dan Talmor as an unregistered home improvement salesperson, as more fully set forth in paragraphs 25 through 30, which are incorporated herein by this reference.

FIFTH CAUSE FOR DISCIPLINE

(Respondent All Stars – Home Improvement Contract Provisions)

35. Respondent All Stars has subjected its contractor's license to disciplinary action under Code section 7159, subdivision (d)(2), in that it failed to include the name and registration number of the home improvement salesperson, as more fully set forth in paragraphs 25 through 30, which are incorporated herein by this reference.

SIXTH CAUSE FOR DISCIPLINE

(Respondent All Stars – Requested or Received More Money Than Work Performed or Materials Delivered)

36. Respondent All Stars has subjected its contractor's license to disciplinary action under Code section 7159, subdivision (a)(5), in that it requested or received more money than work performed or materials delivered, as more fully set forth in paragraphs 25 through 30, which are incorporated herein by this reference.

SEVENTH CAUSE FOR DISCIPLINE

(Cause for Discipline for Qualifier – Respondent Lance Reed)

37. Pursuant to Code section 7122.5, the causes for discipline established as to Respondent All Stars constitute cause for discipline against Respondent Reed, doing business as Tri Star Construction, under license number 690651, regardless of whether Respondent Reed had knowledge of or participated in the acts or omissions which constitute cause for discipline against Respondent All Stars.

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CAUSES FOR OTHER ACTION

FIRST CAUSE FOR OTHER ACTION

(Restrictions on Corporate Qualifier – Respondent Lance Reed)

38. Pursuant to Code section 7121.5, if license number 1090757, issued to Respondent All Stars is revoked or suspended, Respondent Lance Reed shall be prohibited 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 Lance Reed other than as a bona fide nonsupervising employee shall be subject to disciplinary action.

SECOND CAUSE FOR OTHER ACTION

(Restrictions on Officer – Respondent Eyal Keler)

39. Pursuant to Code section 7121, if license number 1090757, issued to Respondent All Stars is revoked or suspended, Respondent Eyal Keler 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/President of Respondent All Stars, he had knowledge of or participated in the acts or omissions constituting grounds for discipline as alleged in the causes for discipline, above.

PRAYER

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

1. Ordering the revocation or suspension of Contractor's License Number 1090757 issued to All Stars Builders Inc., pursuant to Code section 7090;

2. Ordering the revocation or suspension of Contractor's License Number 690651 issued to Respondent Lance Reed, doing business as Tri Star Construction, pursuant to Code section 7090;

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3. Ordering restitution of all damages according to proof suffered by J.T. and M.T, as a condition of probation in the event probation is ordered for Respondent All Stars Builders Inc., and/or Respondent Lance Reed, pursuant to Government Code section 11519, subdivision (d);

4. If revocation of Contractor's License Number 1090757, issued to Respondent All Stars Builders Inc., is ordered, an order for restitution of all damages suffered by J.T. and M.T as a result of Respondent All Stars Builders Inc.'s conduct as a contractor, as a condition precedent to any future restoration of Contractor's License Number 1090757, or before any new license is issued;

5. If revocation of Contractor's License Number 690651, issued to Respondent Lance Reed, doing business as Tri Star Construction, is ordered, an order for restitution of all damages suffered by J.T. and M.T as a result of Respondent Lance Reed, doing business as Tri Star Construction's conduct as a contractor, as a condition precedent to any future restoration of Contractor's License Number 690651, or before any new license is issued;

6. Ordering Respondent All Stars Builders Inc. and Respondent Lance Reed to pay the Registrar costs for the investigation and enforcement of the case according to proof at the hearing, pursuant to Code section 125.3;

7. Ordering Respondent All Stars Builders Inc. and Respondent Lance Reed 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;

8. Ordering that Respondent Lance Reed is prohibited from serving as an officer, director, associate, partner, manager or qualifying individual of a licensee, pursuant to Code section 7121.5;

9. Ordering that Respondent Eyal Keler is prohibited from serving as an officer, director, associate, partner, manager or qualifying individual of a licensee, pursuant to Code section 7121; and,

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10. Taking such other and further action deemed proper.

DATED: 3/21/2025

BRIAN MELVIN
Supervising Special Investigator I
Contractors' State License Board
Department of Consumer Affairs
State of California
Complainant

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