

1 KAMALA D. HARRIS
Attorney General of California
2 ALFREDO TERRAZAS
Senior Assistant Attorney General
3 JAMES M. LEDAKIS
Supervising Deputy Attorney General
4 State Bar No. 132645
110 West "A" Street, Suite 1100
5 San Diego, CA 92101
P.O. Box 85266
6 San Diego, CA 92186-5266
Telephone: (619) 645-2105
7 Facsimile: (619) 645-2061
Attorneys for Complainant

8
9 **BEFORE THE**
REGISTRAR OF CONTRACTORS
10 **CONTRACTORS' STATE LICENSE BOARD**
DEPARTMENT OF CONSUMER AFFAIRS
11 **STATE OF CALIFORNIA**

12 In the Matter of the Accusation Against:

Case No. N2013-126

13 **GOLD COAST ENTERPRISES**
220 Newport Center Drive, #11-630
14 Newport Beach, CA 92660

A C C U S A T I O N

15 **DANIEL QUINN MEHLOS, RMO**
[disassociated 6/29/11]
16 **TRACY BRENT TROY, RMO/CEO/Pres.**
[effective 6/29/11]
17 **CYNTHIA MARY TROY, Officer**

18 **Contractor's License No. 856231, B**

19
20 **Respondent.**

21 **Affiliated Licenses:**

22 **D Q M DEVELOPMENT**
P. O. Box 4324
23 **Big Bear Lake, CA 92315**

24 **DANIEL QUINN MEHLOS, Sole Owner**

25 **Contractor's License No. 965492, B**
26
27
28

1 **Affiliated Licenses: (Cont'd)**

2 **C D M DEVELOPMENT INC**
3 **3334 East Coast Highway #436**
4 **Corona Del Mar, CA 92625**

5 **TRACY BRENT TROY, RMO, CEO/Pres.**
6 **CYNTHIA MARY TROY, Officer**
7 **DANIEL QUINN MEHLOS, Officer**
8 **[disassociated 10/24/11]**

9 **Contractor's License No. 965162, B**

10 Respondent.

11 Complainant alleges:

12 **PARTIES**

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

16 2. On or about March 23, 2005, the Registrar of Contractors issued Contractor's
17 License Number 856231 to Gold Coast Entreprises; Daniel Quinn Mehlos, RMO; Tracy Brent
18 Troy, Officer; Cynthia Mary Troy, Officer (Respondent). On or about June 29, 2011, Daniel
19 Quinn Mehlos disassociated from the license and Tracy Brent Troy became the RMO/CEO/Pres.
20 The Contractor's License expired on March 31, 2013, and has not been renewed.

21 3. On or about September 12, 2011, the Registrar of Contractors issued Contractor's
22 License Number 965492 to D Q M Development; Daniel Quinn Mehlos, Sole Owner. The license
23 will expire on September 30, 2015, unless renewed.

24 4. On or about September 1, 2011, the Registrar of Contractors issued Contractor's
25 License Number 965162 to C D M Development Inc; Tracy Brent Troy, RMO/CEO/Pres.; Daniel
26 Quinn Mehlos, Officer; Cynthia Mary Troy, Officer. On or about October 24, 2011, Daniel Quinn
27 Mehlos disassociated from the license. The license will expire on September 30, 2015, unless
28 renewed.

///

1 Notwithstanding the provisions of Sections 7121 and 7122, when any
2 license has been revoked under the provisions of this chapter [the Contractors' State
3 License Law], any additional license issued under this chapter in the name of the
4 licensee or for which the licensee furnished qualifying experience and appearance
5 under the provisions of Section 7068, may be revoked by the registrar without further
6 notice.

7 11. Section 7106.5 of the Code provides, in pertinent part, that the expiration,
8 cancellation, forfeiture, or suspension of a license by operation of law or by order or decision of
9 the registrar, or a court of law, or the voluntary surrender of the license shall not deprive the
10 registrar of jurisdiction to proceed with any investigation of or action or disciplinary proceeding
11 against the license, or to render a decision suspending or revoking the license.

12 12. Code section 7121 states:

13 Any person who has been denied a license for a reason other than failure
14 to document sufficient satisfactory experience for a supplemental classification
15 for an existing license, or who has had his or her license revoked, or whose
16 license is under suspension, or who has failed to renew his or her license while it
17 was under suspension, or who has been a member, officer, director, or associate
18 of any partnership, corporation, firm, or association whose application for a
19 license has been denied for a reason other than failure to document sufficient
20 satisfactory experience for a supplemental classification for an existing license,
21 or whose license has been revoked, or whose license is under suspension, or
22 who has failed to renew a license while it was under suspension, and while
23 acting as a member, officer, director, or associate had knowledge of or
24 participated in any of the prohibited acts for which the license was denied,
25 suspended, or revoked, shall be prohibited from serving as an officer, director,
26 associate, partner, or qualifying individual of a licensee, and the employment,
27 election, or association of this type of person by a licensee in any capacity other
28 than as a non-supervising bona fide employee shall constitute grounds for
disciplinary action.

13. 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.

///

///

14. Code section 7122.5 states:

1 The filing of the exemption certificate prescribed by this article that is
2 false, or the employment of a person subject to coverage under the worker's
3 compensation laws after the filing of an exemption certificate without first filing a
4 Certificate of Workers' Compensation Insurance or Certification of Self-Insurance in
5 accordance with the provisions of this article, or the employment of a person subject
6 to coverage under the workers' compensation laws without maintaining coverage for
7 that person, constitutes a cause for disciplinary action.

8 20. Section 7161 of the Code states:

9 It is a misdemeanor for any person to engage in any of the following acts,
10 the commission of which shall be cause for disciplinary action against any licensee or
11 applicant:

12

13 (b) Making any substantial misrepresentation in the procurement of a
14 contract for a home improvement or other work of improvement or making any false
15 promise of character likely to influence, persuade or, induce any person to enter into
16 such a contract.

17

18 **COST RECOVERY/RESTITUTION**

19 21. Section 125.3 of the Code provides, in pertinent part, that the Registrar may request
20 the administrative law judge to direct a licentiate found to have committed a violation or violations
21 of the licensing act to pay a sum not to exceed the reasonable costs of the investigation and
22 enforcement of the case.

23 22. Section 11519(d) of the Government Code provides, in pertinent part, that the
24 Registrar may require restitution of damages suffered as a condition of probation in the event
25 probation is ordered.

26 ///

27 ///

28 ///

///

///

///

///

WATANABE PROJECT

1 23. On or about October 30, 2007, Lynda and Bryan Watanabe (the Watanabes) entered
2 into a written contract with Tracy Bent Troy (T. Troy), Officer of Gold Coast Enterprises
3 (Respondent) to furnish labor and material to construct a custom built home for \$2,016,524.83.
4 Respondent was to receive \$183,000 and the subcontractors hired by Respondent were to be paid
5 directly by the Watanabes. The payment schedule for the \$183,000 was to be in 10 payments of
6 \$18,300 as follows: When slab poured, sub floor sheeted, roof sheeted, house framed, house
7 wrapped, drywall complete, exterior doors/crown molding, painting interior, flooring (hard
8 surfaces) and final inspection. The funding for the project was through Chase Bank. Chase Bank
9 required that the contractor provide Chase with proof of general liability insurance policy.
10 T. Troy signed the Watanabe contract with the condition stated on the contract that Respondent
11 would carry general liability insurance for the project.

12 24. Work began on or about December 1, 2007 and was last performed on or about
13 March 5, 2009. Watanabe paid Respondent all but the last progress payment. Watanabe withheld
14 the last payment of \$18,300 because in late 2008, Watanabe noticed excessive cracking in the
15 stucco once it was completed. T. Troy claimed that the cracking in the stucco was within industry
16 standards and told Watanabe that as long as he could not fit a quarter in the crack, that it was
17 acceptable. Watanabe asked T. Troy for proof of liability insurance and T. Troy became angry and
18 abandoned the project when the stucco needed to be repaired and the punch list items needed to be
19 repaired or completed. Watanabe told T. Troy that he would receive the final payment once the
20 stucco was repaired and the punch list items completed and T. Troy pulled his sign off the project
21 and told Watanabe that he was going to sue the Watanabes to get the final payment. It was later
22 discovered that T. Troy misrepresented to the Watanabes that Respondent carried general liability
23 insurance for the project when in fact he did not. Respondent placed a lien on the Watanabe home
24 in the amount of \$80,000 when the Watanabes only owed \$18,300.

25 ///

26 ///

27 ///

28

- 1 k. Failed to match the decorative tile strips on the tub and back splash in guest bath
2 room.
- 3 l. Failed to caulk the countertop corners in guest bathroom.
- 4 m. Failed to caulk the corners and base of the tile floor moldings with a flexible caul king
5 to match the grout color in guest bath room.
- 6 n. Failed to repair saw mark on travertine tile in guest bath room.
- 7 o. Failed to properly caulk the counter top in the powder room.
- 8 p. Failed to mount toilet from being loose in powder room.
- 9 q. Failed to paint scuff marks and paint drips on wall in media room.
- 10 r. Failed to repair cracking grout on counter tops in media room.
- 11 s. Failed to install toe kick around the sink cabinet in wet bar.
- 12 t. Failed to re-caulk countertops in wet bar.
- 13 u. Failed to caulk and paint gaps on crown molding in game room.
- 14 v. Failed to touch up scuff marks on wall in stairway.
- 15 w. Failed to touch up paint on bull nose ceiling trim in stairway.
- 16 x. Failed to repair damage on window frame in stairway.
- 17 y. Failed to repair two cracks on the ceiling drywall seams in the workout room.
- 18 z. Failed to do touch up paint around casings inside the closet in the workout room.
- 19 aa. Failed to seal the shower tile, and caulk in the workout bathroom.
- 20 bb. Failed to caulk under the granite shower dam in the workout bathroom.
- 21 cc. Failed to install glass tile around the shower head in the workout bathroom.
- 22 dd. Failed to properly caulk tile floor base moldings in the workout bathroom.
- 23 ee. Failed to repair loose toilet tank in the workout bathroom.
- 24 ff. Failed to touch-up scuff marks on the walls in the workout bath room.
- 25 gg. Failed to repair dings and scratches on kitchen cabinets.
- 26 hh. Failed to repair properly caulk and grout the joints around the columns in the kitchen.
- 27 ii. Failed to match the paint on the ceiling on the courtyard door in the family room.
- 28 jj. Failed to paint scuff marks on walls in the family room.

- 1 kk. Failed to remove grout residue on the walls above the base molding in the family
2 room.
- 3 ll. Failed to install fire sprinkler head cover above the dining table area in the family
4 room.
- 5 mm. Failed to appropriately grout and caulk countertops and base molding on tile floor in
6 laundry the room.
- 7 nn. Failed to remove paint marks on cabinets in laundry the room.
- 8 oo. Failed to appropriately grout and caulk countertops to backsplash molding flash tiles,
9 base molding on the tile floor, corner joints in K's bathroom.
- 10 pp. Failed to seal grout in K's bathroom.
- 11 qq. Failed to install drain mechanism/tub overflow in K's bathroom.
- 12 rr. Failed to install stucco door in K's bathroom.
- 13 ss. Failed to repair cracking ceiling in K's bedroom.
- 14 tt. Failed to repair drywall and repair ceiling paint in B's room.
- 15 uu. Failed to appropriately grout and caulk tile walls on shower in B's bathroom.
- 16 vv. Failed to appropriately grout and caulk granite top to back splash joint in B's
17 bathroom.
- 18 ww. Failed to replace tile with hole in B's bathroom.
- 19 xx. Failed to touch up wall in B's bathroom with paint.
- 20 yy. Failed to install fire sprinkler cover in hall from the garage.
- 21 zz. Failed to paint touch-up walls in hall from the garage.
- 22 aaa. Failed to repair nail pop out above the fireplace ceiling in the living room.
- 23 bbb. Failed to repair cracks in cast concrete columns in the living room.
- 24 ccc. Failed to repair crack/broken molding on front door in main entry.
- 25 ddd. Failed to repair drywall nails that were popping out under alarm control pad in main
26 entry.
- 27 eee. Failed to repair hairline cracks in the drywall on both side of the entry door in the
28 study.

1 **THIRD CAUSE FOR DISCIPLINE**

2 **(Breach of Contract)**

3 29. Respondent is subject to disciplinary action under section 7113 of the Code, in that
4 Respondent failed in a material respect to complete the Watanabe project for the contract price
5 and the homeowner was required to spend a substantial amount in excess of the contract price to
6 complete the project in accordance with the contract.

7 **FOURTH CAUSE FOR DISCIPLINE**

8 **(Substantial Misrepresentation in the Procurement of Contract)**

9 30. Respondent is subject to disciplinary action under section 7161(b) of the Code, in that
10 on the Watanabe project, Respondent made a substantial misrepresentation in the procurement of
11 the contract when he signed the contract which included a condition that Respondent carry general
12 liability insurance for the project and Respondent failed to carry such insurance policy.

13 **FIFTH CAUSE FOR DISCIPLINE**

14 **(Filed False Worker's Compensation Certificate)**

15 31. Respondent is subject to disciplinary action under section 7125.4 of the Code in that
16 Respondent filed an exemption certificate with the Registrar certifying that he had no employees
17 subject to the worker's compensation laws. However, on the Watanabe project, Respondent had
18 employees working on the job who were subject to coverage under the workers' compensation
19 laws.

20 **OTHER MATTERS**

21 32. Pursuant to sections 7097 and 7098 of the Code, if license number 856231 issued to
22 Respondent is suspended or revoked, the Registrar may suspend or revoke, without notice, any
23 other license issued in the name of Daniel Quinn Mehlos, Tracy Brent Troy, or Cynthia Mary
24 Troy, or for which Daniel Quinn Mehlos, Tracy Brent Troy, or Cynthia Mary Troy furnished the
25 qualifying experience and appearance.

26 33. Pursuant to section 7121 of the Code, if discipline is imposed on license number
27 856231 issued to Respondent, Daniel Quinn Mehlos, Tracy Brent Troy and/or Cynthia Mary Troy
28 shall be prohibited from serving as an officers, directors, associates, partners, managers, or

1 qualifying individuals, or members of the personnel of record of a licensee of any licensee during
2 the time the discipline is imposed, and any licensee which employs, elects, or associates Daniel
3 Quinn Mehlos, Tracy Brent Troy or Cynthia Mary Troy shall be subject to disciplinary action.

4 34. Pursuant to Section 7121.5 of the Code, if discipline is imposed on license number
5 856231 issued to Respondent, Daniel Quinn Mehlos, Tracy Brent Troy and Cynthia Mary Troy
6 shall be prohibited from serving as officers, directors, associates, partners, managers, or qualifying
7 individuals of any licensee during the time the discipline is imposed, whether or not they had
8 knowledge or participated in the acts or omissions constituting grounds for discipline, and any
9 licensee which employs, elects, or associates Daniel Quinn Mehlos, Tracy Brent Troy or Cynthia
10 Troy shall be subject to disciplinary action.

11 35. Daniel Quinn Mehlos, Tracy Brent Troy and Cynthia Mary Troy, while serving as
12 RMO, Officer and Officer, respectively, of Respondent company, had knowledge of or
13 participated in the acts or omissions which constitute cause for discipline against said Respondent.

14 36. Pursuant to section 7122 of the Code, the causes for discipline established as to
15 Respondent Gold Coast Enterprises likewise constitutes cause for discipline against individual
16 license number 965492 issued to D Q M Development with Daniel Quinn Mehlos as Sole Owner,
17 in that he had knowledge or participated in the acts constituting grounds for discipline against
18 Respondent Gold Coast Enterprises.

19 37. Pursuant to section 7122 of the Code, the causes for discipline established as to
20 Respondent Gold Coast Enterprises likewise constitutes cause for discipline against individual
21 license number 965162 issued to C D M Development Inc, with Tracy Brent Troy as RMO,
22 Cynthia Mary Troy as Officer, and Daniel Quinn Mehlos as Officer, in that they had knowledge or
23 participated in the acts constituting grounds for discipline against Respondent Gold Coast
24 Enterprises.

25 ///

26 ///

27 ///

28 **PRAYER**

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

3 1. Revoking or suspending Contractor's License Number 856231 issued to Gold Coast
4 Enterprises;

5 2. Prohibiting Daniel Quinn Melos, Tracy Brent Troy, and Cynthia Mary Troy from
6 serving as an officers, directors, associates, partners, or qualifying individuals of any licensee
7 during the period that discipline is imposed on license Number 856231, issued to Gold Coast
8 Enterprises;

9 3. Revoking or suspending any other license for which Daniel Quinn Mehlos, Tracy
10 Brent Troy and/or Cynthia Mary Troy are furnishing the qualifying experience or appearance;

11 4. Ordering restitution of all damages according to proof suffered by Lynda and Bryan
12 Watanabe as a condition of probation in the event probation is ordered;


13 5. Ordering restitution of all damages suffered by Lynda and Bryan Watanabe as a result
14 of Daniel Quinn Mehlos', Tracy Brent Troy's, and Cynthia Mary Troy's conduct as contractors, as
15 a condition of restoration of license Number 856231, issued to Gold Coast Enterprises;

16 6. Ordering Gold Coast Enterprises to pay the Registrar of Contractors his costs in the
17 investigation and enforcement of the case according to proof at the hearing, pursuant to Business
18 and Professions Code section 125.3;

19 7. Ordering Gold Coast Enterprises to provide the Registrar with a listing of all
20 contracting projects in progress and the anticipated completion date of each;

21 8. Taking such other and further action as deemed necessary and proper.

22
23 DATED: December 2, 2013


WOOD ROBINSON
Enforcement Supervisor I
Contractors' State License Board
Department of Consumer Affairs
State of California
Complainant

24
25
26
27 SD2013705819
70785866.doc