

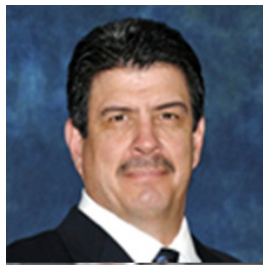


CONTRACTORS STATE LICENSE BOARD

CALIFORNIA
LICENSED CONTRACTOR

Fall 2014 | Stephen P. Sands, Registrar | Edmund G. Brown Jr., Governor

Message From the Board Chair



David Dias

Working with CSLB management and staff has given me a first-hand look at the tremendous range of services and support this board provides to contractors, license applicants, and consumers. This management team is always looking for ways to simplify licensing processes and streamline laws for contractors, all while fulfilling its primary mission to protect consumers.

For example, there have been more than 100 wildfires so far this year in California, many of them wiping out entire neighborhoods and towns. CSLB Enforcement and Public Affairs staff have been first to respond to inform property owners about safe rebuilding and repair practices. In addition to its regular undercover sting operations, Statewide Investigative Fraud Team investigators have kept a watchful eye on disaster areas to discourage unlicensed activity from further harming wildfire victims. Not to be outdone by wildfires, just two days after the 6.0 Napa-area earthquake in late August, CSLB staff was back in action, providing information to victims, and sweeping commercial and residential neighborhoods to help prevent predatory, unlicensed contracting.

The state drought also has resulted in an emergency situation for several counties where well water for residential use has completely dried up. In response, CSLB is expediting the licensing process for C-57 Well Drilling and C-61/D-21 Limited Specialty Machinery and Pump classifications to help contractors get to work more quickly to meet the demand for new or deeper wells. "A" General Engineering licensees also are being encouraged to take the exam and become licensed for the C-57 classification ([Industry Bulletin](#)).

CSLB also is responding to an increase in complaints about predatory and unethical business practices by C-20 HVAC businesses through a series of educational and enforcement efforts. Workshops are being held in different parts of the state to remind licensees about construction laws and requirements; an informative online webinar was conducted in late September; a pilot project, called the Ambassador Program, enlists HVAC

contractors to market the value of using state-licensed contractors who comply with permit requirements; undercover sting operations have been conducted to target unethical and unlicensed businesses; partnerships with local district attorney offices and the Better Business Bureau strengthen information-sharing and prosecution for those who harm consumers; and continuous outreach is being conducted to better educate consumers about how to avoid scams.

Another CSLB effort to reduce illegal, unlicensed competition is the recent passage of [Senate Bill 315](#), authored by Senator Ted Lieu (D-Torrance). Effective January 1, 2015, unlicensed contractors will only be allowed to advertise their services for projects that total less than \$500 in combined material and labor costs.

We hope you'll enjoy details about these and other important topics in this edition of the *California Licensed Contractor*.

Respectfully,

David Dias

Agencies Expedite Well Drilling Licensing During Drought

California's driest year in recorded state history now is posing health and safety concerns for families who rely on well water and businesses that require ground water resources. The resulting demand for well drillers has created a backlog in some Central Valley and Southern California counties.

In response, CSLB has been expediting applications for C-57 Well Drilling and C-61/D-21 Limited Specialty Machinery and Pumps contractors while the [State of Emergency](#) that was declared by Governor Edmund G. Brown Jr. is in effect.

"A" General Engineering contractors also are being encouraged to add the C-57 classification to their license. "A's" are authorized to perform water supply projects but not well drilling unless they hold the C-57 classification. To add that, "A" licensees need to have four years of verifiable journey-level C-57 experience, take the C-57 exam, and pass a criminal background check (unless previously completed with CSLB), but don't have to retake the law and



business examination.

State agencies also are recommending that qualified out-of-state well drillers consider becoming licensed in California during the emergency conditions. All out-of-state contractors still must follow California contracting laws, and water well drillers still must: 1) adhere to Department of Water Resources well standards and file [well completion reports](#); and 2) meet applicable Air Resources Board standards and guidelines.

Anyone currently performing well drilling services in California must have a CSLB license; CSLB encourages unlicensed individuals to complete their CSLB application process and become properly licensed. The California Employment Training Panel (CETP) funds job training for "emergency needs related to drinking water" in eligible counties. Employers interested in accessing this fund to train and hire additional employees under the new pilot program are encouraged to visit the CETP website.

CSLB and partner agencies – the Governor's Office of Emergency Services, California Air Resources Board, Department of Water Resources, and the Governor's Office of Planning and Research – are taking steps to identify and reduce bottlenecks in the regulatory processes to enable well drillers to perform their trade.

ARB has identified an existing process to allow drilling rigs that do not meet current air standards to operate in the state for emergency operations; the ARB [fact sheet](#) explains air quality standards during a state emergency.

Current licensees who work on water well projects or water well machinery can only subcontract to California-licensed C-57 and/or C-61/D-21 contractors; C-61/D-21 contractors can only work on pump maintenance and/or replacement, not the actual water well drilling.

Water well drillers and machinery/pump contractors who want to work in California must follow these steps to apply for a license:

- Submit an "[Application for Original License](#)" to CSLB.
- Document four years of journey-level experience in the classification within the 10 years immediately preceding the application submission.
- Take and pass the trade and law examinations (CSLB has a [reciprocity](#) agreement with Nevada; some examinations may be waived for individuals who are licensed contractors in Nevada).
- Submit a contractor bond of \$12,500.
- Provide proof of a workers' compensation insurance policy for employees.

(Bond and insurance requirements may differ for various types of business entities and qualifying individuals.)

Pertinent California contractor licensing fees:

- Original application: \$300
- Initial license fee (2 years): \$180
- Adding a classification: \$75

To avoid processing delays, CSLB urges all applicants to submit verifiable documentation for their claimed industry experience. About half of the applications currently being processed have been held up by inadequate or missing documentation.

Questions about CSLB's expedited licensure efforts can be directed to CSLB's Classifications Deputy at 916.255.4118 or click this [email address](#).

For additional information, check CSLB's [online resources](#) or call CSLB's toll-free automated line, 800.321.2751.

Drillers who are out of compliance with licensing or other regulatory violations can be reported to CSLB by submitting a [Consumer Complaint form](#).

State Authorities Warn Against Price Gouging

Water well drillers must follow pricing guidelines set by emergency declaration

CSLB reminds all contractors, especially those with [C-57 Well Drilling](#) and [C-61/D-21 Machinery and Pumps](#) licenses, to make sure the prices they are charging for water well drilling or related services during the state's emergency drought declaration are within legal guidelines. It has come to CSLB's attention that price gouging may be occurring in some California counties where the drought has taken a serious toll on individual residential water wells, especially in Tulare and Kern counties.

Remember that the legal down payment is 10 percent of the contract price or \$1,000, whichever is less, for residential water well drilling.

The marketplace demand for drilling services is not justification for raising prices for the same services that would have been charged prior to the declared state of emergency. California [Penal Code \(PC\) section 396](#) clearly states that "...when a declared state of emergency results in abnormal disruptions of the market, the public interest requires that excessive and unjustified increases in the prices of essential consumer goods and services [is] prohibited ... during and shortly after a declared state of emergency."

PC §396 (c) states the following for contractors:

"... [Upon the emergency declaration or] a period of 180 days following that declaration, it is unlawful for a contractor to sell or offer to sell any repair or reconstruction services or any services used in emergency cleanup for a price of more than 10 percent above the price charged by that person for those services immediately prior to the proclamation of emergency.

However, a greater price increase is not unlawful if that person can prove that the increase in price was directly attributable to additional costs imposed on it by the supplier of the goods, or directly attributable to additional costs for labor or materials used to provide the services, provided that in those situations where the increase in price is attributable to the additional costs imposed by the contractor's supplier or additional costs of providing the service during the state of emergency, the price represents no more than 10 percent above the total of the cost to the contractor plus the markup customarily applied by the contractor for that good or service in the usual course of business immediately prior to the onset of the state of emergency."

A violation of PC §396 is a misdemeanor and could result in county jail imprisonment for up to one year or by a \$10,000 fine, or both. This violation also constitutes unlawful business practice and unfair competition within California Business and Professions Code and could result in additional civil penalties.

CSLB Drives Campaign against HVAC Rip-Offs

CSLB has stepped up its efforts to crack down on C-20 Warm-Air Heating, Ventilating, and Air-Conditioning (HVAC) licensees or unlicensed operators that engage in unethical business practices, especially against older consumers. These practices include hard-sell tactics to obtain grossly inflated contracts; misrepresenting work as critical and needing immediate correction; failing to provide the three-day right to rescind a home improvement contract; failing to obtain building permits; and the lack of workers' compensation insurance or under-reporting employees.

Why focus on the HVAC industry? CSLB receives a significant amount of consumer complaints about unethical business practices used by HVAC companies, casting a shadow on the thousands of law-abiding C-20s. Efforts to curb this activity are being addressed through contractor education initiatives to remind companies and their employees about legal and ethical business practices.

This past summer, CSLB officials began addressing these problems in a variety of forums:

- Hosted a [Town Hall meeting](#) in San Leandro

- Held a [news conference](#) at its Sacramento headquarters office
- Issued a [consumer alert](#) to statewide news media
- Conducted stings in Northern and Southern California
- Hosted a live webinar (see story on a following page) in which staff responded to questions from around the state that were submitted via email

Educational and enforcement activities will continue as CSLB and its regulatory and law enforcement partners continue to aggressively and publicly enforce consumer protection laws that pertain to all license classifications that work in the service and repair industry.

CSLB encourages legitimate contractors to report anyone who bends or breaks state contracting laws by submitting a complaint form to investigators.

CSLB TV Opens New Discussion Forum for Contractors

CSLB TV held its first interactive webinar on September 19, 2014, to discuss issues and challenges in the HVAC industry related to California Energy Commission Title 24 energy efficiency regulations and the permitting process with local building divisions.



The online production enabled more than 275 viewers and listeners to submit email questions to CSLB Board Member Nancy Springer (who also is the Butte County Chief Building Official) and CSLB Chief of Enforcement David Fogt for response. The hour-long program also allowed viewers to submit responses to online opinion polls with their smart phones, which generated immediate results.

Two polling questions were posed. The first asked what was the biggest problem in complying with Title 24 energy efficiency requirements. Of the four possible answers, almost 50 percent of the respondents chose "complexity of the code" as the most difficult part of working with Title 24 requirements. The cost/inconvenience of a building permit drew the next highest percentage of votes, at almost 30 percent. About 20 percent thought competitive disadvantage due to increased cost was to blame, and fewer than 10 percent thought Title 24 problems were due to the reluctance of homeowners to allow inspectors into their homes.

The second poll question asked if the Home Improvement Salesperson contract limit of \$750 should be raised. The results were close, with about 53 percent voting "no" and 47 percent casting "yes" votes. Software limitations allowed a maximum of 25 votes per poll question, a capacity that was quickly reached.

Many of the 86 email questions that were submitted were answered during the webinar; other, more detailed questions were answered after the program.

The first webinar was part of CSLB's campaign to address an increase in complaints about predatory service and repair contractors. Topics for future webinars are in discussion. To submit a webinar topic recommendation, use social@cslb.ca.gov. You can view the September 19 webinar [here](#) or go to CSLB's [website](#).



Governor Signs Contractor-Related Bills

Senate Bill (SB) 315 — Contractors

This bill, sponsored by CSLB, introduced by Sen. Ted Lieu, D-Torrance, and signed by the Governor, amends Business and Professions Code (BPC) section (§) 7027.2, BPC § 7110.5, BPC § 7028, and BPC § 7011.4. It takes effect January 1, 2015.

It will:

- Authorize a person who is not licensed as a contractor to advertise for construction work or a work of improvement only if the aggregate contract price is less than \$500 and the person states in the advertisement that he or she is not licensed.
- Authorize CSLB Enforcement Representatives (ERs) to issue written notices to appear in court. In addition, these ERs could continue to participate in activities of the Joint Enforcement Strike Force on the Underground Economy.
- Clarify that an individual contracting with a suspended license for an outstanding tax or civil liability is subject to the same disciplinary action as an individual contracting without a license.
- Provide CSLB with flexibility to pursue disciplinary action against a licensed contractor as a result of a referral from the Labor Commissioner for a Labor Code violation.

SB 1159 — License Applicants: Federal Taxpayer Identification

This bill will require the professional and vocational licensing boards within the Department of Consumer Affairs to require an applicant other than a partnership to provide either a federal tax identification number or a Social Security number if one has been issued to an applicant. It will require the individuals to report to the Franchise Tax Board, and subject a licensee to a penalty for failure to provide that information.

Assembly Bill (AB) 26 — Construction: Prevailing Wages/ Mechanics Liens

This bill will revise the definition of "construction" to include post-construction phases and cleanup work at the job site; and expand the definition of "public works" regarding the payment of prevailing wages to include any task relating to the collecting or sorting of refuse or recyclable metals, such as copper, steel, and aluminum performed at a public works job site.

AB 1705 — Public Contracts: Payments

This bill will allow retention proceeds withheld from any payment by an awarding entity to prime contractors or subcontractors to exceed a specified percentage on projects that are more "substantially complex" than those involving routine or regular work. It also will require that the bid documents include details that explain the basis for the "complex" finding, and list the actual retention amount.

AB 1870 — Public Works: Prevailing Wage: Apprenticeship Program

This bill will amend existing law that requires a contractor to whom a contract is awarded and who employs journeymen or apprentices, to contribute to the State Apprenticeship Council the same amount determined to be the prevailing amount of apprenticeship training contributions in the area of the public works site. This bill will have an impact on the award of certain grants in cases where two or more approved multi-employer apprenticeship programs serve the same craft or trade, in an attempt to make the distribution of grants more equitable.

AB 1939 — Public Works: Prevailing Wage: Contractor's Costs

This bill relates to public works and the prevailing wage by authorizing a contractor to bring an action to recover from the party it directly contracts with any increased costs, including labor costs, penalties, and legal fees incurred as a result of any decision by the Department of Industrial Relations, the Labor and Workforce Development Agency, or a court that classifies the work covered by the project is a public work.

AB 2396 — Convictions: Expungement: Licenses

This bill will prohibit a vocational or professional licensing board under the Department of Consumer Affairs from denying a license based solely on a conviction that has been dismissed pursuant to certain provisions of existing law.

The End of an Era

CSLB Subject Matter Expert Contributed for 32 Years

Perhaps no California licensed contractor has played a greater role as a CSLB Subject Matter Expert (SME) than longtime San Andreas resident Keith Tallia. The 82-year-old Tallia has retired after a long career working in various segments of the oil industry, holding a “B” General Building and nine other license classifications, as well as a hazardous materials certification.



Keith Tallia, of San Andreas, spent many hours behind the wheel of his excavator with his beloved Jack Russell terrier, Molly.

Unfortunately for CSLB and his fellow contractors, Tallia also has ended his service of more than three decades as a SME. He first began advising CSLB Testing personnel on various classification tests in 1983.

“I felt very honored to have been a part of the process over the years,” said Tallia, who received his first contractor's license in 1962, the same year he started his San Andreas contracting business, Oil Equipment Service. “The contractors and Testing division staff were the best group of people I've ever worked with—dedicated, hard-working, and knowledgeable.”

CSLB has 43 contractor classifications and two certifications, and the examinations for each are updated every five-to-seven years to reflect changing industry technology and techniques. Tallia's association with CSLB's test development process began after he and five fellow contractors were the first to take a newly drafted CSLB exam for a hazardous materials removal certification.

Already highly experienced in handling and disposing hazardous materials, the contractors were confident they would easily ace the test, Tallia recalled. But, to their shock, they barely squeaked by with a passing grade.

The six quickly sought out then-Registrar Dave Phillips. The exam, they complained, seemed geared to those seeking to be laboratory chemists and hardly touched on real-life qualifications for a hazardous materials certification.

“If you had a PhD from Harvard, you might have gotten a 75 on it,” said Tallia, who, by then, already had worked for several major oil companies in various contracting capacities, from helping rewire the electrical systems at Chevron's Bay Area refineries to environmental cleanup jobs.

Phillips listened to the group's complaints, and then had a suggestion. "OK, smart guys, you try to write it," Tallia recounted of Phillips' reaction to the complaints.

And so they did. That first experience helping craft a new HAZ exam led to what would be Tallia's 32-year association with CSLB's examination development process.

Tallia has consulted on a diverse range of issues and current practices thanks to his knowledge of 10 different license classifications. Between 2003 and 2013, Tallia attended 112 two- to three-day workshops to help with examination development for five trades and one certification: "A" General Engineering, C-10 Electrical, C-12 Earthwork and Paving, C-21 Building Moving/Demolition, C-57 Well Drilling, and HAZ. (He also holds a C-20 Warm-Air Heating, Ventilating and Air-Conditioning license.) In addition, Tallia has been called to consult on other trades in which he has relevant knowledge.



Tallia was honored by the Board in 2009 for his contributions to the testing process.

His participation stands out even among the very active corps of SMEs that help CSLB with test development, said CSLB Testing Chief Wendi Balvanz. "No other Subject Matter Expert even comes close to Keith's record and I doubt they ever will," said Balvanz. "Keith has been an unforgettable SME. He has given his time and experience and has been a role model for contractors wanting to give back to their profession."

Not only did Tallia contribute many hours to CSLB test development, his knowledge about contracting subjects ran wide and deep, said Bob Lewis, a fellow SME who worked with Tallia for about 12 years during numerous test workshops.

"His broad knowledge of the various subjects we worked on was remarkable, as was his quest for the best questions and best correct answer," said Lewis, who, like Tallia, holds multiple licenses. "If Keith didn't know the answer, he always seemed to know where to find it."

Lewis, based in Novato, added that he appreciated Tallia's even-mannered approach during the workshops, calling him "one of the most considerate and gracious people I've ever met."

Despite his good-natured demeanor, Tallia also wasn't afraid to challenge assertions on potential test material that he felt were in error, Lewis recalled. "He was also provocative if he didn't agree with a question or answer, especially mine," Lewis said.

Tallia said he'll likewise miss the camaraderie of his colleagues, and the sense of helping contribute to his profession.

CSLB Needs San Diego Area Industry Experts



When a consumer files a complaint about a contractor's work, CSLB often calls on industry experts (IEs) to perform an inspection and render an unbiased professional opinion about whether industry standards were met, plans and specifications were followed, and contract terms and agreements satisfied.

IEs regularly testify in arbitration proceedings, criminal hearings, and administrative hearings. Because IE testimony often is crucial to support charges of criminal and/or administrative violations, participating contractors must possess effective written and verbal skills in addition to their knowledge of industry and code standards.

CSLB currently is recruiting IEs in the San Diego region with these "C" Specialty licenses:

- C-10 Electrical
- C-13 Fencing
- C-15 Flooring and Floor Covering
- C-17 Glazing
- C-20 Warm-Air Heating, Ventilating and Air-Conditioning
- C-33 Painting
- C-35 Lathing and Plastering
- C-46 Solar
- C-53 Swimming Pool
- C-54 Ceramic and Mosaic Tile

IEs must have held a contractor license for at least five years; it must be current and free of unresolved licensing and enforcement actions; and the IEs must be knowledgeable about up-to-date, accepted trade standards in their areas of expertise.

CSLB IEs are financially compensated for their service.

Learn more on CSLB's [website](#) or by contacting CSLB's [IE coordinator](#).

Contractors Wanted: Earthquake Brace + Bolt Expands in 2015

Residential seismic retrofit program improves foundation safety for homes constructed before 1940

Earthquake Brace + Bolt (EBB), an earthquake retrofit program that provides a financial incentive for homes built before 1940, will be available in January 2015 in 26 California ZIP codes. EBB will offer homeowners up to \$3,000 to retrofit, thereby reducing the potential for homes to slide or topple off of their foundations during an earthquake.

The seismic retrofit includes a process to add anchor bolts and bracing in the crawl space ("cripple wall") to improve the connection between the wooden framing and concrete foundation. Contractors experienced in seismic retrofitting, specifically with California Existing Building Code (CEBC) Chapter A3, 2010 Edition, are sought after for this work.

Contractors can participate in the program at no charge and be added to a searchable contractor list by completing the online FEMA education training.

EBB's 2015 program will be offered in the following ZIP codes:

- **Oakland:** [94602](#), [94607](#), [94609](#), [94610](#), [94618](#)
- **San Francisco:** [94112](#), [94121](#), [94127](#), [94132](#)
- **San Leandro:** [94577](#), [94578](#), [94579](#)
- **Los Angeles:** [90026](#), [90031](#), [90039](#), [90041](#), [90042](#), [90065](#)
- **Pasadena:** [90026](#), [91101](#), [91103](#), [91104](#), [91105](#), [91106](#), [91107](#)
- **Santa Monica:** [90401](#), [90404](#)

Contractors who want to participate should register and take the FEMA training as soon as possible so they are on the program's list of contractors when homeowner registration opens; homeowner registration takes place from January 15 to February 15, 2015.

The program is offered by the California Residential Mitigation Program, a joint powers agency of the California Earthquake Authority and the Governor's Office of Emergency Services.

Click [here](#) to learn more.

Avoid Customer Misunderstandings – Put It In Writing

One of the most common disputes that CSLB is called upon to help settle continues to involve changes to home improvement contracts that aren't written down.

Vague contracts, or modifications made without written change orders, do more to sabotage the relationship between contractor and client than almost any other type of complaint.



Ironically, this type of friction can be avoided by taking a few preventative steps:

- Make sure the written contract includes the necessary amount of detail to complete a project to a customer's satisfaction. Ask your customers to confirm that they understand all the terms before they sign the initial contract. The provisions and requirements of home improvement contracts are spelled out in [Business and Professions Code section 7159](#) and in the CSLB publication "[Contracting for Success – A Contractor's Guide to Home Improvement Contracts.](#)"
- Include in the contract a section about project changes. Any change order to the original terms must be in writing to protect contractors and customers from misunderstandings. This includes work that will not alter the contract price. Verbal agreements made casually with a customer (so as to not hold up work or seemingly too minor to document at the time) can backfire on licensees seeking to get paid at the end of their efforts. Having written and authorized change orders leaves little room for argument.

Exam Process Goes High-Tech in CSLB Test Centers

The license examination experience is much easier and quicker in CSLB's eight statewide testing centers, thanks to new touchscreen computer monitors and an upgraded, custom software program that has transformed the exam procedure.

All of CSLB's 265 test stations now feature new 23-inch screens that replaced the aging collection of 17- to 19-inch monitors. Updated software enables increased text sizes for better readability, and larger answer spaces designed for the touch of a finger (or stylus, if preferred).

Each new computer also features a built-in camera and on-screen signature capability, eliminating the need for an attached webcam and accompanying sign-in pad. Gone, too, is the computer mouse.

After checking in with an exam proctor, contractor candidates are assigned to an exam station to begin the testing process. Candidates listen to a female-voiced "instructor" through headphones as she leads them through the exam details, with the assistance of a cartoon-like character wearing, appropriately, a construction helmet.

Test-takers can easily move forward or backward through the answers, change answers, display their answer sheet, or see where they've skipped a question—just a few of the features to make the experience more comfortable.

So far, applicants are completing the tests about 10-15 minutes faster.

More testing center upgrades are on the way. Enhanced security features at test registration stations (where candidates are checked in) will allow Testing division staff to better track identities, and camera surveillance of the exam rooms is being added to safeguard against cheating.

The testing software, known as the State Contractors Official Regulatory Examination (SCORE), was initially developed by CSLB's IT staff and implemented in 2006-07. IT staff wrote the upgraded version, dubbed SCORE 1.5, to be compatible with the Windows 7 operating system and Microsoft's upcoming Windows 8.1 system.



CSLB Testing Chief Wendi Balvanz, at computer, demonstrates its touchscreen capabilities as Natalie Chernich, CSLB Examination Administration Unit Manager, looks on.

Stay in Touch With CSLB

Remember to include your email address, or update it, when submitting your license renewal form every two years, or when you submit an [Application to Change Business Name or Address](#).

Providing CSLB with your email address allows you to participate in surveys that are used to update licensing examinations in your specific trade. Occupational analysis surveys are developed for each trade every five years. CSLB has been using the online tool SurveyMonkey™ to administer most of these questionnaires. Using email surveys helps CSLB save time, reduce costs, and operate in a more environmentally friendly fashion. Your email is not shared with any third party, nor does it become public record.

Providing your email address on your renewal or change form also enables you to automatically receive the board's quarterly newsletters and other important information CSLB issues through industry bulletins, news releases, or meeting notices. You also can sign up to receive these communications through CSLB's online [Email Alerts](#) feature.

Remember, CSLB must have your current email address to send surveys, electronic correspondence, and important license-related communications. It is your responsibility to keep all of your contact information current with CSLB; CSLB cannot change any of your contact information without the change form identified above.

Long Prison Term for Operator Convicted of Multiple Theft, Contracting Felonies

To protect the integrity of the construction industry and fulfill its consumer protection mission, CSLB's Enforcement division — with the help of partnering state agencies and local law enforcement — works hard to hold accountable those contractors who harm consumers through illegal business practices. Below are several recent cases where CSLB investigations led to successful prosecutions — and time behind bars for offenders.

A repeat unlicensed offender and convicted felon was recently sentenced to 17 years in state prison after a jury convicted him of various theft-related and contracting felonies in connection with a 2011 Moreno Valley home improvement project. The criminal case against Din Van Nguyen was built through the efforts of CSLB staff, whose investigation and court testimony helped convince jurors to convict Nguyen on all counts.

In November 2011, a Moreno Valley resident contracted with Nguyen to perform several home improvement projects for \$14,000 that included patio cover repair, drywall installation in the garage, rebuilding an outside barbeque, replacement and painting of wooden trim, and minor electrical work. The CSLB investigation revealed that Nguyen had deceived the consumer into believing that he was licensed by displaying a valid license number that belonged to Nguyen's former employer.

Nguyen received a check of \$5,375 as a deposit to start the project. Soon after work started, Nguyen told the consumer that he could not cash the check and demanded a \$10,000 cashier's check, plus \$300 cash, to complete the project. The consumer complied.

Nguyen worked a total of six days in a four-month period from November 2011 to February 2012 before abandoning the project, but not before leaving behind serious damage. The consumer discovered that Nguyen had damaged their pool equipment and irrigation lines, and believed he had stolen and destroyed tools. The homeowner filed a police report with the Moreno Valley Police Department and filed a civil suit against Nguyen. The cost to correct and complete Nguyen's work has been estimated at more than \$26,000.

The CSLB investigation subsequently found that Nguyen previously had been issued two administrative citations for unlicensed contracting in 1999 and 2000. He also spent time in custody on separate domestic violence and child endangerment charges.

The case was referred to the Riverside County District Attorney's Office for prosecution. After being charged, Nguyen forced the matter to trial by rejecting a plea deal offered by prosecutors in exchange for a 10-year state prison term.

Nguyen's decision ended up backfiring on him – due, in large part, to the testimony from a CSLB Peace Officer who served as the Board's expert witness for the June 2014 trial. Following testimony, evidence of criminal wrongdoing, and accounts from other witnesses, jurors quickly found Nguyen guilty on all counts: grand theft, burglary, diversion of construction funds, and fraudulent use of incorrect license number, all felonies; and misdemeanor charges of operating without a license and excessive deposit.

In August 2014, Nguyen received a 17-year term in state prison on the multiple felony convictions. Because he was convicted of a felony for a second time, Nguyen is now considered a "three strikes" candidate, which qualifies him for a 25-year-to-life sentence if he commits a new serious or violent felony after he completes the current prison term.

Jail Time, Restitution Ordered for Attempted Elderly Homeowner Swindle

The wife of a revoked licensee, accused of trying to swindle an elderly Los Angeles man out of his home, received a jail sentence and was ordered to pay restitution. Joelle Cohen, wife of Simon Cohen, pleaded guilty in August 2014 of being an accessory to a crime. She was ordered to serve a 70-day jail term, serve five years on probation, and pay \$300,000 in restitution.



*From left, Bernard Lim, CSLB Peace Officer;
Jeff Barry, Ventura County District Attorney's Office;
John Riepe, homeowner; and Karen Wold, Ventura County
District Attorney's Office.*

Simon Cohen was at the center of a scam to oust John Riepe, 76, from the home that he had lived in since he was 10 years old.

A CSLB investigation found that Cohen, whose contractor license was earlier revoked, manipulated Riepe into signing over his Los Angeles-area home to pay for construction work. Cohen then took possession of the home and put it up for sale until CSLB and Ventura County District Attorney's Office representatives intervened and managed to stop the sale, and file criminal charges.

Simon Cohen pleaded guilty in March 2013 to charges of elder abuse, money laundering, and forgery. As part of a plea agreement, Cohen was ordered to serve 12 months in state prison, pay \$500,000 in costs, and return ownership rights and the keys to Riepe's home.

Cohen was working at the time under his wife Joelle's license, which she obtained in 2008. She was listed as the CEO/president of Silver Star Construction Inc., but later, in testimony before the Ventura County Grand Jury, Simon Cohen admitted that he was the real owner/operator of the business.

Simon Cohen also is an accused co-conspirator in a larger scheme to defraud Southern California homeowners that has led to 19 people being charged with crimes, including revoked licensee Avi Gozlan. Fifteen individuals already have pleaded guilty in that case.

Shortly after his guilty plea in the Riepe case, Simon Cohen is believed to have fled to Morocco.

Habitual Offender Already Serving Term Gets More Cell Time

The prison doors will stay shut a while longer for a notorious unlicensed operator with a long history of scamming consumers in the San Diego and Central Coast areas.

Alex Pike Mitchell had a 40-month state prison sentence tacked on to the term he is already serving for numerous prior convictions for contracting without a license and ripping off unsuspecting consumers. His exploits earned him a place on CSLB's Most Wanted list of egregious violators last year.



The most current charges stemmed from his Santa Cruz County paving scams. Mitchell targeted the elderly or homeowners with long driveways, telling them that he was working in the area and had leftover paving materials. Once the contract was signed, Mitchell would collect down payments ranging from \$1,000-\$2,500 and never return to do the work.

Mitchell pleaded guilty to five felony counts of theft by false pretenses, and four counts of operating without a contractor license with a prior conviction, as well as a workers' compensation insurance violation. Restitution of \$17,575 was ordered to compensate seven victims.

When questioned about what he did, Mitchell told a probation officer, "I am a compulsive liar," and "I tell people what I think they want to hear."

Mitchell is already in the midst of serving a four-year sentence with a 50/50 split of the time, meaning he is serving two years in San Diego County Jail and two years on mandatory supervision. He was ordered to pay \$9,300 in victim restitution in the San Diego-area case.

Remember Contractor Advertising Laws

Your CSLB-issued license number must be included in all business documents and advertisements – newspapers, radio, television, and online ads; business cards, lettering or placards on your commercial vehicle(s), telephone or other print or online directories; promotional materials and yard signs; and in business contracts. It is important to follow California contractor advertising laws (Business and Professions Code sections [7027](#), [7029.5](#), and [7030.5](#), and [California Code of Regulations section 861](#)) to avoid fines or disciplinary action.

Also, remember:

- **Advertise Within Your Classification**

Licensed contractors are not allowed to advertise for construction work outside of the trade(s) for which they are licensed.

- **Don't Advertise about Bonding**

Contractors, by law, are not allowed to advertise the fact that they are bonded; it could lead the public to believe there is a higher level of protection than might actually be the case.

- **Avoid False Advertising**

It is a misdemeanor to use false, misleading or deceptive advertisements to sell clients home improvement and other services. It also is illegal to make misleading claims or advertise prices that you do not intend to honor. And remember, you cannot advertise using a company name that is different from what's on your official CSLB license.

- **Be Aware of Fines or Penalties**

The civil penalty for licensees who violate contractor advertising laws can range from \$100 to \$5,000.

- **Unlicensed Operators Can Advertise**

Unlicensed operators can legally advertise for construction work or improvements if the cost of the work (combined labor and material costs) is less than \$500. However, the ad must state that they are not licensed. Unlicensed operators face fines or criminal prosecution if they advertise as a contractor in any advertising forum.

A new law, [Business and Professions Code section 7027.2](#), takes effect on January 1, 2015, and restricts unlicensed contractors to advertise for jobs totaling less than \$500.

View CSLB's [Advertising Guidelines](#) brochure for more information. Encourage your potential customers to check out your license status online. It's something that can separate you from your competition, especially those who aren't licensed.

Sting Properties Needed – Help CSLB Catch Unlicensed Operators

Do you want to help stop your unlicensed competition from trying to steal potential customers? Then, sting 'em!

As licensees know, one of CSLB's most successful proactive programs for interrupting illegal contracting in the underground economy is through undercover sting operations carried out by its Statewide Investigative Fraud Team (SWIFT). SWIFT investigators pose as homeowners and invite people suspected of unlicensed activities to bid for residential or commercial projects.

CSLB is always in need of properties, anywhere in the state, where it can conduct a sting operation. Those who participate are paid for the use of their property. If you'd like to know more about the program or allow the use of your property for a one- or two-day operation, contact:

SWIFTNorth@cslb.ca.gov (Sacramento), 916.255.2924

SWIFTCentral@cslb.ca.gov (Fresno), 559.490-0580

SWIFTCentral@cslb.ca.gov (Norwalk), 562.345.7600

Quick Quiz

1. **True or False: A roof tear-off with no reroofing involved can only be performed by a C-39 Roofing contractor.**
 2. **Tree removal can only be performed by:**
 - a. A D-49 Tree Service contractor
 - b. A C-27 Landscaping contractor if the tree is less than 15 feet tall
 - c. Either a C-27 or D-49 contractor
 3. **True or False: Home inspectors are not regulated by any agency.**
 4. **True or False: After a license application to CSLB has been posted (accepted for processing), the person who submitted it may remove a personnel member from the company listing.**
 5. **Companies that have home improvement salespersons:**
 - a. Must maintain workers' compensation insurance for the home improvement salesperson(s)
 - b. Must maintain workers' compensation insurance only if they also have laborers working
 - c. Do not need workers' compensation insurance policies
 6. **True or False: All of the personnel associated with a limited liability company must match LLC records filed with the Secretary of State's office.**
-

Answers:

1, T; 2, C; 3, T; 4, F; 5, A; 6, T
