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10 **BEFORE THE**
11 **REGISTRAR OF CONTRACTORS**
12 **CONTRACTORS' STATE LICENSE BOARD**
13 **DEPARTMENT OF CONSUMER AFFAIRS**
14 **STATE OF CALIFORNIA**

14 In the Matter of the Accusation Against:

Case Nos. N2012-427 and N2012-265

15 **JAMES ELLIS CONTRACTING**
13234 Ironbark Way
16 Poway, CA 92064

17 **JAMES GREGORY ELLIS, Sole Owner**

18 **Contractor's License No. 843708, B**

19 **AND**

20 **KITCHEN AND BATH RENOVATIONS INC**
748 South Vinewood Street, #C
21 Escondido, CA 92029

22 **JAMES GREGORY ELLIS, RMO**
[disassociated 9-5-11]
23 **CYNTHIA LEE LANHAM, CEO/Pres.**

24 **Contractor's License No. 958752, B**

25 Respondent.

A C C U S A T I O N

27 Complainant alleges:

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PARTIES

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

2. On or about July 29, 2004, the Registrar of Contractors issued Contractor's License Number 843708, classification B (general contracting) to James Ellis Contracting ("Respondent"), with James Gregory Ellis as Sole Owner. Said License was in full force and effect at all times relevant to the charges brought herein and will expire on November 30, 2013, unless renewed.

3. On or about March 14, 2011, the Registrar of Contractors issued Contractor's License Number 958752, classification B (general contracting) to Kitchen and Bath Renovations Inc ("Respondent"), with James Gregory Ellis as RMO and Cynthia Lee Lanham as CEO/Pres. Said license was in full force and effect at all times relevant to the charges brought herein and expired under suspension on March 31, 2013 as set forth below:

Suspension Date:	Violation:	Status:
12/4/2011	Business and Professions Code section 7068 (lack of qualifier)	Suspension remains in effect.
05/03/2012	Code of Civil Procedure section 996.340 (contractor's bond)	Suspension remains in effect.
11/22/2012	Business and Professions Code section 7071.11 (bond payment of claim)	Suspension remains in effect.
03/07/2013	Business and Professions Code section 7071.11 (bond payment of claim)	Suspension remains in effect.

JURISDICTION

4. This Accusation is brought before the Registrar of Contractors (Registrar) for the Contractors' State License Board, Department of Consumer Affairs, under the authority of the following laws. All section references are to the Business and Professions Code unless otherwise indicated.

5. 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.

1 6. Code section 7095 provides, in pertinent part, that the Registrar in making his order
2 may:

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

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

7 (c) Impose upon the licensee compliance with such specific conditions as may be just in
8 connection with its operations as a contractor disclosed at the hearing, and may further provide
9 that until such conditions are complied with, no application for restoration of the suspended or
10 revoked licensee shall be accepted by the Registrar.

11 7. Code section 7097 states:

12 Notwithstanding the provisions of Sections 7121 and 7122, when any
13 licensee has been suspended by a decision of the registrar pursuant to an
14 accusation or pursuant to subdivision (b) of Section 7071.17, Section 7085.6 or
15 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.

16 8. Code section 7098 states:

17 Notwithstanding the provisions of Sections 7121 and 7122, when any
18 license has been revoked under the provisions of this chapter [the Contractors'
19 State License Law], any additional license issued under this chapter in the name
20 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.

21 9. Code section 7106.5 states:

22 The expiration, cancellation, forfeiture, or suspension of a license by
23 operation of law, or by order or decision of the registrar or a court of law, or the
24 voluntary surrender of a license by a licensee shall not deprive the registrar of
25 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.

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10. Code section 7121 states:

Any 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 member, officer, director, or associate of any partnership, corporation, 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 member, officer, director, 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, or qualifying individual of a licensee, and the employment, election, or association of this type of person by a licensee in any capacity other than as a non-supervising bona fide employee shall constitute grounds for disciplinary action.

11. Code section 7121.5 states:

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.

12. Code section 7122.5 states:

The performance by any individual, partnership, corporation, firm, or association of any act or omission constituting a cause for disciplinary action, likewise constitutes a cause for disciplinary action against any licensee who at the time such act or omission occurred was the responsible managing employee, qualifying partner, responsible managing officer, or qualifying member of such individual, partnership, corporation, firm, or association, whether or not he had knowledge of or participated in the prohibited act or omission."

STATUTORY PROVISIONS

13. Code section 7107 states:

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

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1 14. Code section 7109(a) states:

2 Willful departure in any material respect from accepted trade standards
3 for good and workmanlike construction constitutes a cause for disciplinary
4 action, unless the departure was in accordance with plans and specifications
5 prepared by or under the direct supervision of an architect.

6 15. Code section 7109(b) states:

7 A willful departure from or disregard of plans or specifications in any
8 material respect, which is prejudicial to another, without the consent of the
9 owner or his or her duly authorized representative, and without the consent of
10 the person entitled to have the particular construction project or operation
11 completed in accordance with such plans or specifications, constitutes a cause
12 for disciplinary action.

13 16. Code section 7110 states, in pertinent part:

14 Willful or deliberate disregard and violation of the buildings laws of the
15 state, . . . constitutes a cause for disciplinary action.

16 17. Code section 7113 states:

17 Failure in a material respect on the part of a licensee to complete any
18 construction project or operation for the price stated in the contract for such
19 construction project or operation or in any modification of such contract
20 constitutes a cause for disciplinary action.

21 18. Code Section 7125.4 states:

22 (a) The filing of the exemption certificate prescribed by this article that is
23 false, or the employment of a person subject to coverage under the workers'
24 compensation laws after the filing of an exemption certificate without first
25 filing a Certificate of Worker's Compensation Insurance or Certification of
26 Self-Insurance in accordance with the provisions of this article, or the
27 employment of a person subject to coverage under the workers' compensation
28 laws without maintaining coverage for that person, constitutes a cause for
disciplinary action.

(b) Any qualifier for a license who, under Section 7068.1 is responsible
for assuring that a licensee complies with the provisions of this chapter, is also
guilty of a misdemeanor for committing or failing to prevent the commission of
any of the acts that are cause for disciplinary action under this section.

19. Code section 7154 states:

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

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1 20. Code section 7159 states:

2 (a)(5) Failure by the licensee, his or her agent or salesperson, or by a
3 person subject to be licensed under this chapter, to provide the specified
4 information, notices, and disclosures in the contract, or to otherwise fail to
5 comply with any provision of this section, is cause for discipline.

6

7 (e) Except as provided in paragraph (8) of subdivision (a) of Section
8 7159.5, all of the following notices shall be provided to the owner as part of the
9 contract form as specified or, if otherwise authorized under this subdivision,
10 may be provided as an attachment to the contract:

11

12 (e)(2) A notice concerning workers' compensation insurance. This
13 notice may be provided as an attachment to the contract if the contract includes
14 the statement: "A notice concerning workers' compensation insurance is
15 attached to this contract." The notice shall include the heading "Workers'
16 Compensation Insurance" followed by whichever of the following statements is
17 correct:

18 (e)(2)(A) "(The name on the license or 'This contractor') has no
19 employees and is exempt from worker's compensation requirements."

20 (e)(2)(B) "(The name on the license or 'This contractor') carries
21 worker's compensation insurance for all employees."

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23 (e)(4) A notice with the heading "Mechanics' Lien Warning."

24 (e)(5) The following notice shall be provided in at least 12-point
25 typeface: "Information about the Contractors' State License Board (CSLB):"
26 CSLB is the state consumer protection agency that licenses and regulates
27 construction contractors.

28 (e)(6) The notice set forth in subparagraph (B) and entitled "Three-Day
Right to Cancel," shall be provided to the buyer.

21. Code section 7159.5, states, in pertinent part:

 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, who is licensed or subject to be licensed
pursuant to this chapter with regard to the transaction.

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

1 (3) If a down payment will be charged, the down payment may not
2 exceed one thousand dollars (\$1,000) or 10 percent of the contract amount,
3 whichever is less.

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

7 **COST RECOVERY/RESTITUTION**

8 22. Section 125.3 of the Code provides, in pertinent part, that the Board may request the
9 administrative law judge to direct a licentiate found to have committed a violation or violations of
10 the licensing act to pay a sum not to exceed the reasonable costs of the investigation and
11 enforcement of the case, with failure of the licentiate to comply subjecting the license to not being
12 renewed or reinstated. If a case settles, recovery of investigation and enforcement costs may be
13 included in a stipulated settlement.

14 23. Section 11519, subdivision (d), of the Government Code states, in pertinent part, that
15 the Registrar may require restitution of damages suffered as a condition of probation in the event
16 probation is ordered.

17 **MILLER PROJECT**

18 24. On or about November 20, 2009, Steven Miller (Miller) entered into a contract with
19 James Gregory Ellis (Respondent), the Sole Owner of James Ellis Contracting, CSLB License
20 No. 843708, to remodel his home located at 7753 Backer Road, San Diego, CA 92126, which
21 included a second story addition, for the contract price of \$160,000.

22 25. A change order in the amount of \$9,259 to add windows, brought the contract price
23 up to \$169,259. Respondent requested and received a down payment of \$2,000 prior to the
24 signing of the contract, and requested and received an excessive progress payment of \$18,000 on
25 November 20, 2009 for plans and permits. The contract was presented to Miller by unregistered
26 salesperson Carlos Romero (Romero), who presented himself as the manager and director of
27 Kitchen & Bath Renovations and told Miller that Respondent worked for Romero. Respondent
28 admitted to a CSLB investigator that Romero managed the Miller project.

1 26. Respondent was present for the first two meetings with Miller and Romero, and
2 Miller communicated mainly with Romero throughout the project. Respondent did all of the
3 framing himself and performed most of the work. Respondent had laborers on the project while
4 he had on file with the Registrar a worker's compensation exemption between December 1, 2008
5 and March, 2012.

6 27. Work began on or about January 10, 2010 and was last performed on or about
7 March 1, 2011. The original contract called for a 1,600 square foot addition and work began
8 before the plans were obtained, and in January of 2010, the parties found out that the addition
9 could only be 1,200 square feet. The contract was for \$160,000 or \$100 per square foot, yet the
10 amount was not reduced with the reduction of square footage. Miller was assured by Romero,
11 Respondent's representative, that Miller and his roommate would be able to live in the home
12 while the construction took place, but had to move out in February of 2010. Miller was told by
13 Romero that the project would take a total of four months and the contract stated the project
14 would take six months, yet Miller had to rent elsewhere for eighteen months.

15 28. Permits were pulled and per plans, concrete reinforcements were necessary in three
16 separate places. In order to accomplish the installation of support beams for the new
17 construction, Respondent completely demolished Miller's kitchen. The demolition of Miller's
18 kitchen was never mentioned during the contract negotiations and when Miller complained, he
19 was verbally assured by Romero that Miller was going to receive a brand new kitchen. Miller's
20 understanding was that the new kitchen would be installed at no extra cost.

21 29. In December of 2010, two balconies built by Respondent leaked after the rains came,
22 and both sets of doors in the master bedroom and living room also leaked with every rain. Water
23 leaked into the two downstairs bedrooms and into the kitchen downstairs. Respondent had to
24 replace drywall and Romero performed mold remediation. The manufacturer of the doors
25 informed Miller that because of faulty installation of the doors, the warranty was voided.
26 Respondent installed/reinstalled the doors a total of three times. Miller paid Respondent a total of
27 \$150,000 on the contract and Respondent stopped showing up at the project because Respondent
28 claimed Miller owed him money for a lot of extras. Miller only approved one change order for

1 the windows, and Miller paid the manufacturer of the windows directly a total of \$9,259 on his
2 credit card. At one point Romero attempted to have Miller sign a change order for an additional
3 footing, which Miller refused to sign because Miller felt it should have been included in the
4 original contract.

5 30. Between December 2010 and approximately February 2011, the majority of the work
6 performed by Respondent and Romero was fixing leaks and mold remediation. Respondent
7 himself performed the framing of the second story addition and was on the project for
8 approximately six months. During the last six months of the project, Miller saw Respondent only
9 once.

10 31. Miller hired McNally Remodeling Corporation (McNally) to repair and complete
11 some of Respondent's work, which included deck replacement, removal/replacement of stucco,
12 waterproofing, patio replacement, precast cement wall caps, and flooring, and paid McNally the
13 amount of \$18,432. McNally completed the work in November of 2011. On or about
14 December 28, 2011, a Board industry expert inspected the Miller project and opined that
15 Respondent failed to complete several items per the contract, and found that Respondent deviated
16 from accepted trade standards. The industry expert further opined that it would cost Miller an
17 additional \$51,879.44 to correct and complete the project. The financial injury is set at
18 \$60,311.44 and calculated as follows:

Total paid on the contract	\$159,259.00
Paid to McNally for correction	\$ 18,432.00
IE estimate to correct/complete	<u>\$ 51,879.44</u>
Subtotal	\$229,570.44
Less original contract price	<u>\$169,259.00</u>
Financial injury	\$ 60,311.44

FIRST CAUSE FOR DISCIPLINE

(Abandonment)

25 32. Respondent has subjected his contractor's license to disciplinary action under Code
26 section 7107, in that in or about March 2011, Respondent abandoned the Miller project without
27 legal excuse, leaving the following work incomplete:
28

- 1 a. Respondent failed to install electrical box covers.
- 2 b. Respondent failed to complete drywall installation in garage.
- 3 c. Respondent failed to install complete deck water drainage system in accordance with
- 4 site plan directive.
- 5 d. Respondent failed to complete door installation in laundry room.
- 6 e. Respondent failed to install shelf and pole system in three ground floor closets.
- 7 f. Respondent failed to install laundry room entry door.
- 8 g. Respondent failed to provide exit vent for dryer.
- 9 h. Respondent failed to install sectional wet bar in second story entertainment room.
- 10 i. Respondent failed to install floor molding and door threshold materials between
- 11 adjacent room finish floor intersections.
- 12 j. Respondent failed to complete gas/electric fireplace installation.
- 13 k. Respondent failed to install HVAC vent registers in master bedroom and
- 14 entertainment room.
- 15 l. Respondent failed to install swing door system for furnace storage room.
- 16 m. Respondent failed to complete master suite bathroom: shower stall, double sink,
- 17 Jacuzzi tub, commode door, finish floor, finish wall surface, electrical/plumbing.
- 18 n. Respondent failed to install complete guest bathroom: water closet, sink, finish
- 19 electrical/plumbing.
- 20 o. Respondent failed to complete concrete wall caps.
- 21 p. Respondent failed to complete hardwood flooring on stairs.

22 **SECOND CAUSE FOR DISCIPLINE**

23 **(Departure from Accepted Trade Standards)**

24 33. Respondent has subjected his contractor's license to disciplinary action under Code

25 section 7109, subdivision (a), in that on the Miller project, Respondent willfully departed from

26 accepted trade standards for good and workmanlike construction in the following respects:

- 27 a. Respondent failed to satisfactorily conceal drain/waste pipe material; plumbing pipes
- 28 are hung on inside wall of garage.

- b. Respondent failed to provide consistent stucco surface along new exterior wall surfaces and failed to remove stucco remnants from fence, CMU wall, and aggregate deck. There are several discernible cracks, high spots, and depressions along stuccoed exterior walls.
- c. Respondent failed to adequately locate downspout away from main corridor.
- d. Respondent failed to correctly configure internal wiring connections for ceiling fan in master bedroom.
- e. Respondent failed to eliminate gaps along two window frames in kitchen.
- f. Respondent failed to adjust sliding screen door, which results in excessive effort to operate.
- g. Respondent failed to repair water infiltration staining.
- h. Respondent failed to install the correct deck flashing; installed 4" high material instead of 6" high flashing.
- i. Respondent failed to use sill plan for deck which is approved method in waterproofing a deck.
- j. Respondent failed to properly flash doors on deck.
- k. Respondent failed to build wall in laundry room with correct dimensions to allow for a swing door to be installed and functional with appliances in place.

THIRD CAUSE FOR DISCIPLINE

(Failure to Complete the Project for Price Stated in Contract)

34. Respondent has subjected his contractor's license to disciplinary action under Code section 7113, in that Respondent failed in a material respect to complete the Miller project for the contract price and Miller was or will be required to spend a substantial sum in excess of the contract price to complete the project in accordance with the contract.

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1 **FOURTH CAUSE FOR DISCIPLINE**

2 **(Filed False Worker's Compensation Exemption)**

3 35. Respondent has subjected his contractor's license to disciplinary action under Code
4 section 7125.4 in that on the Miller project, he had on file with the Registrar an exemption from
5 Worker's Compensation, while he had workers perform work on the Miller project. Said
6 exemption shows a lapse in Worker's Compensation Insurance from December 1, 2008 through
7 March 26, 2012.

8 **FIFTH CAUSE FOR DISCIPLINE**

9 **(Employed Unregistered Salesperson)**

10 36. Respondent has subjected his contractor's license to disciplinary action under Code
11 section 7154 in that on the Miller project, Respondent employed unregistered salesperson Carlos
12 Romero to sell the contract.

13 **SIXTH CAUSE FOR DISCIPLINE**

14 **(Violations of the Home Improvement Contract Form)**

15 37. Respondent has subjected his contractor's license to disciplinary action under Code
16 section 7159, in that on the Miller project, Respondent failed to comply with the provisions of
17 this Code, as follows:

18 a. Subdivision (a)(5): Respondent failed to provide the specified information, notices,
19 and disclosures in the contract, or otherwise failed to comply with any provision of this section.

20 b. Subdivision (e)(2): Respondent failed to include a notice concerning worker's
21 compensation insurance.

22 c. Subdivision (e)(4): Respondent failed to provide a notice of the mechanic's lien
23 warning.

24 d. Subdivision (e)(5): Respondent failed to provide a notice of complaint referral to the
25 CSLB, including an address.

26 e. Subdivision (e)(6): Respondent failed to provide a notice of 3-day right to cancel.

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1 **SEVENTH CAUSE FOR DISCIPLINE**

2 38. Respondent has subjected his contractor's license to disciplinary action under Code
3 section 7159.5, in that on the Miller project, Respondent failed to comply with the provisions of
4 this Code, as follows:

5 a. Subdivision (a)(3): Respondent requested and received a down payment of \$2,000,
6 an amount which exceeds \$1,000 or the maximum down payment of 10% of the contract amount,
7 whichever is less.

8 b. Subdivision (a)(5): Respondent abandoned the Miller project after having received
9 \$159,259 (this amount includes \$9,259 for the windows) from Miller, and leaving approximately
10 \$60,000 worth of work yet to be completed and/or corrected.

11 **DEAN PROJECT**

12 39. On or about June 30, 2011, Mary Jane Dean (Dean) entered into a written contract
13 with James Gregory Ellis (Respondent), the RMO of Kitchen and Bath Renovations Inc, CSLB
14 License No. 958752, to remodel her kitchen, add a bay window, and provide new kitchen
15 appliances at her home located at 4380 Huggins Street, San Diego, CA 92122, for the contract
16 price of \$41,350. A change order in the amount of \$300 to add 1 recessed can light in the pantry
17 and 2 recessed can lights inside the bay window increased the contract price to \$41,650. The
18 contract was sold by Zach Widdes, an unregistered salesperson.

19 40. Work began on or about August 1, 2011 and was last performed on or about
20 October 3, 2011. Respondent had several workers on the project while having on file with the
21 Registrar an exemption from Worker's Compensation. Respondent failed to obtain a building
22 permit for the Dean project. Per the contract, the project was to be completed by September 16,
23 2011. Dean sent several e-mails to Respondent and made several telephone calls regarding the
24 completion of her kitchen, as she had already paid Respondent \$38,215, leaving only the balance
25 of \$3,435 that was to be paid upon completion of the project, and when several items remained to
26 be completed and/or corrected. On August 30, 2011, Respondent told Dean that Carlos Romero
27 (Romero) would be out to take measurements and a "Rafael" would be doing the stucco and
28 painting. The cabinet framing was put in but no further progress was made with regard to the bay

1 window. The cabinets were to be Maple but were built out of Alder wood instead, thus deviating
2 from the type of wood specified on the contract. On or about October 4, 2011, Dean sent Romero
3 an e-mail regarding completion of her kitchen and Romero told her he was short of workers and
4 would do what he could to complete the project. On or about October 13, 2011, Dean received an
5 e-mail from Respondent advising her that he had disassociated from Kitchen and Bath
6 Renovations and that he had his own license (James Ellis Contracting, CSLB License
7 No. 843708), but did nothing to complete the Dean project. Dean e-mailed Romero and gave him
8 until December 8, 2011 to complete the project, and Romero responded that he was working on
9 another project. Respondent disassociated as RMO from CSLB License No. 958752 issued to
10 Kitchen and Bath Renovations Inc on September 5, 2011.

11 41. On or about December 23, 2011, Dean hired Lars Remodeling Design to correct and
12 complete her kitchen project for the contract price of \$49,000. Correcting contractor Jason
13 Larson (Larson) of Lars Remodeling & Design was interviewed by a Board investigator and
14 explained that when he came to the Dean project, he found that the previous contractor
15 (Respondent) built the cabinetry boxes only with no cabinet doors, drawers, or hardware, and that
16 the cabinets consisted of frames only. Larson opined that Respondent completed approximately
17 20% of the project and that the work completed by Respondent had defects, such as the sink
18 cabinet was 2" smaller than required, the walk-in pantry was built inadequately requiring the
19 homeowner to enter through an 18" door, and the pantry had to be reframed. Larson also found
20 that the work completed was not permitted and that in order to do the work, he had to remove the
21 kitchen cabinet boxes, remove the tile in the new kitchen pantry, and remove the floor tile out to
22 the hallway in order to remodel the kitchen, and that Larson basically had to tear everything out
23 and start from scratch. Larson further explained to the investigator that once he took out the
24 cabinet shells, he found there was electrical work that was not done correctly. A subcontractor
25 hired by Larson found that all the electrical were placed on one 15 amp circuit when the
26 requirement is 6- 15 amp circuit. Larson also found that the cabinet boxes were built out of Alder
27 wood, not the Maple wood Dean had contracted for.

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1 42. On or about January 2, 2012, Dean hired Premium Roof Services Inc to install the
2 bay window, install a vent pipe for the stove, reflash the entire roof, and put a roof over the bay
3 window for the contract price of \$1,200. Correcting contractor Gunnar Jacobson (Jacobson) of
4 Premium Roof Services Inc told the CSLB investigator that he had to take out a portion of the
5 existing roof in order to extend it out for the bay window, that he reflashed the entire roof because
6 the flashing needed repair, that he completed the installation of the vent pipe for the stove, and
7 that there was no indication that anyone even attempted to install the vent pipe. Jackson found
8 that no prior work was done to the roof or the bay window. The financial injury is set at
9 \$45,116.40 and calculated as follows:

Total paid on the contract	\$ 38,215.00
Paid to Premium Roof Services	\$ 1,200.00
Paid to Lars Remodeling	<u>\$ 49,000.00</u>
Subtotal	\$ 88,415.00
Less original contract price	\$ 41,650.00
Less Bond Payout	<u>\$ 1,648.60</u>
Financial injury	\$ 45,116.40

15 **EIGHTH CAUSE FOR DISCIPLINE**

16 **(Abandonment)**

17 43. Respondent has subjected his contractor's license to disciplinary action under Code
18 section 7107, in that in or about October 3, 2011, Respondent abandoned the Dean project
19 without legal excuse, leaving the following work incomplete:

- 20 a. Respondent failed to finish the installation of kitchen cabinets, installing only the
21 frames.
- 22 b. Respondent failed to install a bay window.
- 23 c. Respondent failed to install appliances.
- 24 d. Respondent failed to install granite countertops.
- 25 e. Respondent failed to paint the kitchen and eating area.
- 26 f. Respondent failed to install vent pipe for stove.

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1 **TWELFTH CAUSE FOR DISCIPLINE**

2 **(Filed False Worker's Compensation Exemption)**

3 47. Respondent has subjected his contractor's license to disciplinary action under Code
4 section 7125.4 in that on the Dean project, he hired workers for the project when he had on file
5 with the Registrar a Worker's Compensation exemption.

6 **THIRTEENTH CAUSE FOR DISCIPLINE**

7 **(Employed Unregistered Salesperson)**

8 48. Respondent has subjected his contractor's license to disciplinary action under Code
9 section 7154 in that on the Dean project, Respondent employed unregistered salesperson Zach
10 Widdes to sell the contract.

11 **FOURTEENTH CAUSE FOR DISCIPLINE**

12 **(Violations of the Home Improvement Contract Form)**

13 49. Respondent has subjected his contractor's license to disciplinary action under Code
14 section 7159, in that on the Dean project, Respondent failed to comply with the provisions of this
15 Code, as follows:

16 a. Subdivision (c)(2): Respondent failed to include a notice concerning worker's
17 compensation insurance.

18 **OTHER MATTERS**

19 50. Pursuant to Code sections 7097 and 7098, if Contractor's License Number 843708
20 issued to James Ellis Contracting, with James Gregory Ellis as Sole Owner, is suspended or
21 revoked by a decision of the Registrar, the Registrar may suspend or revoke, without notice, any
22 other license issued in the name of James Gregory Ellis or for which James Gregory Ellis
23 furnished the qualifying experience and appearance.

24 51. Pursuant to Code sections 7097 and 7098, if Contractor's License Number 958752
25 issued to Kitchen and Bath Renovations Inc, with James Gregory Ellis as RMO and Cynthia Lee
26 Lanham as CEO/President, is suspended or revoked by a decision of the Registrar, the Registrar
27 may suspend or revoke, without notice, any other license issued in the name of James Gregory
28

1 Ellis and/or Cynthia Lee Lanham, or for which James Gregory Ellis and/or Cynthia Lee Lanham
2 furnished the qualifying experience and appearance.

3 52. Pursuant to Code section 7121, if discipline is imposed on Contractor's License
4 Number 843708 issued to James Ellis Contracting and/or Contractor's License Number 958752
5 issued to Kitchen and Bath Renovations Inc, then James Gregory Ellis and Cynthia Lee Lanham
6 shall be prohibited from serving as officers, directors, associates, partners, or qualifying
7 individuals of any licensee during the time the discipline is imposed, and any licensee which
8 employs, elects, or associates James Gregory Ellis and/or Cynthia Lee Lanham in any capacity
9 other than as a non-supervising bona fide employees shall be subject to disciplinary action.

10 53. Pursuant to Code section 7121.5, if discipline is imposed on Contractor's License
11 Number 843708 issued to James Ellis Contracting and/or Contractor's License Number 958752
12 issued to Kitchen and Bath Renovations Inc, then James Gregory Ellis and Cynthia Lee Lanham
13 shall be prohibited from serving as officers, directors, associates, partners, or qualifying
14 individuals of any licensee during the time the discipline is imposed, whether or not they had
15 knowledge or participated in the acts or omissions constituting grounds for discipline, and any
16 licensee which employs, elects, or associates James Gregory Ellis and/or Cynthia Lee Lanham
17 shall be subject to disciplinary action.

18 54. James Gregory Ellis and Cynthia Lee Lanham, while serving as officers of James
19 Ellis Contracting and/or Kitchen and Bath Renovations Inc, had knowledge of or participated in
20 the acts or omissions which constitute cause for discipline against James Ellis Contracting and
21 Kitchen and Bath Renovations Inc.

22 PRAYER

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

25 1. Revoking or suspending Contractor's License Number 843708 issued to James Ellis
26 Contracting, with James Gregory Ellis as Sole Owner;

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1 2. Revoking or suspending Contractor's License Number 958752 issued to Kitchen and
2 Bath Renovations Inc, with James Gregory Ellis as RMO and Cynthia Lee Lanham as
3 CEO/President;

4 3. Revoking or suspending any other license for which James Gregory Ellis and/or
5 Cynthia Lee Lanham are furnishing the qualifying experience or appearance;

6 4. Prohibiting James Gregory Ellis and Cynthia Lee Lanham from serving as officers,
7 directors, associates, partners, or qualifying individuals of any licensee during the period that
8 discipline is imposed on Contractor's License Numbers 843708 and 958752 issued to James Ellis
9 Contracting and Kitchen and Bath Renovations Inc, respectively;

10 5. Ordering restitution of all damages according to proof suffered by Steven Miller as a
11 condition of probation in the event probation is ordered;

12 6. Ordering restitution of all damages suffered by Steven Miller as a result of James
13 Gregory Ellis' conduct as a contractor, as a condition of restoration of Contractor's License
14 Number 843708 issued to James Ellis Contracting;

15 7. Ordering restitution of all damages according to proof suffered by Mary Jane Dean as
16 a condition of probation in the event probation is ordered;

17 8. Ordering restitution of all damages suffered by Mary Jane Dean as a result of James
18 Gregory Ellis' and Cynthia Lee Lanham's conduct as contractors, as a condition of restoration of
19 Contractor's License Number 958752 issued to Kitchen and Bath Renovations Inc;

20 9. Ordering James Gregory Ellis, Sole Owner of James Ellis Contracting, to pay the
21 Registrar of Contractors his costs in the investigation and enforcement of the case according to
22 proof at the hearing, pursuant to Code section 125.3;

23 10. Ordering James Gregory Ellis, RMO, and Cynthia Lee Lanham, CEO/President, of
24 Kitchen and Bath Renovations Inc , to pay the Registrar of Contractors his costs in the
25 investigation and enforcement of the case according to proof at the hearing, pursuant to Code
26 section 125.3;

27 ///

28 ///

1 11. Ordering James Gregory Ellis and Cynthia Lee Lanham to provide the Registrar with
2 a listing of all contracting projects in progress and the anticipated completion date of each; and

3 12. Taking such other and further action as deemed necessary and proper.

4
5 DATED: August 6, 2013 for Heather Henderson

WOOD ROBINSON

Enforcement Supervisor I

Contractors' State License Board

Department of Consumer Affairs

State of California

Complainant

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