1	XAVIER BECERRA		
2	Attorney General of California		
	ANTOINETTE B. CINCOTTA Supervising Deputy Attorney General		
3	SHANNON M. BRUBAKER Deputy Attorney General		
4	State Bar No. 234517 600 West Broadway, Suite 1800		
5	San Diego, CA 92101 P.O. Box 85266		
6	San Diego, CA 92186-5266 Telephone: (619) 738-9078		
7	Facsimile: (619) 645-2061 Attorneys for Complainant		
8	BEFORE TH	TE .	
9	REGISTRAR OF CONTRACTORS CONTRACTORS' STATE LICENSE BOARD		
10	DEPARTMENT OF CONSUMER AFFAIRS STATE OF CALIFORNIA		
11	STATE OF CALIF	J.	
12	In the Matter of the Accusation Against:	Case No. N2017-393	
13	FRANK HERNANDEZ, SOLE OWNER		
14	DBA FRANK HERNANDEZ CONSTRUCTION 730 S. Lyon Street, #413 Santa Ana, CA 92705	ACCUSATION	
15	Contractor's License No. 1023698, B		
16	Respondent.		
17	Respondent.		
18			
19	Complainant alleges:		
20	PARTIES		
21	1. Wood Robinson (Complainant) brings this Accusation solely in his official capacity		
22	as the Enforcement Supervisor I of the Contractors' State License Board (Board), Department of		
23	Consumer Affairs.		
24	2. On or about February 13, 2017, the Registrar of Contractors (Registrar) issued		
25	Contractor's License Number 1023698, Classification B (general building contractor) to Frank		
26	Hernandez, doing business as Frank Hernandez Construction (Respondent). The Contractor's		
27	License was in full force and effect at all times relevant to the charges brought herein, was		
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(FRANK HERNANDEZ CONSTRUCTION) ACCUSATION

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7. Section 7098 of the Code states:

Notwithstanding the provisions of Sections 7121 and 7122, when any license has been revoked under the provisions of this chapter [the Contractors' State License Law], any additional license issued under this chapter in the name of the licensee or for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

- 8. Section 7106.5 of the Code states, in pertinent part, that the expiration, cancellation, forfeiture, or suspension of a license by operation of law, or by order or decision of the Registrar or a court of law, or the voluntary surrender of the license shall not deprive the Registrar of jurisdiction to proceed with disciplinary action.
- 9. Section 7076.5 of the Code provides, in pertinent part, that the inactive status of a license shall not bar any disciplinary action for violating provisions of the Contractors' State License Law (Bus. & Prof. Code, * 7000, et seq.).

10. Section 7121 of the Code 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, Section 7121.5 of the Code states:

A person who was the qualifying individual on a revoked license, or of a license under suspension, or of a license that was not renewed while it was under suspension, shall be prohibited from serving as an officer, director, associate, partner, or qualifying individual of a licensee, whether or not the individual had knowledge of or participated in the prohibited acts or omissions for which the license was revoked, or suspended, and the employment, election, or association of that person by a licensee shall constitute grounds for disciplinary action.

STATUTORY PROVISIONS

12. Section 7107 of the Code 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.

13. Section 7109, subdivision (a), of the Code states:

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

14. Section 7110 of the Code states:

Willful or deliberate disregard and violation of the building laws of the state, or of any political subdivision thereof, or of Section 8505 or 8556 of this code, or of Sections 1689.5 to 1689.8, inclusive, or Sections 1689.10 to 1689.13, inclusive, of the Civil Code, or of the safety laws or labor laws or compensation insurance laws or Unemployment Insurance Code of the state, or violation by any licensee of any provision of the Health and Safety Code or Water Code, relating to the digging, boring, or drilling of water wells, or Article 2 (commencing with Section 4216) of Chapter 3.1 of Division 5 of Title 1 of the Government Code, constitutes a cause for disciplinary action.

15. Section 7159 of the Code states:

(a)(1) This section identifies the projects for which a home improvement contract is required, outlines the contract requirements, and lists the items that shall be included in the contract, or may be provided as an attachment.

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

(c) In addition to the specific requirements listed under this section, every home improvement contract and any person subject to licensure under this chapter or his or her agent or salesperson shall comply with all of the following:

(5) A change-order form for changes or extra work shall be incorporated into the contract and shall become part of the contract only if it I in writing and signed by the parties prior to the commencement of any work covered by a change order.

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1	(d) A home improvement contract and any changes to the contract shall be in writing and signed by the parties to the contract prior to the commencement of
2	work covered by the contract or an applicable change order and, except as provided in paragraph (8) of subdivision (a) of Section 7159.5, shall include or comply with all of the following:
3	the following,
4	
5	(e) Except as provided in paragraph (8) of subdivision (a) of Section 7159.5, all of the following notices shall be provided to the owner as part of the contract form as specified or, if otherwise authorized under this subdivision, may be
6	provided as an attachment to the contract:
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8	(4) A notice with the heading "Mechanics Lien Warning" written as follows:
9	"MECHANICS LIEN WARNING:
10	Anyone who helps improve your property, but who is not paid, may
11 12	record what is called a mechanics lien on your property. A mechanics lien is a claim, like a mortgage or home equity loan, made against your property and recorded with
	the county recorder. Even if you pay your contractor in full, unpaid subcontractors, suppliers,
13	and laborers who helped to improve your property may record mechanics liens and sue you in court to foreclose the lien. If a court finds the lien is valid, you could be
14	forced to pay twice or have a court officer sell your home to pay the lien. Liens can also affect your credit.
15	To preserve their right to record a lien, each subcontractor and material
16 17	supplier must provide you with a document called a 'Preliminary Notice.' This notice is not a lien. The purpose of the notice is to let you know that the person who sends you the notice has the right to record a lien on your property if he or she is not paid.
18	BE CAREFUL. The Preliminary Notice can be sent up to 20 days after
19.	the subcontractor starts work or the supplier provides material. This can be a big problem if you pay your contractor before you have received the Preliminary Notices.
20	You will not get Preliminary Notices from your prime contractor or from
21	laborers who work on your project. The law assumes that you already know they are improving your property.
22	PROTECT YOURSELF FROM LIENS. You can protect yourself from
23	liens by getting a list from your contractor of all the subcontractors and material suppliers that work on your project. Find out from your contractor when these
24	subcontractors started work and when these suppliers delivered goods or materials. Then wait 20 days, paying attention to the Preliminary Notices you receive.
25	PAY WITH JOINT CHECKS. One way to protect yourself is to pay with
26	a joint check. When your contractor tells you it is time to pay for the work of a subcontractor or supplier who has provided you with a Preliminary Notice, write a joint check payable to both the contractor and the subcontractor or material supplier.
27	For other ways to prevent liens, visit CSLB's Internet Web site at
28	www.cslb.ca.gov or call CSLB at 800-321-CSLB (2752).

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1	If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make	
2	the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations	
3	under the contract."	
4	To cancel this transaction, mail or deliver a signed and dated copy of this	
5	cancellation notice, or any other written notice, or send a telegram to	
6		
7	I hereby cancel this transaction (Date)	
8	(Buyer's signature)	
9	16. Section 7159.5 of the Code states:	
10	This section applies to all home improvement contracts, as defined in	
11	Section 7151.2, between an owner or tenant and a contractor, whether a general contractor or a specialty contractor, that is licensed or subject to be licensed	
12	pursuant to this chapter with regard to the transaction.	
13	(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	
14	provisions is cause for discipline:	
15	,	
16 17	one thousand dollars (\$1,000) or 10 percent of the contract amount, whichever is	
18	•	
19	COST RECOVERY	
20	17. Section 125.3 of the Code provides, in pertinent part, that the Board may request the	
21	administrative law judge to direct a licentiate found to have committed a violation or violations of	
22	the licensing act to pay a sum not to exceed the reasonable costs of the investigation and	
23	enforcement of the case, with failure of the licentiate to comply subjecting the license to not being	
24	renewed or reinstated. If a case settles, recovery of investigation and enforcement costs may be	
25	included in a stipulated settlement.	
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18. On May 2, 2017, N.D., President and CEO of Sterling Investment Group Inc. (SIG) entered into a written contract with Frank Hernandez, dba Frank Hernandez Construction (Respondent), to remodel a SIG property located in Poway, California (SIG/Poway project), for the contract price of \$42,500. SIG provided the written contract that was entered into between the parties. Respondent failed to provide SIG with a written home improvement contract prepared by Respondent. The scope of the work included interior and exterior renovations, demolition, landscaping, painting, kitchen, guest and master bathrooms, bedrooms, room addition, plumbing, electrical, HVAC, and debris hauling. On May 3, 2017, Respondent requested and received from SIG a \$3,000 down payment, an amount in excess of the amount allowed by law.

19. Work commenced on or about May 4, 2017. On May 5, 2017, Respondent requested and received a progress payment from SIG in the amount of \$9,750. Work continued until May 10, 2017, when the City of Poway issued a stop order because a permit was not pulled prior to the commencement of work.¹ At this point, Respondent stepped away from the job, stating that he was not aware a permit was required and that he did not want to work on the project without a permit. However, paragraph 4 of the contract states, in pertinent part, that "The Contractor is responsible for all permits pertaining to the law, ordinances and regulations where the work is performed." Work was last performed by Respondent on the SIG/Poway project on May 10, 2017. A permit was ultimately obtained for the SIG/Poway project by SIG as owner-builder.² Respondent was paid a total of \$12,750 for the SIG/Poway project. A financial injury was not determined.

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² After the City of Poway issued the stop order, Respondent began working on another SIG property located in Vista, California. The parties agreed to move partial funds from the Poway project to the SIG/Vista project. The SIG/Vista project generated complaint No. SF-2017-1251.

¹ In addition to the lack of permit, the stop order included the need to investigate a neighbor's complaint to the City of Poway regarding a boundary issue with the neighboring property. This delayed the issuance of the permit. The boundary issue was subsequently cleared.

1	20. On or about August 15, 2017, Respondent placed a mechanic's lien on the SIG/		
2	Poway project in the amount of \$29,750, and subsequently filed a Release of the lien.		
3	FIRST CAUSE FOR DISCIPLINE		
4	(Failed to Obtain Building Permits)		
5	21. Respondent has subjected his contractor's license to disciplinary action under Code		
6	section 7110 in that Respondent willfully or deliberately disregarded building laws when he failed		
7	to obtain building permits from the City of Poway prior to the commencement of work on the		
8	SIG/Poway project.		
9	SECOND CAUSE FOR DISCIPLINE		
10	(Violations of the Home Improvement Contract Provisions)		
11	22. Respondent has subjected his contractor's license to disciplinary action under Code		
12	section 7159, in that on the SIG/Poway project, Respondent failed to comply with provisions of		
13	that section, as follows:		
14	a. Subdivision (d): Respondent failed to provide N.D. with a written contract for		
15	the SIG/Poway project.		
16	THIRD CAUSE FOR DISCIPLINE		
17	(Failure to Comply with the Home Improvement Contract Requirements)		
18	23. Respondent has subjected his contractor's license to disciplinary action under Code		
19	section 7159.5, in that on the SIG/Poway project, Respondent failed to comply with the		
20	provisions of that Code, as follows:		
21	a. Subdivision (a)(3): On May 3, 2017, Respondent requested and received a down		
22	payment of \$3,000, an amount in excess of \$1,000 or 10 percent of the contract price, whichever		
23	is less.		
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(FRANK HERNANDEZ CONSTRUCTION) ACCUSATION

SIG/VISTA PROJECT

24. On June 14, 2017, N.D., President and CEO of Sterling Investment Group Inc. (SIG) entered into a written contract with Frank Hernandez, dba Frank Hernandez Construction (Respondent), to remodel a SIG property located in Vista, California (SIG/Vista project), for the contract price of \$46,000.³ SIG provided the written contract that was entered into between the parties. Respondent failed to provide SIG with a written home improvement contract prepared by Respondent. The scope of the work included interior and exterior renovations, demolition, roof inspection, landscaping, painting, kitchen, bathroom, bedrooms, plumbing, electrical, HVAC, and debris hauling.

25. Work commenced on or about June 15, 2017 without Respondent first obtaining a permit from the City of Vista. Phases one and two of the SIG/Vista project were completed and payment was issued to Respondent for the first two phases. Prior to the commencement of phase three, Respondent informed SIG that his cabinet maker had stolen \$6,500 from Respondent and Respondent asked if SIG would advance him money for the cabinets, and suggested that SIG could then take the advance out of the profit. SIG refused to advance Respondent any funds. On July 10, 2017, Respondent ceased work on the SIG/Vista project. In text messages dated July 11 and July 13, 2017, Respondent informed SIG that he could not continue on the SIG/Vista project and that SIG should hire someone else to finish the project because Respondent did not have money to go on.

26. SIG filed a claim against Respondent's bond. On July 31, 2017, SIG entered into a contract with a new contractor to correct and complete the SIG/Vista project. On August 15, 2017, Respondent sent SIG a letter via certified mail stating that it was Respondent's intention to complete the SIG/Vista project, but only if SIG paid for the cabinets and labor. Respondent was paid a total of \$25,000 for the SIG/Vista project. A financial injury was not determined.

³ The price for the Vista remodel was to be \$49,000, however, according to text messages between Respondent and SIG, Respondent agreed to transfer \$3,000 to the SIG/Vista project from the \$12,750 he received for the SIG/Poway project.

- 31. On June 19, 2017, E.G. entered into a written contract with Frank Hernandez, dba Frank Hernandez Construction (Respondent), to perform a bathroom remodel at the E.G. home located in San Diego, California, for the contract price of \$5,450. The contract failed to include required language and notices. Respondent requested and received from E.G. a down payment of \$2,040, an amount in excess of the amount allowed by law. The scope of work included the removal of existing soffit, can lights, tile around the tub, flooring, vanity and toilet; and the installation of new tile around tub, sink, can lights, pocket door, toilet, shower/vanity, faucet hardware, and paint with texture to match existing texture. Two verbal change orders were entered into, to remove the installation of the pocket door from the scope of work, and for additional plumbing work. Respondent failed to reduce both of these change orders to writing.
- 32. Work commenced on June 19, 2017. Per the contract, work was to be completed by July 5, 2017, and Respondent failed to meet the date of completion. On July 8, 2017, E.G. informed Respondent about several workmanship issues and gave Respondent until July 13, 2017, to correct the workmanship. Respondent returned to the property from July 10, 2017 to July 14, 2017, and attempted to address the workmanship issues, to no avail. On July 14, 2017, E.G. had a different contractor, Bill Howe Plumbing, come to the project and walk Respondent through all of the issues with the job performed by Respondent. Respondent accepted responsibility for the poor workmanship and was subsequently dismissed by E.G.'s husband, G.G. By this time, Respondent had been paid \$4,540, with only \$910 remaining to be paid on the contract and with a considerable number of workmanship defects still pending. E.G. had another contractor come out to inspect the job. The correcting contractor provided E.G. with a report regarding Respondent's workmanship and E.G. entered into a contract with the correcting contractor in the amount of \$7,175 to correct and complete Respondent's work.
- 33. E.G. and Respondent filed civil lawsuits against each other. A financial injury was not determined.

SEVENTH CAUSE FOR DISCIPLINE

(Departure From Accepted Trade Standards)

- 34. Respondent has subjected his contractor's license to disciplinary action under Code section 7109(a), in that on the E.G. project Respondent willfully departed from accepted trade standards for good and workmanlike construction in the following respects:
 - a. Respondent failed to install cement board underneath the floor tile.
 - b. Respondent failed to properly install the wall tile and the tile was not level.
- c. Respondent installed the tile around the tub in an uneven fashion, which prevented the shower door from being installed flush.
 - d. Respondent attempted to use an adapter for two sinks that was not per code.
 - e. Respondent failed to securely mount the vanity to the wall.
- f. Respondent failed to re-route the rough-in plumbing and instead used an adapter; a hole should have been cut in the drywall and the drain/supply lines should have each housed their respective plumbing.
- g. Respondent failed to raise the flange to accommodate higher tile flooring, which resulted in the toilet leaking when flushed.
- h. Respondent anchored the mirrors to the drywall instead of utilizing a stud behind the wallboard.
 - i. Respondent improperly mounted electrical and light switches/faceplates.

EIGHTH CAUSE FOR DISCIPLINE

(Violations of the Home Improvement Contract Provisions)

- 35. Respondent has subjected his contractor's license to disciplinary action under Code section 7159, in that on the E.G. project, Respondent failed to comply with provisions of that section, as follows:
- a. Subdivision (c)(5): Respondent failed to provide E.G. with written change orders.
- b. Subdivision (e)(4): Respondent failed to provide the required heading of mechanic's lien warning and the language required by law.

- c. Subdivision (e)(5): Respondent failed to provide the required notice within the contract regarding the Contractor's State License Board.
- d. Subdivision (e)(6)(B): Respondent failed to provide the language of the "Three-Day Right to Cancel" as required by law.

NINTH CAUSE FOR DISCIPLINE

(Failure to Comply with the Home Improvement Contract Requirements)

- 36. Respondent has subjected his contractor's license to disciplinary action under Code section 7159.5, in that on the E.G. project, Respondent failed to comply with the provisions of that Code, as follows:
- a. Subdivision (a)(3): On or about June 19, 2017, Respondent requested and received from E.G. a down payment of \$2,040, an amount in excess of \$1,000 or 10 percent of the contract price, whichever is less.

OTHER MATTERS

- 37. Pursuant to Code sections 7097 and 7098, if Contractor's License Number 1023698 issued to Frank Hernandez, dba Frank Hernandez Construction, is suspended or revoked by decision of the Registrar, then the Registrar may suspend or revoke without notice, any other license issued in the name of Frank Hernandez, or for which Frank Hernandez has furnished the qualifying experience and appearance.
- 38. Pursuant to section 7121 of the Code, if discipline is imposed on Contractor's License Number 1023698 issued to Frank Hernandez, dba Frank Hernandez Construction, then Frank Hernandez shall be prohibited from serving as an officer, director, associate, partner, manager, or qualifying individual, or member of the personnel of record of any licensee during the time the discipline is imposed, and any licensee which employs, elects, or associates Frank Hernandez shall be subject to disciplinary action.
- 39. Pursuant to section 7121.5 of the Code, if disciple is imposed on Contractor's License Number 1023698 issued to Frank Hernandez, dba Frank Hernandez Construction, then Frank Hernandez shall be prohibited from serving as an officer, director, associate, partner, manager, or qualifying individual of any licensee during the time the discipline is imposed, whether or not he

had knowledge or participated in the acts or omissions constituting grounds for discipline, and any licensee which employs, elects, or associates Frank Hernandez shall be subject to disciplinary action.

Frank Hernandez, while serving as sole owner of Respondent, had knowledge of, or 40. participated in the acts or omissions constituting grounds for discipline.

PRAYER

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

- Revoking or suspending Contractor's License Number 1023698 issued to Frank 1. Hernandez, dba Frank Hernandez Construction;
- Prohibiting Frank Hernandez from serving as an officer, director, associate, partner, or qualifying individual of any licensee during the period that discipline is imposed on Contractor's License Number 1023698 issued to Frank Hernandez, dba Frank Hernandez Construction;
- Revoking or suspending any other license for which Frank Hernandez is furnishing 3. the qualifying experience or appearance;
- Ordering Frank Hernandez to pay the Registrar of Contractors costs for the 4. investigation and enforcement of the case according to proof at the hearing, pursuant to Business and Professions Code section 125.3;
- 5. Ordering Frank Hernandez to provide the Registrar with a listing of all contracting projects in progress and the anticipated completion date of each;
 - Taking such other and further action as deemed necessary and proper. 6.

DATED: 11-14-2018

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CSLB DSS HWH

WOOD ROBINSON

Enforcement Supervisor I Contractors' State License Board

Department of Consumer Affairs

State of California Complainant