

News Release

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CONTRACTORS STATE LICENSE BOARD

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Contractors State License Board Keeps Heat on Phony Contractors Trying to Get Work in Lake Tahoe Fire Disaster Area *Second post-fire undercover operation marks important time for fire victims*

SOUTH LAKE TAHOE – The Contractors State License Board (CSLB) and its enforcement partners are keeping the heat on phony contractors who try to come into the Angora Fire disaster area and victimize homeowners twice.

Members of CSLB's Statewide Investigative Fraud Team (SWIFT) led a combination sweep and undercover sting operation on Wednesday and Thursday. The results show that the unlicensed operators are not working extensively in the area right now, but they are aggressively trying to get work.

During Wednesday's sweep through 34 job sites in the fire area, SWIFT investigators checked the license status of 34 different contractors. Every one of those contractors was properly licensed.

On Thursday, the CSLB teamed with the California Department of Insurance, El Dorado County District Attorney's Office and El Dorado County Sheriff's Office to conduct an undercover sting. SWIFT members posed as homeowners whose house was destroyed during the recent fire. They invited suspected unlicensed operators to bid on debris removal and various reconstruction projects.

Of the seven people who showed up to give bids, six were arrested on felony charges of contracting without a license and taken to jail. One had a loaded handgun hidden in his pickup. Another had illegal drugs. The seventh was given a misdemeanor citation for using an illegal advertisement. Six of the seven people detained were from Nevada, including a contractor who is licensed to do work in that state. He was caught on a job site two lots away from the sting house.

The operation results emphasize the urgency for fire victims to be extra careful when hiring a contractor. "The unlicensed and unscrupulous contractors know fire victims are now ready to repair or rebuild their homes and are willing to risk getting caught," said CSLB Registrar Steve Sands. "We'll continue to be aggressive in trying to stop them, but homeowners need to be patient and take steps to protect themselves."

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Contracting for work in a state or federally declared disaster area that is more than \$500 (Labor and Materials) without a valid California contractor's license is a felony. Punishment may include a fine of up to \$10,000 and up to three years in state prison, or both.

Unlicensed operators are part of a multi-million dollar underground economy that takes jobs away from legitimate contractors, and tax dollars from schools, roads and law enforcement. Illegal operators rarely, if ever, have workers' compensation or general liability insurance. Homeowners have little recourse if something goes wrong with an unlicensed operator.

"We remain vigilant in our fight against scam artists," said state Insurance Commissioner Steve Poizner, "and our partnerships with local law enforcement will continue to protect homeowners from being victimized twice."

Many times phony contractors, who are skirting the law by not being licensed, have problems with the law in other areas. "It is not unusual to find people with criminal backgrounds trying to sell themselves as a contractor," said Sands. "Homeowners may think they are saving money by hiring someone who is unlicensed. But you never know what type of individuals you are inviting into your home and what their real motives are."

The CSLB has had investigators in the fire area since June 26th, meeting victims and conducting sweep and sting operations. CSLB staff has also placed dozens of signs in the fire area, warning consumers about unlicensed and unscrupulous contractors who may prey on them, and warning these operators that they will face felony charges if they're caught.

Homeowners are getting information on how they can protect themselves by using CSLB's resources to check a contractor's license status and history, and by following a series of important tips. "Avoid the urge to rush into repairs with the first contractor you meet, especially if they just show up without an invitation," said Sands. "Spend just a few minutes checking the contractor out with CSLB to make sure they're licensed."

The CSLB urges consumers to follow these tips, as well:

- Be especially hesitant when approached by someone offering home improvement services door-to-door.
- Verify the contractor's license by checking online at www.cslb.ca.gov, or via CSLB's automated phone service at 1-800-321-CSLB (2752).

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- Don't pay more than 10% down or \$1,000, whichever is less.
- Don't pay cash, and don't let the payments get ahead of the work.
- Check references, get three bids and a written contract.
- Contact the CSLB if you have a complaint against a contractor.

Learn more by visiting the CSLB's Disaster Help Center at www.cslb.ca.gov or by calling the CSLB Disaster Hotline. The line is open for disaster victims to call Monday-Friday, 8am-5pm at 1-800-962-1125.

FELONY ARREST DETAILS

Name	Age	City of Residence	Charges
Donald Walden Rue	54	Fernley, Nevada	Business & Professions Code 7028.16
Daniel Scott Lilley	34	Stateline, Nevada	Business & Professions Code 7028.16
Theodore Joseph Durrer	62	Dayton, Nevada	Business & Professions Code 7028.16
Marco Charles DiGiacinto	47	Fallon, Nevada	Business & Professions Code 7028.16 Penal Code 12025 & 12031 (Misdemeanors)
Hector Gonzalez Cruz	65	Reno, Nevada	Business & Professions Code 7028.16
Juan Manuel Lopez Gonzalez	39	South Lake Tahoe, California	Business & Professions Code 7028.16

In the days and weeks ahead, CSLB will continue to partner with local, state and other government agencies to conduct enforcement stings and sweeps in and around the disaster area.

Contractors working on any job – from debris removal to roof repair to rebuilding – totaling \$500 or more for labor and materials must be licensed by the CSLB. To become licensed, a contractor must pass a licensing examination, verify at least four years of journey-level experience and pass a criminal background check. California contractors must carry a license bond, and provide workers' compensation insurance for their employees. A homeowner could be at risk if workers who aren't covered have an accident while on their property.

The Contractors State License Board operates under the umbrella of the California Department of Consumer Affairs. The CSLB licenses and regulates California's 310,000 contractors, and investigates more than 20,000 complaints against contractors annually. In fiscal year 2005-06, the CSLB helped consumers get more than \$36 million in restitution.

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