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CIVIL BUSINESS OFFICE 18
CENTRAL DIVISION

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SAN DIEGO COUNTY, CA

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SUPERIOR COURT OF CALIFORNIA, COUNTY OF SAN DIEGO

CENTRAL DIVISION

PEOPLE OF THE STATE OF CALIFORNIA,
ex rel. Edmund G. Brown Jr., Attorney General
of the State of California

Plaintiff

v.

ZOHRAB MKHITARIAN; MARINE
METSPAKYAN; AVETIK AVO
GYANDZHYAN; LILIT LUSPARYAN;
SARKIS TERABELIAN; ALISA OGANYAN;
ESTINE AKOPYAN; VARDUI TERABELIAN;
SRVS CHARGE INC.; CAL REPAIR
SERVICES, INC.; USA SERVICES, INC;
LOVE MY HOME, INC.; ROMAN
CONSTRUCTION INC.; SPEEDY PLUMBING
AND ELECTRICAL INC.; R M M PLUMBING
& ELECTRICAL INC.; and DOES 1-50,
inclusive,

Defendants

Case No.

37/2008-93101-CU-MC-CTL

**COMPLAINT FOR CIVIL
PENALTIES AND INJUNCTIVE
RELIEF**

THE PEOPLE OF THE STATE OF CALIFORNIA, by and through California Attorney
General Edmund G. Brown Jr., allege:

AUTHORITY/PURPOSE

1. Edmund G. Brown Jr. is the Attorney General of the State of California. Attorney
General Brown brings this action on behalf of the people of the State of California, for the

1 protection of the public from unfair, fraudulent and unlawful practices pursuant to section 17200.
2 et seq. and section 17500 et seq. of the California Business and Professions Code and on the
3 complaint of the Registrar of Contractors, Contractors' State License Board, Department of
4 Consumer Affairs in his official capacity, and alleges the following, on information and belief:

5 **JURISDICTION AND VENUE**

6 2. Defendants at all times mentioned herein have transacted business within and
7 throughout the State of California, including San Diego County. The violations hereinafter
8 described have been carried out in whole or in part within the State of California, including San
9 Diego County. The actions of defendants, individually, jointly and severally, as set out below,
10 are in violation of the laws and public policy of the State of California.

11 **DEFENDANTS**

12 3. Zohrab Mkhitarian, also known as (a.k.a.) "Rob Mkhitarian", (MKHITARIAN) is
13 an individual. Defendant MKHITARIAN previously was the president, secretary, and treasurer
14 of Cal Repair Services, Inc., doing business as Pick Red Plumbing, located at 450 N. Brand,
15 Suite 600, Glendale, CA 91203, under Contractors License No. 797241 (C-10, C-20, C-36),
16 which was revoked on or about August 10, 2005, for multiple violations of the Business and
17 Professions Code. Defendant MKHITARIAN was also the president, secretary, and treasurer of
18 Premium Plumbing & Heating, Inc., doing business as Express One Plumbing, located at 5760
19 Whitsett Avenue #J, North Hollywood, CA 91607, under Contractors License No. 752664 (C-
20 36). Defendant MKHITARIAN disassociated from this license on July 5, 2000. Plaintiff is
21 informed and believes that defendant MKHITARIAN is or was an owner and/or principal in one
22 or more of the entities named as co-defendants in this action at all times relevant to this
23 Complaint, and as such engaged in, controlled, directed, authorized and/or ratified the unlawful
24 conduct of Defendants, as set forth in this Complaint.

25 4. Marine Metspakyan (METSPAKYAN) is an individual. Defendant
26 METSPAKYAN previously was the president, secretary, and treasurer of Premium Plumbing
27 and Heating, Inc., doing business as Express One Plumbing, located at 5760 Whitsett Avenue #J,
28 North Hollywood, CA 91607, under Contractors License No. 752664 (C-36) which expired on

1 August 31, 2000. Plaintiff is informed and believes that defendant METSPAKYAN is the wife
2 of defendant MKHITARIAN and an owner and/or principal in one or more of the entities in this
3 action at all times relevant to this Complaint, and as such engaged in, controlled, directed,
4 authorized and/or ratified the unlawful conduct of Defendants, as set forth in this Complaint.

5 5. Avetik Avo Gyandzhyan (GYANDZHYAN) is an individual. Defendant
6 GYANDZHYAN previously was the president, secretary, and treasurer of Pick Red, Inc., doing
7 business as Pick Red located at 541 W. Colorado Blvd #307 Glendale, CA 91204, under
8 Contractors License No. 745375 (C-10, C-20, C-36) which was revoked on July 18, 2002 for
9 multiple violations of the Business and Professions Code. Defendant GYANDZHYAN was also
10 the president, secretary, and treasurer of ZMA Incorporated, doing business as Electric Express,
11 located at 541 W Colorado Blvd #300 Glendale, CA 91204, under Contractors License No.
12 697760 (C-10) which was revoked on July 18, 2002, for multiple violations of the Business and
13 Professions Code. Defendant GYANDZHYAN was also the president, secretary, and treasurer
14 of Answering Resources, Inc. doing business as Thrifty Electric, located at 541 W Colorado Blvd
15 #302 Glendale, CA 91204, under Contractors License No. 723375 (C-10) which was revoked on
16 July 18, 2002, for multiple violations of the Business and Professions Code. Defendant
17 GYANDZHYAN was also the president, secretary, and treasurer of Orbell Enterprises, Inc.,
18 doing business as Plumbing One, located at 541 W. Colorado Blvd #301 Glendale, CA 91204,
19 under Contractors License No. 713006 (C-36) which was revoked on July 18, 2002, for multiple
20 violations of the Business and Professions Code. Plaintiff is informed and believes that
21 defendant GYANDZHYAN is or was an owner and/or principal in one or more of the entities
22 named as co-defendants in this action at all times relevant to this Complaint, and as such engaged
23 in, controlled, directed, authorized and/or ratified the unlawful conduct of Defendants, as set
24 forth in this Complaint.

25 6. Lilit Lusparian, (LUSPARYAN) is an individual and the chief executive officer
26 and president of Love My Home, Inc., doing business as Love My Home, located at 4040 Civic
27 Center Drive #200 San Rafael, CA 94903, under Contractors License No. 811361 (C-10), which
28 is currently expired with disciplinary action pending by the Contractors' State License Board.

1 Plaintiff is informed and believes that defendant LUSPARYAN is the wife of defendant
2 GYANDZHYAN and an owner and/or principal in one or more of the entities in this action at all
3 times relevant to this Complaint, and as such engaged in, controlled, directed, authorized and/or
4 ratified the unlawful conduct of Defendants, as set forth in this Complaint.

5 7. Sarkis Terabelian, a.k.a. Mike Terabelian (TERABELIAN) is an individual.
6 Defendant TERABELIAN previously was the sole owner of Electric Avenue, formerly A Plus
7 Electric Company, located at 941 Calle La Primavera Glendale, CA under Contractors License
8 No. 569322 (C-10) which was revoked on August 6, 1996, for multiple violations of the
9 Business and Professions Code. Defendant TERABELIAN was also the sole owner of AZM
10 Incorporated, doing business as A Plus Electric Company, located at 10537 Glenoaks Blvd #D
11 Pacoima, CA 91331, under Contractors License No. 671874 (C-10) which was revoked on
12 August 6, 1996, for multiple violations of the Business and Professions Code. Plaintiff is
13 informed and believes that defendant TERABELIAN is or was an owner and/or principal in one
14 or more of the entities named as co-defendants in this action at all times relevant to this
15 Complaint, and as such engaged in, controlled, directed, authorized and/or ratified the unlawful
16 conduct of Defendants, as set forth in this Complaint.

17 8. Alisa Oganyan, a.k.a. Alisa Terabelian (OGANYAN), is an individual. Defendant
18 OGANYAN previously was the president, secretary, and treasurer of Orbell Enterprises, Inc.,
19 doing business as Plumbing One, located at 541 W. Colorado Bl. #301 Glendale, CA 91204,
20 under Contractors License No. 713006 (C-36), which was revoked on July 18, 2002, for multiple
21 violations of the Business and Professions Code. Plaintiff is informed and believes that
22 defendant OGANYAN is the wife of defendant TERABELIAN and an owner and/or principal in
23 one or more of the entities in this action at all times relevant to this Complaint, and as such
24 engaged in, controlled, directed, authorized and/or ratified the unlawful conduct of Defendants,
25 as set forth in this Complaint.

26 9. Estine Akopyan (AKOPYAN) is an individual. Defendant AKOPYAN
27 previously was the president, secretary, and treasurer of USA Services, Inc., doing business as
28 USA Services, located at 900 E. Hamilton Avenue Suite 100 Campbell, CA 95008, under

1 Contractors License No. 775863 (C-10), which was revoked on November 28, 2007, for multiple
2 violations of the Business and Professions Code. Defendant AKOPYAN was also the chief
3 executive officer and president of Love My Home, Inc., located at 4040 Civic Center Drive #200
4 San Rafael, CA 94903, under Contractors License No. 811361 (C-10), before disassociating on
5 November 25, 2002.

6 10. Vardui Terabelian, a.k.a. Rose Bell (BELL) is an individual. Defendant BELL
7 was previously the chief executive officer, secretary, and chief financial officer of SRVS Charge
8 Inc.

9 11. SRVS Charge Inc. (SRVS) is a California corporation doing business in the State
10 of California and elsewhere as SRVS Charge Inc., duly organized and existing under the laws of
11 the State of California with Vardui Terabelian (defendant Bell) as chief executive officer,
12 secretary, and chief financial officer and its principal executive office located at 450 N. Brand
13 Blvd. #600, Glendale, CA 91203. On or about September 5, 2006, Tony Oganyan replaced
14 Vardui Terabelian (defendant BELL) as the chief executive, secretary, and chief financial officer.

15 12. Cal Repair Services Inc. (CAL REPAIR) located at 450 N. Brand Suite 600
16 Glendale, CA 91203, is a California corporation doing business in the State of California and
17 elsewhere as Pick Red Plumbing duly organized and existing under the laws of the State of
18 California with defendant MKHITARIAN as president, secretary, and treasurer. Defendant CAL
19 REPAIR was previously issued Contractors License No. 797241 (C-10, C-20, C-36) by the
20 Contractors' State License Board. That license was revoked on August 10, 2005, for multiple
21 violations of the Business and Professions Code. Defendant CAL REPAIR is not presently
22 licensed in any capacity by the Contractors' State License Board.

23 13. USA Services, (a.k.a. American Plumbing, Electrical, Heating and Air
24 Conditioning) (USA SERVICES) located at 900 E. Hamilton Avenue Suite 100 Campbell, CA
25 95008, is a California corporation doing business in the State of California and elsewhere as
26 USA Services, duly organized and existing under the laws of the State of California with
27 defendant AKOPYAN as president, secretary, and treasurer. Defendant USA SERVICES was
28 previously issued Contractors License No. 775863 [classifications C-10, C-20, C-36] by the

1 Contractors' State License Board. That license was revoked on November 28, 2007, for multiple
2 violations of the Business and Professions Code. Defendant USA SERVICES is not presently
3 licensed in any capacity by the Contractors' State License Board.

4 14. Love My Home, Inc. (LOVE MY HOME) located at 4040 Civic Center Drive
5 #200 San Rafael, CA 94903, is a California corporation doing business in the State of California
6 and elsewhere, duly organized and existing under the laws of the State of California with
7 defendant AKOPYAN previously listed as chief executive officer and president (disassociated
8 11/25/2002) and defendant LESPARIAN listed as one of two chief executive officers and
9 presidents. Defendant LOVE MY HOME was previously issued Contractors License No.
10 811361 (C-20, C-36) by the Contractors' State License Board. The license is currently expired
11 with disciplinary action by the Contractors' State License Board pending.

12 15. Roman Construction Inc. (ROMAN CONSTRUCTION) located at 4900 Hopyard
13 Road #100, Pleasanton, CA 94588, is a California corporation doing business in the State of
14 California and elsewhere as American Electric, duly organized and existing under the laws of the
15 State of California with Arnold Gary Glugosh as president, secretary, and treasurer until January
16 1, 2008, and Rostam Gabri as president, secretary, and treasurer thereafter. Defendant ROMAN
17 CONSTRUCTION was previously issued Contractors License No. 834398 (C-10, C-20) by the
18 Contractors' State License Board. The license expired on March 11, 2008, with disciplinary
19 action by the Contractors' State License Board pending.

20 16. Speedy Plumbing and Electrical, Inc. (SPEEDY PLUMBING AND
21 ELECTRICAL) located at 777 Campus Commons Road #200, Sacramento, CA 95825, is a
22 California corporation doing business in the State of California and elsewhere as 59 Minute
23 Service duly organized and existing under the laws of the State of California with Ivica Johan
24 Njegovec as responsible managing officer, chief executive officer, and president (hereinafter
25 SPEEDY PLUMBING AND ELECTRICAL.) Defendant SPEEDY PLUMBING AND
26 ELECTRICAL was previously issued Contractors License No. 837697 [Classification C-10] by
27 the California Contractors' State License Board. The license expired on March 31, 2008, with
28 disciplinary action by the Contractors' State License Board pending.

1 17. R M M Plumbing & Electrical, Inc. (R M M PLUMBING AND ELECTRICAL)
2 located at 3017 Douglas Blvd. #300, Roseville, CA 95661, is a California corporation doing
3 business in the State of California and elsewhere as ASAP Electric, duly organized and existing
4 under the laws of the State of California with Reginald Peter Ruiz as responsible managing
5 officer, chief executive officer, and president from March 3, 2004, through October 31, 2006,
6 and Seroj Avedian as responsible managing officer, chief executive officer, and president from
7 December 15, 2006, through June 16, 2007. Defendant R M M PLUMBING AND
8 ELECTRICAL was previously issued Contractors License No. 833296 (C-10, C-36) by the
9 Contractors' State License Board. The license was revoked in 2008 for violations of the
10 Business and Professions Code.

11 18. Plaintiff is not aware of the true names and capacities of the defendants sued
12 herein as DOES 1 through 50, inclusive, and therefore sues these defendants by such fictitious
13 names. Each fictitiously named defendant is responsible in some manner for the violations of
14 law alleged. Plaintiff will amend this complaint to add the true names of the fictitiously named
15 defendants once they are discovered. Whenever reference is made in this complaint to
16 "defendants" such reference shall include Does 1 through 50.

17 19. Whenever in this Complaint reference is made to any act or omission of a
18 corporate defendant, such allegation shall be deemed to mean that said corporate defendant, and
19 its officers, directors, agents, and employees, did or authorized such act while actively engaged in
20 the management, direction, or control of the officers of said corporate defendant, and each of
21 them, and while acting within the scope of their employment.

22 20. Whenever in this Complaint reference is made to any act of defendants, such
23 allegations shall be deemed to mean the act of each defendant acting individually, jointly and
24 severally.

25 21. At all relevant times, each defendant has acted as an agent, representative, or
26 principal of each of the other defendants and has acted within the course and scope of said
27 agency or representation with respect to the acts herein alleged.

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1 22. At all relevant times, each defendant knew or realized that the other defendants
2 were engaging in or planned to engage in the violations of law alleged in this Complaint.
3 Knowing or realizing that other defendants were engaging or planning to engage in such
4 unlawful conduct, each defendant nevertheless facilitated or aided and abetted the commission of
5 those unlawful acts. Each defendant intended to and did encourage, facilitate, aid and abet, or
6 assist in the commission of the unlawful acts, and thereby aided and abetted the other defendants
7 in the unlawful conduct.

8 23. Defendants have engaged in a conspiracy, common enterprise, and common
9 course of conduct, the purpose of which is and was to engage in the violations of law alleged in
10 this Complaint. The conspiracy, common enterprise, and common course of conduct continues
11 to the present.

12 **NATURE OF BUSINESS PRACTICES**

13 24. The Contractors' State License Board (Board) is a state agency and is responsible
14 for the issuance of contractors licenses as well as overseeing the conduct of licensees in the State
15 of California pursuant to Business and Professions Code section 7000 et. seq. Pursuant to
16 Business and Professions Code section 7000.6, protection of the public is the Board's highest
17 priority in exercising its licensing, regulatory, and disciplinary functions.

18 25. Since 1989, defendants have been in the business of offering and performing
19 contracting services to the public and have done so by utilizing a variety of business names and
20 license numbers. The services provided by defendants cover a variety of trades which require
21 licensure specific to that trade, often referred to in the industry as "specialty classifications."
22 (CCR, title 16, section 832.) The license classifications most often obtained and utilized by
23 defendants consist of classification C-10 (Electrical), C-20 (Warm Air, Ventilating, Air
24 Conditioning), and C-36 (Plumbing).

25 26. The businesses conducted by defendants operates and has operated in callous
26 disregard of the laws of the State of California and preyed upon consumers by providing services
27 they are neither qualified nor competent to perform. The fees charged for their services are
28 exorbitant, often exceeding by five to ten times the industry average for identical services

1 provided by legitimate, qualified licensees. The Board has spent in excess of a million dollars
2 diligently pursuing discipline against defendants as a result of their failure to comply with state
3 laws. As a result, it has been successful in revoking multiple contractor's licenses previously
4 issued to defendants.

5 27. Nonetheless, despite the efforts of the Board and the aforementioned license
6 revocations, which by law preclude certain defendants from performing any activities for which a
7 valid contractor's license is required and prevents them from being officers or directors of any
8 company that purports to provide contracting services, defendants continue to engage in the
9 business of advertising, offering and providing household contracting services, including but not
10 limited to plumbing, electrical, heating and air conditioning services, all of which require
11 licensure by the Board. These services are offered and provided to consumers under a variety of
12 business names and license numbers that are owned or controlled by one or more defendants.

13 28. The services ultimately provided by defendants are the result of a complex scheme
14 designed to confuse, gouge, and victimize consumers as well as evade scrutiny by various state
15 agencies charged with regulating business conducted in the State of California. Multiple sting
16 operations conducted by undercover Board investigators posing as consumers reveal systematic
17 violations of law which are conducted on a massive scale. A typical transaction is illustrated as
18 follows:

19 29. Defendants' services are typically initiated by consumers responding to one of
20 several prominent advertisements placed by defendants in a variety of advertising mediums,
21 including the Yellow Pages and the Internet. The advertisements entice consumers by offering a
22 100% satisfaction guarantee, senior citizen discounts, as well as other inducements. When a
23 consumer places a call for service, he or she believes the service is provided by the entity
24 contained in the advertisement. In fact, the service call is actually routed to a call center operated
25 by defendant SRVS, which purports to be a "contractor referral service" and which is owned and
26 controlled by defendant TERABELIAN. Defendant SRVS dispatches a "technician" who may or
27 may not provide service in the name and license number of the entity listed in the advertisement
28 and who usually is not a registered salesperson as required by Business and Professions Code

1 section 7154. The technician will typically arrive at the work site with a contract bearing a
2 different company logo than advertised and with a license number that may be different still. The
3 use of multiple names and license numbers on a single project creates significant confusion and
4 makes it difficult for a consumer to seek recourse for the violations of law that defendants
5 ultimately commit on a project.

6 30. Defendants' use of multiple names and license numbers is accomplished in part
7 through the use of self-described "sleeper companies," which are a collection of corporations that
8 initially lie dormant after formation. The sleeper company will often have a new and ostensibly
9 legitimate license number issued by the Board which, unbeknownst to the Board, was
10 fraudulently obtained, using individuals with the training and experience required to obtain said
11 licenses without the individuals' knowledge by use of forgery, deceit, and other fraudulent
12 means. In other cases, the license is obtained by "renting" the license of a qualified responsible
13 managing officer (RMO) in exchange for a monthly fee. Under such arrangements, the RMO
14 does not perform any of the supervision required by Business and Professions Code section
15 7068.1. When an existing business has had its contractor's license revoked by the Board or has
16 received an excessive number of complaints, a "sleeper company" will morph into an existing
17 entity and business will continue without interruption. This allows the defendants to continue
18 their fraudulent schemes unabated and with a clean complaint history, despite the best efforts of
19 the Board to comply with its legislative mandate to protect the public from unscrupulous and
20 incompetent contractors.

21 31. When defendants dispatch a technician to a residence for service, he or she is
22 often not a licensed contractor despite the fact that he or she is not an employee of defendants.
23 As a result, a consumer will legitimately believe he is paying for a qualified, licensed contractor,
24 when in fact unlicensed, unqualified contractors are actually performing the work.

25 32. The price defendants charge for services is established through the use of a "price
26 book" which they instruct their technicians to utilize when making a service call. The fees
27 charged for the work performed are "flat fee" arrangements which are task-specific. The fees do
28 not take into consideration the many variables that bear on the complexity of the work

1 performed. As a result, the fees charged are so excessive relative to market rates that they are
2 unconscionable as a matter of law.

3 33. In order to induce sales to the elderly, defendants purport to offer "senior citizen
4 discounts" of 10% or more of the total contract price and which results in a significant number of
5 elderly victims.

6 34. The work ultimately performed by defendants and their technicians is often of
7 poor quality thereby failing to meet accepted trade standards in the industry. The poor quality of
8 defendants' workmanship results in a significant and disproportionate number of complaints
9 relative to the industry.

10 35. Resolution of consumer complaints is made difficult by defendants' use of
11 multiple business names and license numbers. This practice also neutralizes the effectiveness of
12 the Contractors' State License Board web site as a tool for consumers to track and communicate
13 with licensed contractors.

14 36. If a consumer rightfully withholds or otherwise stops payment to defendants
15 following disputes that may concern price, workmanship, or qualification, defendants retaliate by
16 filing a lien against the consumer's property to induce payment by the consumer. This in spite of
17 the fact that defendants do not have a legal claim to the funds sought and do not meet the legal
18 requirements for filing a lien.

19 37. Defendants' business practices as just described are performed on a massive scale,
20 resulting in hundreds of contracts daily over several years and the generation of millions of
21 dollars in revenue for defendants.

22 FIRST CAUSE OF ACTION

23 (Violation of Business and Professions Code sec. 17500, et. seq.)

24 38. Plaintiff, the People of the State of California, restates and incorporates
25 paragraphs 1 through 37 as though fully set forth herein.

26 39. Defendants, acting directly or indirectly with intent to induce members of the
27 public to purchase defendants' contracting services, made or caused to be made, in violation of
28 ///

1 Business and Professions Code section 17500, untrue or misleading statements that include, but
2 are not limited to the following:

3 a. Defendants represent(ed) that they were duly licensed contractors, offering
4 services under a variety of contractors license names and numbers, when in fact, they were not
5 duly licensed as required by law..

6 b. Defendants represent(ed) themselves as a single company offering repair
7 services, when in fact, companies or license numbers other than those listed on the
8 advertisements respond(ed) to requests for service.

9 c. Defendants purport(ed) to offer a 100% satisfaction guarantee, when in
10 fact, unsatisfied consumers are/were often refused a refund of service charges.

11 40. Defendants know/knew, or by the exercise of reasonable care should have known,
12 at the time of making these statements, or causing these statements to be made, that the
13 aforementioned statements were untrue or misleading.

14 SECOND CAUSE OF ACTION

15 (Violation of Business and Professions Code sec. 17200 et. seq.)

16 41. Plaintiffs re-allege and incorporate by reference Paragraphs 1 through 40 of this
17 Complaint as though fully set forth herein.

18 42. Defendants, and each of them, have engaged in, and are still engaging in, acts of
19 unfair competition within the meaning of and in violation of Business and Professions Code
20 section 17200, including, but not necessarily limited to the following:

21 a. Defendants make/made untrue and misleading statements in connection
22 with the sale of their contracting services within the meaning of, and made unlawful by, Business
23 and Professions Code section 17500 as well as section 7161(a) as further set forth in but not
24 limited to those items identified in paragraph number 39.

25 b. Defendants violate(d) Civil Code section 1770(a)(2) in misrepresenting the
26 source of services provided to consumers by advertising in the name of one company and one
27 license number while performing services in the name of another and/or using a different license
28 number.

1 c. Defendants violate(d) Penal Code section 470 by forging the names of
2 individuals in order to obtain contractors licenses issued by the Contractors' State License Board.

3 d. Defendants violate(d) Business and Professions Code section 7154 by
4 employing or utilizing salespersons who are not duly registered as required by Business and
5 Professions Code section 7153(a).

6 e. Defendants violate(d) Penal Code section 115(a) by knowingly procuring
7 or offering a false or forged instrument to be filed or recorded in a public office of this state.

8 f. Defendants violate(d) Business and Professions Code section 7114 by
9 aiding and abetting unlicensed subcontractors to perform activities for which a valid contractors
10 license is required.

11 g. Defendants violate(d) Business and Professions Code section 7118 by
12 entering into contracts with unlicensed subcontractors.

13 h. Defendants violate(d) Business and Professions Code section 7125.2 and
14 Labor Code section 3700 by failing to secure workers compensation insurance for their
15 employees.

16 i. Defendants violate(d) Business and Professions Code section 7109(a) by
17 failing to meet industry standards for good and workmanlike repair.

18 j. Defendants improperly and illegally file(d) liens on consumers' properties
19 despite the fact that the service contracts under which the home improvement services originated
20 were unenforceable since they were procured by unregistered salespersons in violation of
21 Business and Professions Code section 7153(b).

22 k. Defendants utilize(d) a pricing structure through the use of a "price book"
23 that results in charges to consumers that are unconscionable.

24 l. Defendants' advertisements violate Business and Professions Code section
25 7027.1. in that the licenses advertised by defendants are often not valid.

26 m. Defendants violate(d) Business and Professions Code section 7090.5 by
27 correcting conditions related to fraudulent acts to avoid disciplinary action by the Board.

28 ///

1 n. Defendants violate(d) Business and Professions Code section 7112 by
2 paying individuals to qualify their contractors licenses but who do not provide the oversight
3 required by Business and Professions Code section 7068.1.

4 o. Defendants violate(d) Business and Professions Code section 7116 by
5 utilizing contracts and invoices which contain the name style of previously revoked licenses.

6 p. Defendants violated Business and Professions Code section 7029.1 by
7 failing to obtain a joint venture license for projects in which two individual licenses are utilized.

8 43. Defendants' acts of unfair competition as described in paragraph 42 above
9 constitute patterns and practices central to the operation of defendants' businesses. Unlawful
10 conduct such as that described in paragraph 42 above causes harm to the welfare of the general
11 business community and permits defendants to compete at an unfair advantage because
12 defendants do not lawfully submit to licensure requirements with its attendant time and expense
13 constraints and burdens. Furthermore, defendants' unlawful conduct diverts significant amounts
14 of money from governmental taxing authorities with the result that legitimate business
15 enterprises and individual taxpayers subsidize the conduct of defendants [who do not pay their
16 fair share of such expenses including taxes.] ^{1/} Unless enjoined by order of this Court, defendants
17 are likely to continue to engage in such acts of unfair competition.

18 44. Defendants are subject to civil penalties, pursuant to sections 17206, 17206.1, and
19 17536 of the Business and Professions Code, and to injunctive relief, pursuant to sections
20 7028.3, 7028.4 and sections 17203 and 17535 of the Business and Professions Code. The
21 conduct of the defendants, and each of them, as set forth above, demonstrates the necessity for
22 injunctive relief restraining such similar violations pursuant to sections 17203 and 17535 of the
23 Business and Professions Code. Unless enjoined and restrained by order of the court, defendants
24 will continue to engage in such violations.

25 ///

26
27 1. Several defendants are currently awaiting trial on charges that include tax evasion in a
28 criminal proceeding entitled *The People of the State of California v. Zohrab Mkhitarian,*
et. al., in the Superior Court for the County of Los Angeles (Case No. BA327044-06.)

PRAYER FOR RELIEF

1
2 1. That pursuant to Business and Professions Code sections 17203, 7028.3
3 and 7028.4, defendants, their agents, employees, representatives, successors, partners, assigns,
4 and those acting in concert or participating with defendants be permanently enjoined from
5 engaging in unfair competition as defined in Business and Professions Code section 17200,
6 including but not limited to, the wrongful acts alleged in this Complaint.

7 2. That pursuant to Business and Professions Code section 17206, the Court
8 assess a civil penalty of two thousand five hundred dollars (\$2,500.00) against defendants for
9 each violation of Business and Professions Code section 17200; as proved at trial, but in an
10 amount not less than twenty million dollars (\$20,000,000.00)

11 3. That pursuant to Business and Professions Code section 17535,
12 defendants, their successors, partners, agents, representatives, employees, assigns and those
13 acting in concert or participating with defendants be permanently enjoined from making any
14 untrue or misleading statements in violation of Business and Professions Code section 17500,
15 including, but not limited to, the untrue or misleading statements alleged in this Complaint.

16 4. Pursuant to Business and Professions Code section 17536, that the Court
17 assess a civil penalty of two thousand five hundred dollars (\$2,500.00) against defendants for
18 each violation of Business and Professions Code section 17500, as proved at trial, but in an
19 amount of not less than twenty million dollars (\$20,000,000.00.)

20 5. That pursuant to Business and Professions Code section 17206.1, the
21 Court assess a civil penalty of two thousand five hundred dollars (\$2,500) against defendants for
22 each violation of Business and Professions Code section 17200 perpetrated against senior
23 citizens or disabled persons, as proved at trial, but in an amount not less than twenty million
24 dollars (\$20,000,000.00.)

25 6. That the Court make such orders or judgments, including the awarding of
26 rescission and restitution, as may be necessary to restore to customers any money or property
27 which was or may have been acquired by means of the unlawful and unfair practices alleged
28 herein, as authorized by Business and Professions Code section 17203 and other law;

1 7. That pursuant to Business and Professions Code section 17206(e) and
2 17536(d), the Court determine and award the Contractors' State License Board its reasonable
3 expenses incurred in investigation and prosecution of this action;

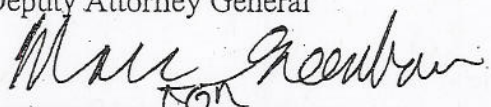
4 8. That the People recover their costs of suit;

5 9. That the Court order such other and further relief that the Court deems just
6 and proper.

7 DATED: October 2, 2008

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12
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