

**HIGHLIGHTS OF
THE CONTRACTORS' STATE LICENSE BOARD
BOARD, LICENSING COMMITTEE AND PUBLIC AFFAIRS COMMITTEE
MEETINGS**

**SACRAMENTO, CALIFORNIA
MARCH 27, 2009**

The Contractors' State License Board held a full Board Meeting on Friday, March 27, 2009, in Sacramento, California. In addition to the full Board Meeting, there was a Licensing Committee and a Public Affairs Committee Meeting.

However, an awesome presentation was made that was the highlight of the day.

Pete Tuminia and Robert Dresser put together a task force dealing with contractors who are preying upon homeowners. Many of the people were injured mainly as a result of service and repair contractors, this gives service and repair contractors bad name.

However, Pete Tuminia, Robert Dresser, and their staff, were responsible for a permanent injunction against some of the bad people and received \$3 million in penalties and restitution. Approximately 26 companies were involved. They used different names, company names, etc. They got into credit cards as well.

It is believed that many other victims will come out of the woodwork. There will be approximately six months within which they can file their claims.

Again, as a result of the stings and other matters, Messrs. Tuminia and Dresser received a standing ovation.

I am an attorney and know what a monumental project that was and will continue to be. Messrs. Tuminia and Dresser did a wonderful job.

By Sam K. Abdulaziz
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✦ **FULL BOARD MEETING – SOME ATTENDED BY TELEPHONE**

✦ **LICENSING COMMITTEE MEETING**

✦ **PUBLIC AFFAIRS COMMITTEE MEETING**

I. BOARD MEETING

1. Ethics Training

Don Chang, DCA Legal Counsel, made a substantial presentation. The purpose was to create an awareness of potential ethical dilemmas that Board Members may encounter and to provide suggested methods for resolving them.

2. Executive Committee Report

Registrar Sands indicated that since the CSLB is a “special fund” Board, it is less affected than other State offices that rely on general fund money.

Budget Analyst, Jonathan Buttle, presented the budget update. Mr. Buttle stated that the final 2008/2009 budget for the CSLB is \$59.7 million, which includes reimbursements. Through December 31, 2008, the CSLB has encumbered \$31.1 million, roughly 52% of the budget.

The CSLB would like to increase all licensing, renewals, and delinquent fees to their statutory maximums. Without the fee increase, the CSLB projects a deficit for the 2011/2012 fiscal year. The motion was approved.

3. Legislative Committee Report

Michael Brown gave an overview of Board sponsored bills. The most significant bill dealt with Mechanic’s Lien Legislation. Board Member Matthew Kelly commended Legislation Chief Michael Brown and industry associate Sam Abdulaziz on their hard work and efforts in conjunction with the Mechanic’s Lien Legislation.

4. Enforcement Committee Report

Committee Chair, Bob Lamb, gave an overview of the Enforcement Committee Report. The CSLB realized a record year in 2008 for proactive enforcement, conducting over 150 sting operations. Mr. Lamb also offered his appreciation to the industry partners.

Mr. Lamb introduced Enforcement Chief, David Fogt, for the Enforcement Program Update. Mr. Fogt highlighted a few of the cases listed under the investigative centers section and referenced the partnership with various other entities such as District Attorneys, etc.

5. Licensing Committee Report

Licensing Committee Chair, Ed Lang, introduced Licensing Chief, Karen Ollinger, to present an overview of the Licensing Program Update. Ms. Ollinger responded to Board Secretary Mitchell’s request for a description of how the CSLB processes applications. Testing Chief, Bob Porter, highlighted the Testing

Division's progress to date. Committee Chair, Lang, concluded the Licensing Committee Report.

6. Public Affairs Committee Report

Committee Chair, Robert Brown, commented on the preliminary results that the focus groups conducted throughout the state, which included contractors and telephone surveys with consumers. He asked Public Affairs Chief, Rick Lopes, to provide an overview of these programs along with a Public Affairs Program Update. Due to the furloughs, many of the events, such as the Senior Scam Stoppers, focus groups, and plans to commemorate the CSLB's 80th anniversary will be downsized.

7. Review and Consideration of Legislation

a. SUPPORT

- i. AB 370 (Eng) Unlicensed Contractors – Increases the maximum penalty for a first-time conviction of contracting without a license from \$1,000 to \$5,000. It also provides for more stringent enhanced penalties.
- ii. AB 457 (Monning) Liens – Requires a lien claimant to commence an action to enforce a lien within 90 days after recording of the claim of lien, and to record a notice of the pendency of the action within 110 days after recording of the claim of a lien.
- iii. AB 1074 (Conway) Contractors: Fraudulent License Numbers – Provides that it is a crime if a person willfully and intentionally uses, with the intent to defraud, any number that does not correspond to the number on a currently valid contractor's license held by that person.
- iv. SB 820 (Senate Business, Professions & Economic Development Committee) Consumer Affairs: Professions and Vocations – Amends professional and vocational provisions regarding fiduciaries, accountants, the Bagley-Keene Open Meeting Act, landscape architects, contractors, funeral directors, real estate agents, automotive repair, and smog check stations.

b. OPPOSE UNLESS AMENDED

- i. AB 449 (Berryhill) Advertising: Prohibition – Prohibits the state from expending any state funds for any form of advertising, notice or publication in a newspaper or other medium, including, but not limited to, any advertising with regard to a public service announcement or community health program, except as specified.
- ii. SB 389 (Negrete McLeode) Professions and Vocations – Requires

licensees of various boards, including the CSLB, who have not previously submitted fingerprints to successfully complete a state and federal level criminal offender record information search. Provides that no license shall be renewed unless the licensee submits evidence that the fingerprints were collected, as specified.

- iii. SB 405 (Cogdill) Contractors: Fire Sprinkler Installation – Requires every contractor licensed by the State as a Class C-16 fire protection contractor to employ at least one fire sprinkler supervisor for the purpose of supervising fire sprinkler installation on any project undertaken by the contractor. Requires the contractor to set up specified training programs for employees relative to the installation of fire sprinkler systems. Authorizes the CSLB to discipline a contractor who fails to comply with these provisions.
- c. Legislation that is being watched is not listed here. We do not believe that much work is going to be done in this area because of the problems in the economy.

II. LICENSING COMMITTEE MEETING

1. Licensing Program Update

- a. License Application Workload
The average number of applications we see per month for the past eight fiscal years showed an unusual increase in the fiscal year 2004/05, attributed to fingerprint requirements, which went into effect in January 2005. The average numbers went anywhere from 1,284 in 2000/01 to a high of 1,897 in 2005, and back down to 1,251 in 2008/09.

The number of applications received in January 2008 through February 2009 ran up and down but appears to have been settled at 1,311.
- b. Fingerprinting/Criminal Background Unit Update
Since the fingerprint program began in January 2005, the CSLB has received more than 177,000 transmittals from the Department of Justice. Of the applicants who were fingerprinted during that time, CSLB's Criminal Background Unit received criminal offender record information for more than 28,000 applicants. This means that the California Department of Justice and/or the Federal Bureau of Investigation reported that the individual had a past criminal conviction.
- c. Licensing Information Center (LIC) Update
The Licensing Information Center continues to strive to provide timely, efficient, and professional services to its customers. In working towards this goal during the past year, the Center established a new position to serve as a trainer and expert resource to the staff.

The training classes have been a huge success with approximately 40 graduates to date.

2. Testing Division Update

a. Testing Center Status

San Diego increased its capacity to 25 by relocating to a new space.

Fresno is relocating to increase capacity and resolve security issues. A new location has been selected and completion is expected in 2010.

Oxnard will require relocating when the current lease expires in August of 2009. A new location has been selected.

b. Testing Division Staffing

The Testing Division has one vacant position.

c. Examination Development

The CSLB has an ongoing responsibility to insure that its licensing examinations are current and relevant, and that all licensed contractors exhibit basic business competency skills. The Examination Development Unit manages this responsibility by insuring that the CSLB's 45 examinations are maintained and updated in accordance with the testing standards, guidelines, and CSLB Regulations.

d. Examination Development Software

The Examination Development Unit continues to work with the CSLB staff to complete the SCORE software system. The database for managing the CSLB's 45 examinations was completed in 2008, with successful conversion of the examination item banks from the existing system into SCORE.

3. Review of Handyman Concept

This was a question as to whether the current law of the Contractors' State License Board provides an exemption from licensure for jobs totaling less than \$500 (labor and material).

In researching the issue, the staff looked at options to address the \$500 exemption by raising the limit and/or establishing a Handyman License/Certification. The option of raising the limit was rejected.

With respect to the Handyman License/Certification market for handymen, industry opposed both options as stated above. Given the current economy, industry contends that licensed contractors are not turning down jobs, big or small. Since the Board's primary mission is to protect consumers, the Board had decided not to take either option. Rather, the better course is educating the public in the importance of hiring only licensed contractors.

III. PUBLIC AFFAIRS COMMITTEE MEETING

1. Media Outreach and Public Awareness Campaign Summary

The Public Affairs Office aggressively distributes news releases to the media, particularly to publicize enforcement actions and undercover sting operations. Five press releases were distributed from January 29, 2009 through March 18, 2009.

2. Media Relations

The Public Affairs Office responded to more than 100 separate media inquiries and gave interviews to newspapers, radio and television stations from November 1, 2008 to January 28, 2009.

3. Media Event

The Enforcement Division's annual spring "California Blitz," which is a series of undercover sting operations over two days in five counties, was attended by media because of the Public Affairs Office's coordination.

Bakersfield hosted a sting on March 11, 2009, where media organization were invited behind the scenes. This footage was available to other TV and radio stations in the Bakersfield area and was covered in both English and Spanish.

On March 12, 2009, there was a media event in Visalia announcing the statewide blitz results focusing on two Tulare County stings. This was covered on local stations as well.

4. Industry Bulletin Outreach

The Public Affairs Office continues to send out Industry Bulletins by email to over 200 different people and groups. These bulletins are done on an as needed basis to alert industry members of important news.

5. "Ask the Board"

Monthly columns are distributed to newspapers around California in English and Spanish. So far, the "Ask the Board" column has run in at least 18 publications reaching almost 500,000 people with each issue.

6. Advertising/Public Relations Contract

a. Research

Astone/Crocker/Flanagan, the CSLB's contracted advertising/public relation firm, completed its public opinion survey that was conducted to gather information about consumers' attitudes, perceptions and behaviors regarding repairs and hiring contractors, and to determine a benchmark assessing consumer knowledge and awareness of the CSLB and how it

serves California consumers. This was done prior to the launch of the CSLB's advertising campaign. In November and December of 2008, 800 homeowners in Los Angeles, Sacramento, San Diego and the San Francisco Bay Area were surveyed.

- b. Focus Group Research
Two focus group research sessions (one in English and one in Spanish) were conducted in January in Fresno, Sacramento, Encino and San Diego. The focus group included licensed contractors that were asked about various things from competition with unlicensed contractors to their feelings about the CSLB.
- c. "Rebuilding After a Disaster"
A new video is being produced to help guide victims through the rebuilding process after natural disasters. Copies will be available to victims, local broadcast outlets and will also be on the CSLB website.

7. CSLB Publications

The CSLB has numerous publications that are in the production process. The brochures are now numbered for inventory and tracking purposes. There will be a two-year production cycle for all brochures wherein each document will be reviewed every two years or sooner, to make sure that consumers and contractors are receiving the most current information and guidelines.

8. California Contractors License Law & Reference Book

This book describes the legal requirements affecting contracts and contains a complete list of all laws and regulations in effect as of January 1, 2009.

9. Senior Scam Stopper/Community Events/Speakers Bureau

Many seminars, presentations and events took place between January and March 2009 to inform and empower seniors.

10. Sting Operations/Press Releases

- a. Phony contractors face felony charges after Contractors' State License Board undercover sting operation. The sting operation targeted violators in Santa Barbara County in a declared disaster area.
- b. Illegal contractors rounded up in Monterey County sting. The undercover enforcement operation targeted chronic law-breakers.
- c. Quick work leads to arrest in Fresno County paving scam. The Contractors' State License Board urges additional victims to come forward.
- d. Contractors' State License Board issues Red Alert for Green Scam. The Board warns consumers to watch out for crooked solar installers.
- e. Contractors' State License Board more than 100 in statewide undercover sting operations. Unlicensed operators targeted in simultaneous five-

county "California Blitz."

11. Reality TV Show Proposal

The CSLB has been approached with the possible conception of a docu-reality television cable show that would follow undercover sting operations. This could serve to educate consumers as well as be a warning for unlicensed contractors. Staff recommends getting the Committee's approval to move forward with the project.

12. Advertising in CSLB Publications

The Office of State Publishing has authority to accept paid advertisements in state publications to help offset the cost of printing. Numerous state agencies have taken advantage of the advertising program, including the Department of Motor Vehicles which has saved 19.4% on their English Driver Handbook. The Board would have to weigh any potential downside created by the necessary limitation of advertisements and whether the printing offset, which is estimated to be 5% for the CSLB, would warrant going forward with the program. The staff recommends not moving ahead with advertising in CSLB publications.

13. Strategic Plan Update

The Communication & Education Action Plan Goal is to educate consumers to make informed choices about construction services and to ensure that licensed contractors strengthen their technical management and service skills. The Public Affairs Committee meets this goal by:

- Informing the public about the role and function of the CSLB;
- Educating the public about their rights and responsibilities in the contracting process;
- Educating contractors about building codes, construction methods, and business practices; and
- Ensuring that contractors understand their professional obligations and responsibilities.

IV. TENTATIVE SCHEDULE

The next CSLB Board Meeting / Strategic Planning Session will be held at the Monterrey Beach Hotel in Monterrey on April 23-24, 2009.

Attorney Sam Abdulaziz of Abdulaziz, Grossbart & Rudman has been practicing construction law for over 30 years. He has written a book called "California Construction Law" which is updated annually. He represents numerous construction trade associations and contractors. He appears at Contractors State License Board meetings and has argued a number of cases before the appellate courts, including the California Supreme Court dealing with the "Pay-If-Paid Clause." Abdulaziz, Grossbart & Rudman provides this information as a service to its friends & clients. The documents are of a general nature and are intended to highlight areas of the subject matter and should not be used as a substitute for legal advice. It is intended to highlight the areas being discussed. This document does not create an attorney-client relationship, or protect any confidential information until a written agreement is signed. You should seek the aid and advice of a competent attorney, accountant and/or other professional instead of relying on the presentation and/or documents. Sam Abdulaziz can be reached at Abdulaziz, Grossbart & Rudman, P.O. Box 15458, North Hollywood, CA 91615-5458; (818) 760-2000, Facsimile (818) 760-3908; or by E-Mail at info@agrlaw.net. On the Internet, visit our Website at www.agrlaw.net

