



Nevada State Contractors Board

STRATEGIC PLAN

**EXECUTIVE OFFICER REPORT
QUARTER TWO REPORT**

October 1 - December 31, 2012



Members of the Board

Guy M. Wells, *Chairman*

Margaret Cavin, *Treasurer*

Thomas “Jim” Alexander

Kevin E. Burke

Donald L. Drake

Jan Leggett

Stephen P. Quinn

Executive Leadership

Margi Grein, *Executive Officer*

Dan Hammack, *Chief of Enforcement*

George Lyford, *Director of Investigations*

Nancy Mathias, *Licensing Administrator*

members
and
drinking



Message from the Executive Officer

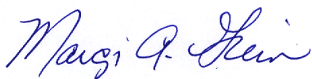
Our second quarter comes to a close at a time when we welcome a new year and prepare ourselves for new opportunities. Despite the leisurely activities of the holiday season, life inside the walls of the Board offices was anything but dormant. With seven objectives on our plate this quarter, all departments worked diligently as we strived to fulfill our goals.

Over the past three months, we have placed focus on the following strategic plan objectives:

- Identifying opportunities to improve our ability to quantify enforcement results;
- Creating legislative orientation materials for incoming members of the State Legislature;
- Identifying topics to increase contractor awareness of general business and legal principles;
- Developing a more refined structure for reporting partnering activities;
- Enhancing our partnerships;
- Developing a more streamlined Board Orientation Manual; and
- Improving our efforts of acquiring customer feedback.

Through these initiatives, we are continuing to analyze the data available to us to determine new avenues for reporting information to the Board and our stakeholders. We're becoming more alert to our customer service efforts and the opportunities to provide staff with valuable feedback on their day-to-day efforts. And, we're exploring new ways to raise awareness of contracting best practices and scams throughout the state.

The year 2013 may just be beginning, but our efforts to become a model regulatory agency have remained charged and constant. We look forward to advancing our achievements and reporting back to you on our successes and lessons learned in the months ahead.

A handwritten signature in blue ink that reads "Margi A. Grein". The signature is written in a cursive, flowing style.

MARGI A. GREIN

Nevada State Contractors Board Executive Officer

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Executive Officer Highlights

National Association of State Contractor License Agencies

The 2012 NASCLA 50th Annual Conference in Bend, Oregon was another valuable opportunity for NSCB and its investigators in attendance. In addition to learning from other states' experiences, NSCB's legal and legislative counsel provided dynamic presentations, while Executive Officer Grein provided a joint presentation with The Home Depot highlighting the pilot permit project recently launched in Southern Nevada. Other noteworthy takeaways from the conference included a presentation by San Diego Deputy District Attorney Paul Greenwood concerning prosecution of elder abuse cases and a robust discussion among the states concerning key challenges and strategies Contractor Boards are using to overcome/address them.

Collaborating with California

In an ongoing partnership, NSCB met with staff from the California State License Board to discuss the development of new program ideas for the NASCLA Resources Committee toolkit. The programs will focus on a Board's role in a legislative environment, effective partnering strategies, and use of social media. Additionally, staff also discussed a number of relevant issues between both Board offices, such as senior/homeowner outreach programs, customer service strategies, and utilization of data collected.

Partnering Initiatives (Goal 4)

- In addition to roundtable discussions with the community/property manager groups, NSCB presented to a class of pre-license realtor students and distributed an article to all HOAs concerning statutory requirements when hiring contractors.

- NSCB partnered with Senator Horsford, Assemblyman Carrillo, Assemblyman Hardy, and Carson City Deputy District Attorney Mark Krueger in hosting four Senior Programs throughout the state.
- A tracking system for reporting partnering activities was developed, which captures the partnering activity, participants, and outcome or next steps of the meeting.

Industry Communications

NSCB met with a variety of industry groups this quarter to discuss legislative proposals, provide an update on Board activities, and answer questions from the industry. While each meeting maintained a different focus, all were beneficial in keeping the industry informed, gaining greater awareness of industry concerns, and collaborating on future opportunities.

Adoption of New Regulation (Goal 1)

NSCB conducted a regulation workshop on October 11 and hearing on November 1 to discuss three proposals: R095-12, R096-12, and R098-12. The Board adopted proposal R098-12, which took effect December 20, 2012 after approval by the Legislative Commission. R095-12 and R096-12 were tabled for further discussion. NSCB will be scheduling additional workshops and industry roundtable meetings to further vet these proposals.

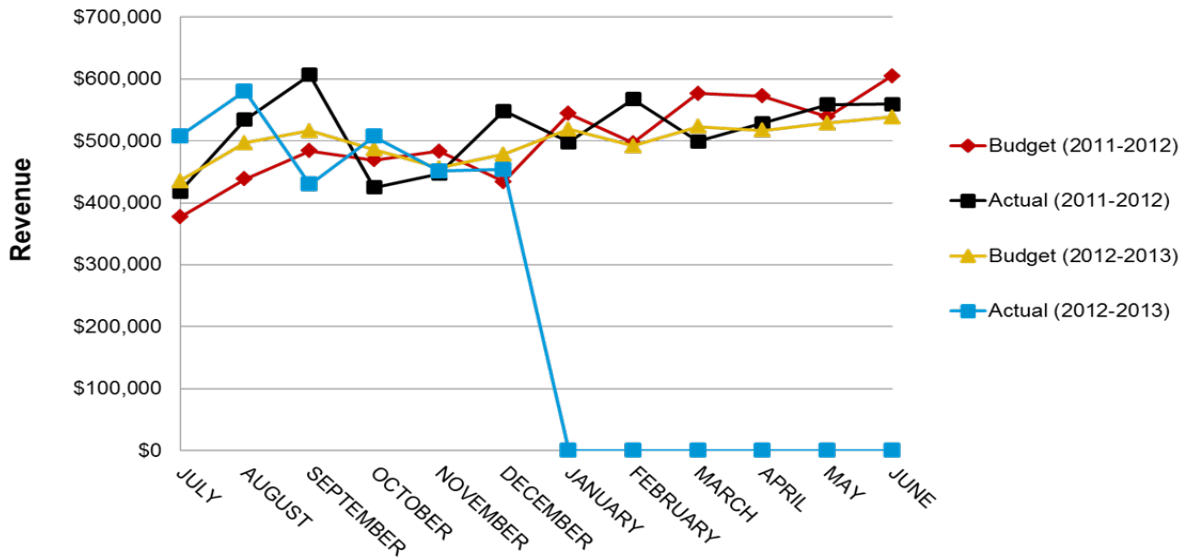
Board Member Development (Goal 5)

Governor Brian Sandoval appointed Jan Leggett to fulfill the remainder of Nat Hodgson's term and reappointed Stephen Quinn. Additionally, a Board Member Orientation Manual was developed to provide members of the Board a concise overview of NSCB policies and statutory guidelines.



Licensing - Q2 Snapshot

**Application, Renewal & Cost Recovery Revenue
(FISCAL YEARS 2011-2012 / 2012-2013)**



Oct to Dec 2012	
Licenses (Beginning of Quarter)	16,758
New Licenses Issued	232
Licenses Cancelled / Surrendered / Revoked	(465)
Variance in Suspended/Reinstated Licenses	46
Licenses (End of Quarter)	16,571
# of Licenses on Sep 30th, 2012	16,758
# of Licenses on Dec 31st, 2012	16,571
Net YTD (Fiscal Year)	
Licenses Gained / Lost	(187)
Renewal Revenue Gained / Lost	(\$112,200)
*Does not include suspended licenses	

FISCAL YTD LICENSING FEE TOTALS (FY2013)			
LICENSING FEES	BUDGET	ACTUAL	VARIANCE
License Renewals	4,100,000	1,940,623	(2,159,378)
New License Fee	600,000	290,300	(309,700)
Application Fee	375,000	202,800	(172,200)
License Changes	349,589	169,125	(180,464)
Invest Recov Costs	225,000	167,906	(57,094)
Renewal Late Fees	139,000	76,725	(62,275)
Renewal Inactive Fee	200,000	83,300	(116,700)

90 Day Retention Rate			
Projected Year-End Retention Rate	Sep '12 Lic's	16,758	
	Cancellations	(465)	(2.81%)
	New Licenses	232	1.40%
	Susp/Reinstat	46	0.28%
	Dec '12 Lic's	16,571	
3 Month Rolling	Change	(187)	
	% Change	-1.13%	

180 Day Retention Rate			
Projected Year-End Retention Rate	Jun '12 Lic's	16,908	
	Cancellations	(872)	(5.26%)
	New Licenses	471	2.84%
	Susp/Reinstat	(273)	(1.65%)
	Sep '12 Lic's	16,571	
6 Month Rolling	Change	(337)	
	% Change	-2.03%	

Licensing - Highlights

QUARTERLY STATS

New License Apps: 350 (+19%)

- 244 Approved
- 43 Tabled/Denied

Issued Licenses: 232 (+4%)

License Change Apps: 761 (-2%)

Active Licenses: 15,026 (-4%)

Inactive Licenses: 1,545 (-6%)

- 85 Placed on inactive status during Q2 (-33%)

Voluntary Surrender: 98 (+58%)

Active License Renewals: 1,605 (+5%)

Inactive License Renewals: 152 (+19%)

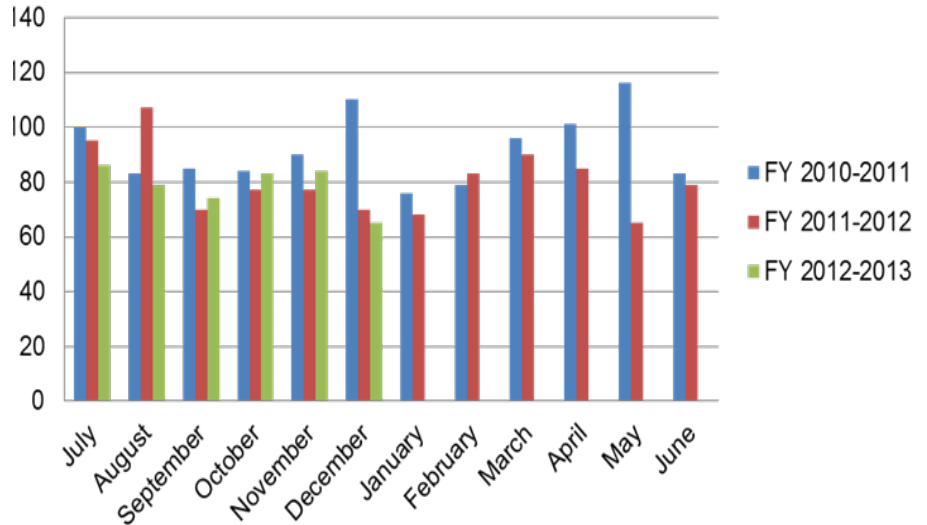
License Suspensions (no bond): 330 (-30%)

Licenses Cancelled: 348 (-10%)

205 Construction Management Exams Administered (-5%)

242 Technical Trade Exams Administered (-17%)

Issued Licenses



33%



New Application Denial Hearings

Regulatory Workshop & Hearing

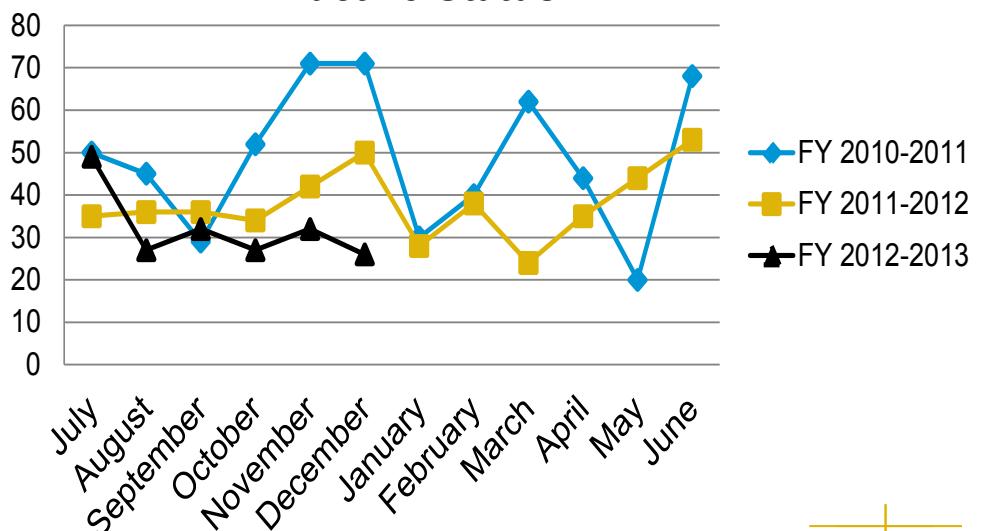
- Adopted R098-12, effective 12-20-12.
- Additional workshops and industry roundtable meetings to be scheduled for R095-12 and R096-12.

Financial Responsibility Hearings



25%

Licenses Placed on Inactive Status



Enforcement - Applicant Backgrounds

SIGNIFICANT OUTCOMES:

- Two applicants registering as felons;
- One applicant registering as a sex offender;
- One applicant referred to Homeland Security as a repeat offender (illegal alien).

Fingerprint Cards Submitted	677
Total fingerprints returned with criminal histories	121
Total fingerprints returned without criminal histories	556
Criminal histories	22%

UNREPORTED CRIMINAL ACTIVITY

- Burglary
- Embezzlement
- Diversion of Funds
- Extortion
- Felony, Auto, Misdemeanor Theft
- Narcotics
- Assault with Deadly Weapon
- Misdemeanor Assault
- Battery
- Domestic Violence
- Felony Destruction of Property
- False Impersonation
- False Identity
- DUI
- Trespass
- Disorderly Conduct
- Obstruction of Justice
- Criminal Mischief



BACKGROUND CHECKS

- 80 investigations initiated; 31 pending
- 24 applicants withdrew application
- 11 applicants failed to report misdemeanor convictions (\$5,500 in fines; \$3,025 in investigative costs)

An Applicant reported a history of arrest for domestic abuse, which included a sexual assault against his ex-wife. The applicant provided incomplete court documents, which indicated he was not required to register as a sex offender in the State of Arizona. Staff personnel opined that registration as a sex offender in Nevada was required.

The applicant disputed the opinion of Board staff and came before the Board a total of three times, each time presenting new documentation that he was not required to register under the Felon Registration requirements of the State of Nevada. All documentation provided was challenged by Board staff.

The facts and information were presented to the Nevada Department of Public Safety who made a determination the applicant was required to register as a resident sex offender and classified him as a Tier II Offender. The applicant completed his registration as a Tier II resident Sex Offender in December 2012.

Enforcement Overview - Compliance

QUARTER SNAPSHOT

Opened Complaints: 474

- 145 Workmanship
- 99 Money owing
- 231 Industry regulation

Closed Complaints: 462

302 Pending cases; 10 over 90 days (6.8%)

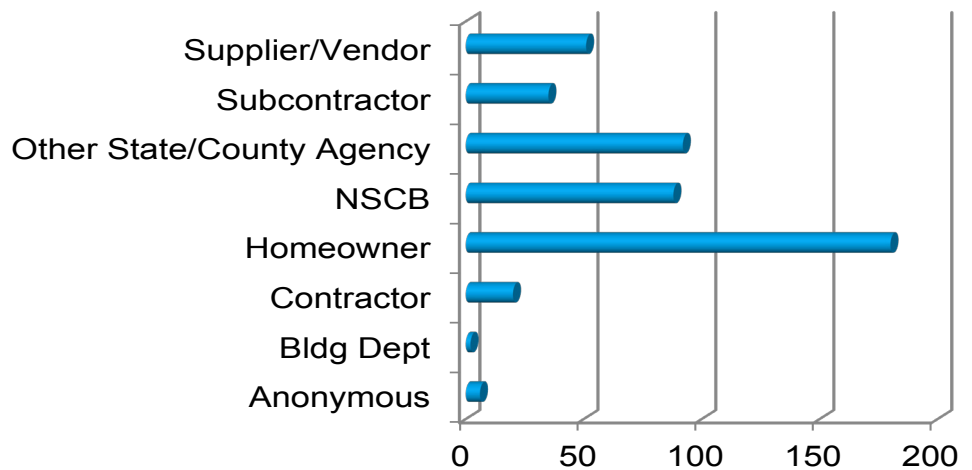
76 Administrative citations issued

- \$66,800 in Fines
- \$27,793 in Investigative Costs

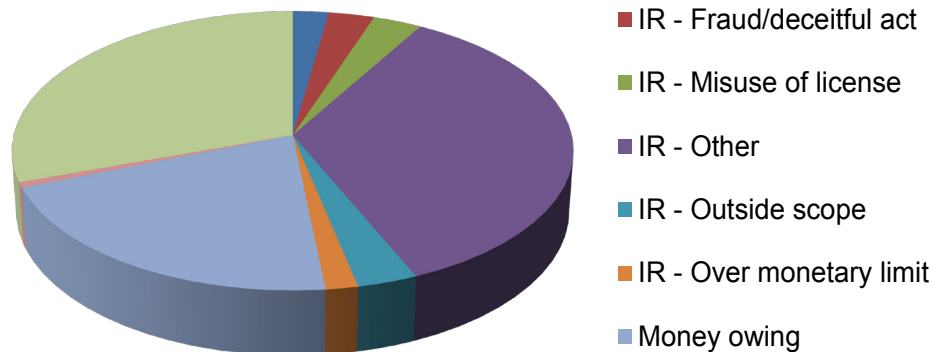
22 Cases referred for Disciplinary Hearing

- Seven licenses revoked

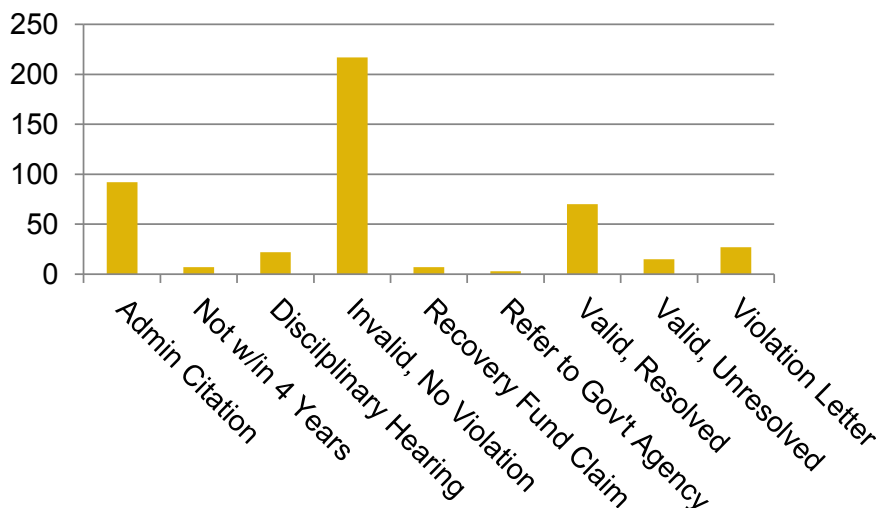
SOURCE OF COMPLAINTS FILED



VIOLATION TYPES



CLOSED CASE OUTCOMES



Enforcement - Compliance Highlights

Long-Time Contractor Abandons Projects

In late September 2012, the Board began receiving money owing complaints from sub-contractors against a licensed contractor in Southern Nevada, who has been licensed since 2000 and currently maintains five licenses (B; C-3; C-4; C-21 and C-15). To date, the Board has received a total of 9 complaints, (seven money owing; one workmanship and one industry regulation). The money owing claims currently total \$77,646.00.

The licensed contractor is thought to have closed its business in Nevada and the principals have relocated in California and Texas. All the licenses were suspended for no bond, voluntarily surrendered, or cancelled not renewed.

The licensee is also licensed in California, Florida, Texas and Arizona. Contractor offices are located in San Jose, Concord, Lawndale, San Francisco, Sacramento, Carnellan Bay, Santa Cruz, Petaluma, Las Vegas, Dallas and Jacksonville. The licenses in California and Arizona are all currently suspended.

The cases were given a priority status and the investigations into each complaint were expedited. A Default Hearing was held on January 16, 2012.

RESIDENTIAL RECOVERY FUND

As of December 31, 2012

- 13 Claims Considered
- 2 Claims Denied
- \$123,840 Awarded Collectively
- Average Claim = \$9,526
- 5 new claims received during the Second Quarter.
- 8 claims were pending totaling \$65,230.

Average period of time from when a claim was opened to when the Notice of Hearing was mailed was 32 days. The time from when a claim was opened to when a hearing was conducted was 89 days.

Fund Balance: \$5.352 million

Commercial/Public Works Construction

Oct - Dec 2012 Designation Types

- Single Family: 141
- Multi-Family: 10
- Commercial/Public Works: 89

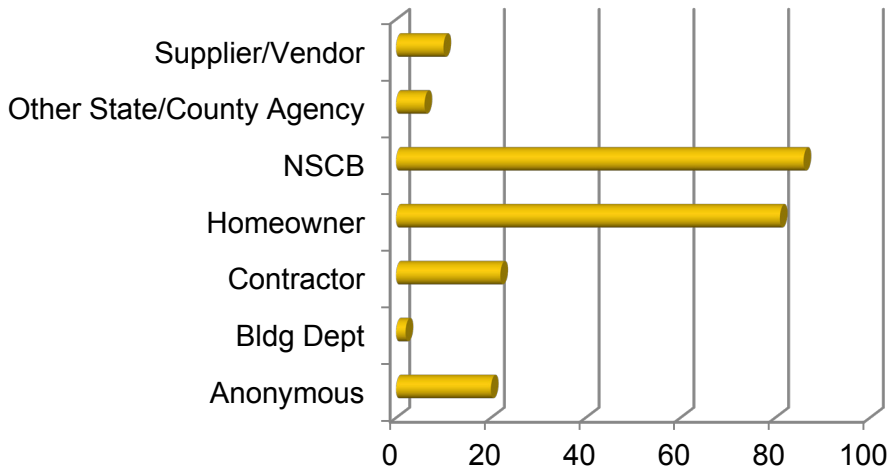
Commercial cases in this three-month statistical survey rendered 17% of the total caseload (474), while public works cases represented 1.4%, which includes industrial regulation, workmanship, and money owing complaints.

Q2 Commercial/Public Works Closure Type Breakdown:

- No violation: 37
- Valid/Resolved: 18
- Valid/Unresolved: 1
- Administrative Citation: 20
- Disciplinary Hearing: 7
- Violation Letters: 2
- Referred to Civil: 4

Enforcement Overview - Criminal

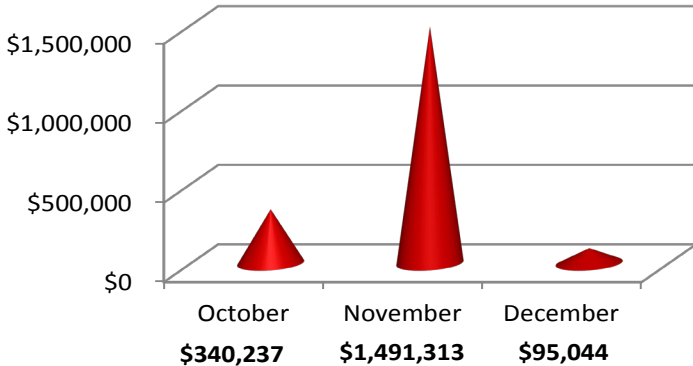
SOURCE OF COMPLAINTS FILED



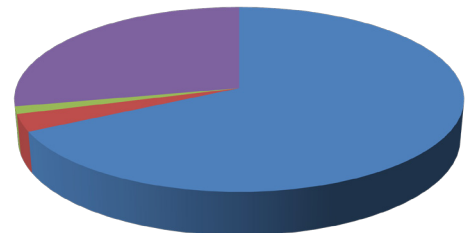
QUARTER SNAPSHOT

- Opened Complaints: 227
- Closed Complaints: 301
- 204 Pending cases
- No cases over 90 days
- 99 Criminal charges filed
- 122 Criminal convictions recorded

TOTAL CONTRACT \$\$ LOST TO UNLICENSED CONTRACTORS

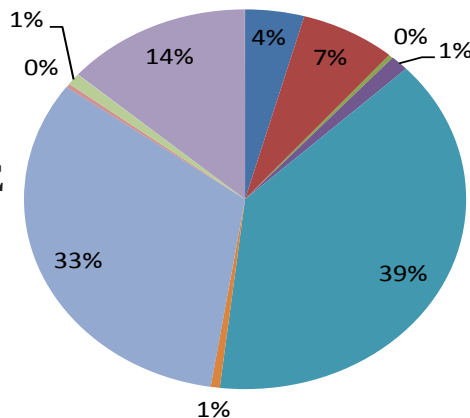


VIOLATION TYPES



- Contracting w/o License
- Criminal Fraud
- No Allegations
- Unlawful Advertising

CLOSED CASE OUTCOMES



- Admin Citation Accepted
- Charges Dismissed
- Felony
- Gross Misdemeanor
- Misdemeanor
- Insufficient Evidence
- No Violation Est.
- Refer to Gov't Agency
- Statute of Limitations
- Valid

Enforcement - Criminal Highlights

UNLICENSED “TRAVELER” DEFRAUDS SENIORS

In and around October 2012, an unlicensed contractor in Northern Nevada perpetrated a construction fraud scam on three senior women over the ages of 80 years. The unscrupulous contractor targeted his victims and then promised roof repair work that was never performed.

Despite no work being done, the unlicensed contractor did not hesitate to take over \$4,300 collectively from these three women. Upon conducting an investigation into the cases, NSCB forwarded the complaints to the Washoe County District Attorney with a request that a total of three warrants be issued charging this unlicensed contractor with three misdemeanor counts of contracting without a license (NRS 624.700) and three felony counts of obtaining money under false pretense (NRS 205.380).

As of December 31, 2012, no warrants have been issued for arrest; however, NSCB proactively distributed a *Consumer Alert* to all media notifying Northern Nevada residents of the alleged scammer and provided a physical description to encourage the reporting of known information to local law enforcement.

This unlicensed contractor targets seniors who are out in their yard while he drives through the neighborhood. Through investigation it was found that this individual is a documented “traveler” and is listed in a database maintained by the National Association of Bunco Investigators. Travelers are an organized group of family members of Scottish, Irish and English clans that spread throughout the United States and perpetrate various construction scams. The roof repair scam is commonly used by this group and elderly people are their primary targets.



UNLICENSED CONTRACTOR CONVICTED - SENIORS TO RECEIVE RESTITUTION

Another unlicensed contractor was convicted in Douglas County on one misdemeanor count of contracting without a license. This individual had originally been charged with three counts in which all of his victims were senior citizens. The Douglas County District Attorney allowed a plea bargain in the cases in an effort to secure restitution for his victims.

Upon conviction the unlicensed contractor was sentenced to 30 days in the county jail, which was suspended for one year. By April 8, 2013 he is required to pay \$3,470.00 restitution to one victim and \$2,185.00 to another as well as \$1,355.11 investigative costs to the NSCB. He was also fined \$1,137.00.

The case that was originally brought to NSCB demonstrated he scammed over \$80,000.00 from an 87-year-old gentleman; however the unlicensed contractor’s attorney was able to get that victim to sign a statement in which he testified that was not scammed and he wanted no restitution.

Public Information Office Update



HOMEOWNERS BEWARE

Two consumer alerts were issued this quarter warning homeowners of two unscrupulous individuals, one of whom was added to NSCB's Top 10 Most Wanted list. Consumer alerts are communicated by a variety of media outlets, help generate awareness of the Board, and most importantly, help homeowners become proactive in identifying warning signs of potential scammers.

TV MEDIA HIGHLIGHTS

- 7 Press Releases
- 39 TV Clips Statewide
- Projected Audience Reached: 780,000
- Total Run Time: 27 minutes
- Total Advertising Equivalency: \$21,700
- Total Publicity Value: \$67,000



INFORMATIONAL MATERIALS

In response to the Goal 3 objective, the Public Information Office is developing NSCB informational materials specifically for key constituency groups. The goal is to provide groups with a summary of the Board's mission, strategic initiatives, and ongoing programs.



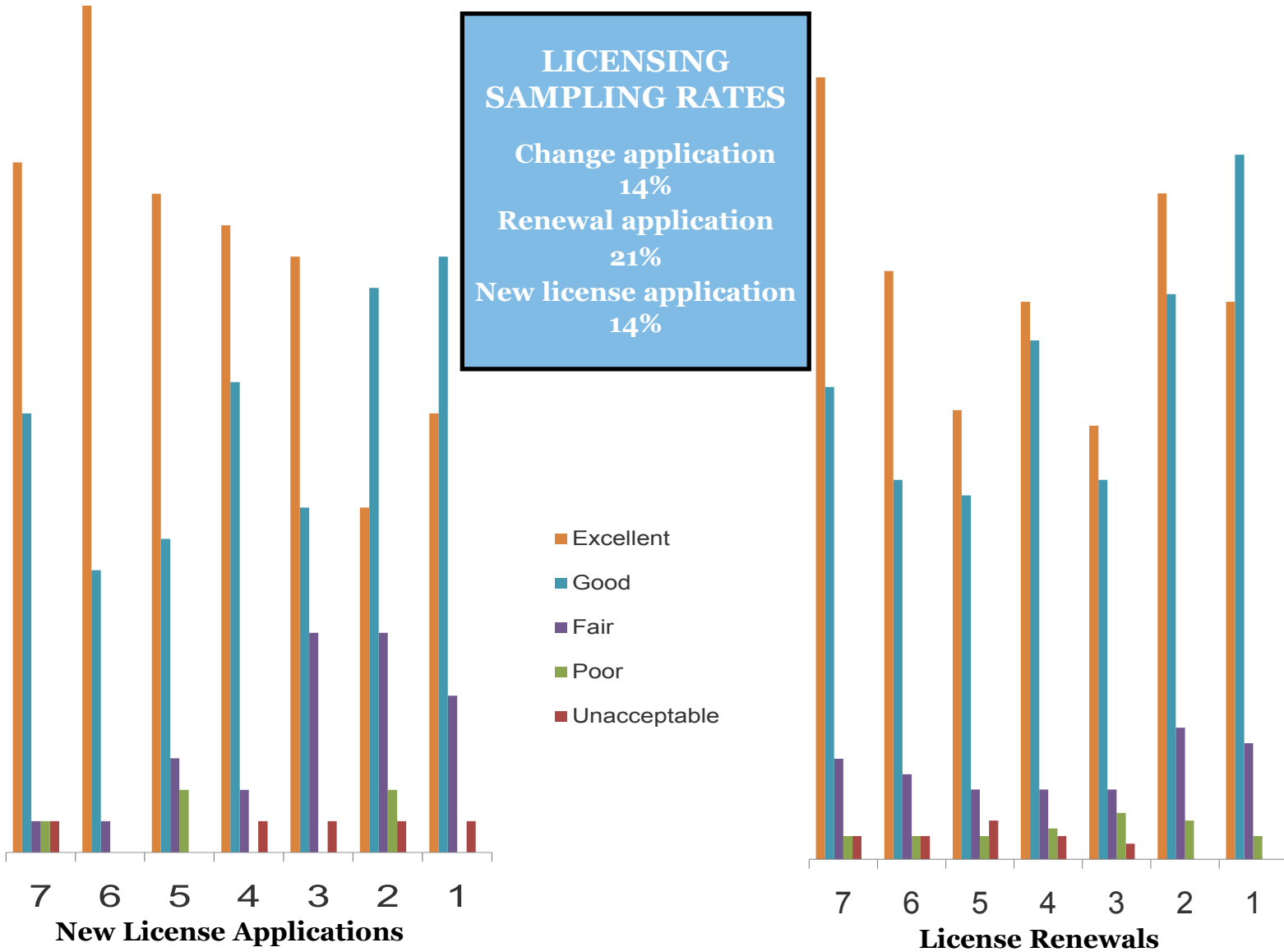
IN THE COMMUNITY

NSCB held four Senior Awareness Programs across the state this quarter. Each event included participation from a local legislator and in Carson City, the event was held in partnership with the District Attorney's Office. Additionally, NSCB participated in the 2012 Construction Career Day, providing licensing information to prospective contractors/apprentices and attended two home shows in Southern Nevada.

CREATING NEW COLLATERAL

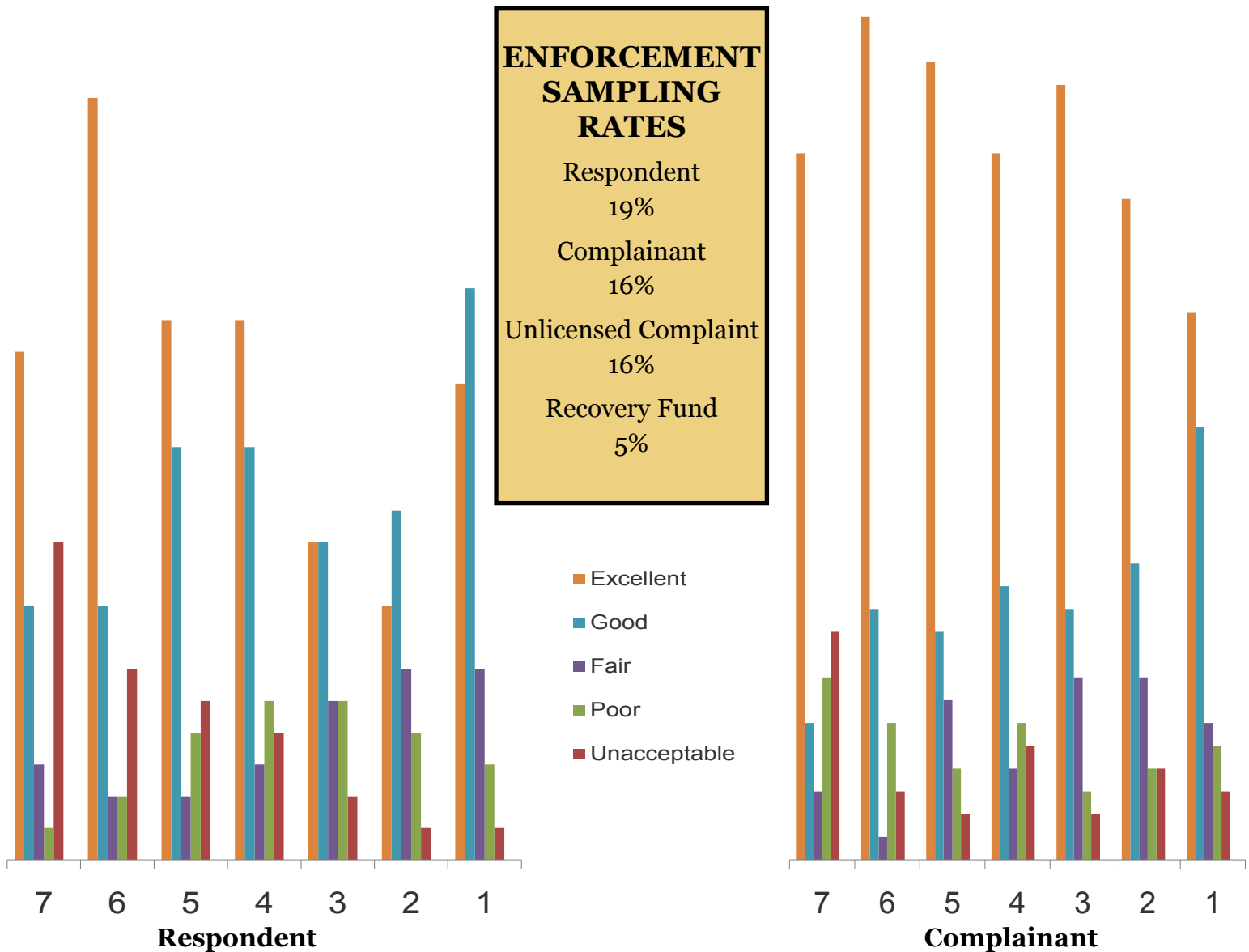
The Public Information Office is in the process of developing new collateral materials to add to its growing display of brochures. The new materials will help consolidate licensing application information as well as provide general information about Board operations and programs.

Customer Service Survey Report



1. Completeness and clarity of forms and instructions.
2. Length of time it took to process my application.
3. Length of time it took to notify me of any problems with my application.
4. Quality and clarity of correspondence received from NSCB staff.
5. Length of time it took to respond to my phone/email inquiries.
6. Professional and courteous conduct by NSCB staff.
7. Overall satisfaction with the manner in which my application was handled.

Customer Service Survey Report



1. Completeness and clarity of forms and instructions.
2. Length of time it took to investigate the complaint.
3. Length of time it took to notify/contact me after the complaint was filed.
4. Quality and clarity of correspondence received from NSCB staff.
5. Length of time it took to respond to my phone/email inquiries.
6. Professional and courteous conduct by NSCB staff.
7. Overall satisfaction with the manner in which the investigation was handled.

Customer Survey Summary



INITIATIVES TO ENHANCE CUSTOMER FEEDBACK

NSCB is currently in the process of modifying the existing survey questions in an effort to consolidate the existing seven surveys into four - Licensing, Complainant, Respondent, and Recovery Fund. Additionally, the surveys may allow for the gathering of new information to better ascertain how our customers became aware of the services the Board has to offer.

SAMPLING RATES IMPROVING

During the second quarter, nearly all surveys showed an increase in sampling rates compared to the previous quarter. In addition to efforts made by staff to encourage customers to complete the survey, each survey was sent out twice a month (initial contact and reminder), the language of the e-mail correspondence was modified to be more personal to the customers' interactions, and a direct reply e-mail was added to best ensure the message was not lost in one's junk mail.

- License Change Application +6%
- License Renewal Application +13%
- Respondent Survey +10%
- Unlicensed Contractor Complaint +10%
- Complainant Survey -8%

What Our Customers Are Saying

"The employees of the board have been very helpful and informative. I appreciate their assistance and promptness in processing my application."

~New License Applicant

"I deal w/ multiple states and NV is always helpful & responsive. GREATLY appreciated."

~License Change Applicant

"I am very pleased with the staff that I've encountered in my dealings with the contractors board. I can tell the customer satisfaction is a large part in the way business is done."

~Respondent to a Complaint

"Our experience with a deceitful contractor was not a good one. The NSCB made a wrong into a right. We thank the NSCB for their diligence and being a valuable resource for Nevada residents."

~Recovery Fund Claimant

Looking Forward - Quarter 3

The New Year marks more than just the start of a new quarter. The focus this quarter will extend beyond the calls to action in the Strategic Plan. With the Legislature back in session, staff will be actively tracking legislative items of importance to the Board and reporting on legislative progress at the monthly Board meetings. Additionally, the Board will be scheduling follow-up workshops and industry roundtable meetings to continue discussions on regulation proposals R095-12 and R096-12. Strategic Plan priority objectives this quarter will be the following:

- Exploring alternative ways of ensuring the financial capacity of license candidates;
- Investigating the feasibility of expanding the use of online application procedures;
- Analyzing the feasibility of allowing the completion of specific training courses in lieu of monetary fines for violations; and
- Developing a “Train the Trainer” program in partnership with industry groups.

Work is already underway by staff to accomplish these goals and to continue advancing the efforts of the Board. We expect a very busy quarter ahead of us and look forward to reporting on our successes and opportunities to further enhance NSCB as a model regulatory agency.



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