

Department of Consumer Affairs  
**Contractors State License Board**



**CSLB Press Release - 08/12/2005**

**New Multi-Agency Task Force Targets Underground Economy in Two-Day Santa Barbara Sweep**

*Contractors Board and partners crack down on unlicensed contractors and other illegal activity*

**SACRAMENTO** — The Contractors State License Board (CSLB), joined by representatives from several other government agencies conducted a two-day sweep in the Santa Barbara area. The Economic and Employment Enforcement (Triple E) Coalition cracked down on illegal activity at construction sites throughout the area. It's estimated that California loses anywhere from \$60 and \$140 billion a year in revenue from the huge underground economy, in which unlicensed operators avoid labor and tax laws to gain a competitive advantage over legitimate businesses and workers who follow the law. The underground economy is fueled in part by unlicensed contractors who also prey upon consumers.

This is one of the first enforcement actions taken by the new Multi-Agency Construction Enforcement Task Force that was included in Governor Arnold Schwarzenegger's announcement last month about the creation of the Triple E Coalition.

The CSLB has partnered with representatives from the Division of Labor Standards Enforcement (DLSE), Division of Occupational Safety and Health (DOSH - Cal/OSHA) and the Employment Development Department (EDD) to conduct sweeps around the state.

Three partnered teams visited 21 different construction sites in the Santa Barbara area on Wednesday and Thursday. They interviewed workers, managers and owners and checked paperwork. The task force, which included members of CSLB's Statewide Investigative Fraud Team (SWIFT) was looking for unlicensed contractors, employees being paid cash under the table, improper payroll taxes being deducted, workers not being covered by workers' compensation insurance, child labor, and companies not paying overtime wages.

The DLSE team issued 9 citations, with an assessment of \$29,250 in civil penalties for violations of workers compensation, itemized deduction and for contracting without a license. Two construction sites also face additional audits for other possible violations. CSLB's SWIFT investigators issued five other citations (2-non-licensees and 3-licensees) for violation of state contracting laws. The DOSH team issued 61 violations with a projected \$80,000 in civil penalties.

"Unlicensed activity and people who aren't working within the system hurt everyone," said CSLB Registrar Steve Sands. "It's money that doesn't make it into funding for schools and highways. It takes away jobs from legitimate business people who pay taxes and have insurance protecting workers and property owners. Workers are also hurt because they're not protected if they are injured on the job."

Contractors working on any job 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 carry a license bond. Consumers can verify a contractor's license status 24 hours a day using the CSLB's Web site at [www.cslb.ca.gov](http://www.cslb.ca.gov) or toll-free automated telephone system at (800) 321-CSLB (2752). In addition, they can order helpful publications like "What You Should Know Before You Hire a Contractor."

The Triple E Coalition is also cracking down on other industries that include: agriculture, restaurant, car wash, garment, janitorial and race tracks.

The CSLB, which operates under the umbrella of the California Department of Consumer Affairs, licenses 292,000 contractors in California and investigates 20,000 complaints against licensed and unlicensed contractors every year.

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