

DEPARTMENT OF INDUSTRIAL RELATIONS

Division of Labor Standards Enforcement
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**Lance A. Grucela***Attorney*

May 27, 2021

City of Fullerton
Department of Public Works
ATTN: Stacy Matsumoto
303 W. Commonwealth Avenue
Fullerton, CA 92831

via email only to StacyM@ci.fullerton.ca.us

Re: Prime Contractor: GRFCO, Inc.
Projects: MISC. STORM DRAIN - VARIOUS STREETS (DIR Project ID 365307)
JACARANDA DRAKE AREA STREET SEWER IMPROVEMENTS (DIR Project ID 335019)

Subject: ***Notice of Debarred Contractor***

Ms. Matsumoto:

Pursuant to *Labor Code* section 1777.1(f) and *California Code of Regulations*, Title 8, section 16801(a)(K), please be advised the following contractor(s), which have been awarded a contract for (and performed work on) the above-referenced projects for the City of Fullerton, have been debarred:

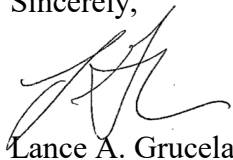
GRFCO, Inc., a California Corporation; and GEORGE ROBERT FROST, an Individual and as RMO/CEO/President of GRFCO, Inc. (collectively referred to as "GRFCO")

The attached *Order of Debarment* became effective on May 21, 2021, and provides that GRFCO and any firm, corporation, partnership, or association in which those individuals or entities have any interest as defined in *Labor Code* section 1777.1, or substantial interest as defined by *California Code of Regulations*, Title 8, section 16800, shall be ineligible to either bid on, be awarded a contract for, or perform work on any public works project for a period of three years. (Also see *Pub. Contract Code* § 6109.)

As a result of the debarment, GRFCO is disqualified from registering as a public works contractor with the Department of Industrial Relations. Registration is a statutory prerequisite to bid on or be engaged in the performance of any contract for public works. (*Lab. Code* § 1771.1(a).) Please be further advised that an awarding body that enters into a contract with or permits an unregistered contractor to engage in the performance of any public work is subject to civil penalties of \$100.00 for each day of violation. (*Lab. Code* §§ 1773.3, subd. (c)(1), (d).) The Labor Commissioner's Office wishes to respectfully alert the City of Fullerton of this potential liability if GRFCO continues to engage in the performance of any public works projects during this unregistered debarment period.

The Labor Commissioner's Office is committed to promoting compliance with workplace protections for vulnerable workers, which also levels the playing field and supports responsible, law-abiding contractors. We hope to continue in strong partnership with the City of Fullerton toward these worthy goals.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lance A. Grucela', with a stylized, cursive script.

Lance A. Grucela
Attorney for the Labor Commissioner

Encl.

DIVISION OF LABOR STANDARDS ENFORCEMENT
Department of Industrial Relations
State of California
By: Johanna Y. Hsu, SBN 164247
2 MacArthur Place, #800
Santa Ana, California 92707
(714) 558-4914

Attorneys for the State Labor Commissioner

CALIFORNIA DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF LABOR STANDARDS ENFORCEMENT
STATE LABOR COMMISSIONER

In re the DEBARMENT proceeding against:)	Case No. LB6629
)	
GRFCO, INC. dba ONSITE KRUSHING;)	Assigned for All Purposes to the
GARCIA JUAREZ CONSTRUCTION, INC.;)	Honorable Jessenya Y. Hernandez,
GEORGE ROBERT FROST; and JAMES)	Hearing Officer
CRAIG JACKSON,)	
)	ORDER OF DEBARMENT of Respondents
Respondents.)	from Public Works Projects
)	
)	(Labor Code § 1777.1)
)	
)	

Following the *Judgment Denying Petition for Writ of Mandate* filed by the California Superior Court (Riverside - RIC1906126) on March 30, 2021, and the *Order DENYING* Respondents' GRFCO, Inc., a California Corporation, and George Robert Frost, an Individual and as RMO/CEO/President, *Petition for Writ of Supersedeas* filed by the Fourth Appellate District of the California Court of Appeal, Division Two (E076823) on May 18, 2021, the attached *Proposed Statement of Decision Re: Debarment of Respondents from Public Works Projects and Proposed Order of Hearing Officer Jessenya Y. Hernandez, DEBARRING Respondents GRFCO, INC., a California Corporation dba ONSITE KRUSHING; GARCIA JUAREZ CONSTRUCTION, INC., a Dissolved California Corporation; GEORGE ROBERT FROST, an Individual and as*

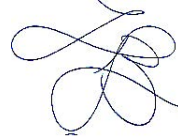
1 RMO/CEO/President; and JAMES CRAIG JACKSON, an Individual and as RMO/CEO/President,
2 from bidding, being awarded or performing any work on public works projects in the State of
3 California for THREE YEARS, is hereby adopted in full by the Division of Labor Standards
4 Enforcement as the FINAL *Decision* in the above-captioned matter.

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6 The Decision shall become effective and the debarment shall commence on May 21, 2021 .

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8 IT IS SO ORDERED.

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10 Dated: 5/21/2021

STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF LABOR STANDARDS ENFORCEMENT

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14 _____
LILIA GARCIA-BROWER
California Labor Commissioner

1 STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
2 DIVISION OF LABOR STANDARDS ENFORCEMENT
Jessenya Y. Hernandez (Bar No. 263991)
3 6150 Van Nuys Blvd., Suite 206
Van Nuys, CA 91401
4 Telephone: (818) 464-7817
Email: jyhernandez@dir.ca.gov

5 Attorney for the State Labor Commissioner

6 **BEFORE THE DIVISION OF LABOR STANDARDS ENFORCEMENT**

7 **DEPARTMENT OF INDUSTRIAL RELATIONS**

8 **FOR THE STATE OF CALIFORNIA**

9
10
11 In the Matter of the) Case No. LB6629
Debarment Proceeding Against:)
12 GRFCO, INC. dba ONSITE KRUSHING;) **[PROPOSED] STATEMENT OF**
13 GARCIA JUAREZ CONSTRUCTION, INC.;) **DECISION RE DEBARMENT OF**
GEORGE ROBERT FROST; and JAMES) **RESPONDENTS FROM PUBLIC WORKS**
14 CRAIG JACKSON,) **PROJECTS' [PROPOSED] ORDER**
) (Labor Code § 1777.1)
15 Respondents.)
16

17 The DIVISION OF LABOR STANDARDS ENFORCEMENT, STATE LABOR
18 COMMISSIONER ("DLSE" or "the Division") initiated debarment proceedings pursuant to Labor
19 Code section 1777.1 by the filing of an *Amended Statement of Alleged Violations* against the
20 following named Respondents: GRFCO, INC. dba ONSITE KRUSHING; GARCIA JUAREZ
21 CONSTRUCTION, INC.; GEORGE ROBERT FROST; and JAMES CRAIG JACKSON,
22 (collectively referenced hereinafter as "Respondents").
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24 DLSE served Respondents with the Notice of Hearing and Amended Statement of Alleged
25 Violations on July 13, 2018.

26 The hearing on the alleged violations was held in Los Angeles, California on two days:
27 September 6, 2018 and September 7, 2018. Jessenya Y. Hernandez served as the Hearing Officer.
28 Attorney Lance Grucela appeared on behalf of Complainant, DLSE. Attorney Fred Knez of the Knez

1 Law Group, LLP, appeared on behalf of Respondents. Deputy Labor Commissioner Kari Anderson
2 appeared as a witness for Complainant. James Jackson ("Jackson") and Penny Ann Paulson
3 ("Paulson") appeared as witnesses for Respondents.

4 The Amended Statement of Alleged Violations filed by the Division lists six projects with
5 Civil Wage and Penalty Assessments issued between February 2012 and May 2015 – (1) the Avocado
6 Boulevard, Calavo Drive, Louisa Drive, Hidden Mesa Drive Sanitary Sewer Replacement Project
7 (Assessment No. 44-37033-235) (the "Avocado Project"), (2) the San Onofre Surf Beach Main
8 Waterline Replacement Project (Assessment No. 40-46603) (the "San Onofre Project"), (3) the
9 Feather Hill Drive Subdrain and Villa Real Drive Storm Drain Improvements Project (Assessment
10 No. 40-45752) (the "Featherhill Project"), (4) the Sewer Replacement on Garfield Avenue From
11 Bushard Street to Bookhurst Street Project (Assessment No. 44-42221) (the "Garfield Avenue
12 Project"), (5) the E Street Storm Drain Project (Assessment No. 44-42223) (the "E Street Project"),
13 and (6) the Euclid Street Sewer Replacement Project (Assessment No. 44-42225) (the "Euclid Street
14 Project").
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17 In addition, the Amended Statement of Alleged Violations lists two instances of False
18 Certification Under Penalty of Perjury- Public Works Contractor Registration by Jackson on behalf of
19 GRFCO on May 18, 2016, and by respondent George Robert Frost ("Frost") on behalf of GRFCO on
20 June 12, 2017.
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22 The hearing was electronically recorded. A certified court reporter was also present during
23 each hearing date and the parties stipulated the court reporter's transcript would be the official record.
24 The witnesses testified under oath and exhibits were admitted into evidence. At the close of the
25 proceedings, the parties filed post-hearing briefs and the matter was submitted for decision.
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27 **I. FINDINGS OF FACT**

28 1. GRFCO, Inc. dba Onsite Krushing ("GRFCO") has been, at all times relevant herein, a

1 contractor licensed by the Contractor's State License Board under license number 291013.

2 2. GEORGE ROBERT FROST ("Frost") has been, at all times relevant herein, listed as
3 RMO/CEO/President of GRFCO with the Contractor's State License Board under license number
4 291013.

5 3. GARCIA JUAREZ CONSTRUCTION ("GJC") has been, at all times relevant herein,
6 a contractor licensed by the Contractor's State License Board under license number 848401.

7 4. JAMES CRAIG JACKSON ("Jackson") was at all relevant times, listed as
8 RMO/CEO/President of GJC with the Contractors State License Board under license number 848401.

9 5. The same principle players own and manage GJC and GRFCO. (DLSE, Exhibit QQ).

10 **False Certification Claims**

11 6. On May 18, 2016, GRFCO renewed its Public Works Contractor Registration pursuant
12 to Labor Code section 1725.5 (the "2016 Certification").

13 7. In the 2016 Certification, Respondents listed Jackson as project manager for GRFCO
14 and stated he had the authority to act for and on behalf of GRFCO. In renewing the registration,
15 Jackson, on behalf of GRFCO, certified GRFCO did not have any delinquent liability to any employee
16 or the State for any assessment of back wages or related damages, interest, or penalties pursuant to
17 any final judgment, order, or determination by a court or any federal, state, or local administrative
18 agency, including a confirmed arbitration award. (DLSE, Exhibit J).

19 8. At the time Respondents submitted the 2016 Certification, GRFCO had two
20 outstanding judgments entered against it on December 4, 2015, for the assessment of penalties in
21 Orange County Superior Court case numbers 30-2015-00823491-CL-EN-CJC and 30-2015-
22 00823528-CL-EN-CJC. (DLSE, Exhibits II, JJ).

23 9. On April 4, 2016, the Orange County Superior Court denied GRFCO's Motion to Set
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1 Aside the Judgments.¹

2 10. On June 3, 2016, DSLE received a check from GRFCO dated May 23, 2016, for full
3 payment of the judgment in the amount of \$3,800.00. (DLSE, Exhibit JJ).

4 11. DSLE received a check from GRFCO dated June 1, 2016, for full payment of the
5 judgment in the amount of \$2,700.00. (DLSE, Exhibit NN).

6 12. On June 12, 2017, GRFCO renewed its Public Works Contractor Registration pursuant
7 to Labor Code section 1725.5 (the "2017 Certification").

8 13. The 2017 Certification lists Frost as the President of GRFCO and states he had the
9 authority to act for and on behalf of GRFCO. In renewing the registration, Frost, on behalf of
10 GRFCO, certified GRFCO did not have any delinquent liability to any employee or the State for any
11 assessment of back wages or related damages, interest, or penalties pursuant to any final judgment,
12 order, or determination by a court or any federal, state, or local administrative agency, including a
13 confirmed arbitration award. (DLSE, Exhibits II, JJ).

14 14. At the time Respondents submitted the 2017 Certification, GRFCO had an outstanding
15 judgment, entered against on June 9, 2017, for the assessment of penalties in Los Angeles Superior
16 Court case number BS162441. (DLSE, Exhibit DD).

17 15. DLSE received a check from GRFCO dated July 5, 2017, in the amount of \$8,580.00
18 to satisfy the judgment entered against it on June 9, 2017.

19 Apprenticeship Violation Claims

20 **Avocado Project (Civil Wage and Penalty Assessment No. 44-37033-235)**

21 16. GJC served as the Prime Contractor on the Avocado Boulevard, Calavo Drive, Louisa
22 Drive, Hidden Mesa Drive Sanitary Sewer Replacement project (the "Avocado Project.") The
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28 ¹ Respondents' provide no information regarding the date their motion to set aside the judgments were entered. The only information provided is found in footnote 2 on page 4 of Respondents' Post Hearing Brief which states "The Motion to Set Aside these judgments was denied on April 4, 2016."

1 Awarding Body on the project was the Otay Water District.

2 17. In connection with the Avocado Project, the Division issued a Civil Wage and Penalty
3 Assessment (the "CWPA") under Labor Code section 1777.7 on April 18, 2014.

4 18. GJC requested review of the CWPA on June 20, 2014. A hearing on the merits was
5 conducted on March 18, 2015, with a decision issued on August 25, 2015 (DLSE, Exhibit N.) GJC
6 did not seek review of the decision, which includes the following findings (among other findings):
7

8 a. There were two applicable apprenticeship committees in the geographic area:(1) the
9 Laborers Southern California Joint Apprenticeship Committee; and (2) the Associated General
10 Contractors of America, San Diego Chapter.

11 b. GJC failed to properly submit contract award information and to properly request
12 dispatch of laborer apprentices from the two applicable apprenticeship committees in the geographic
13 area of the Project, so it was not excused from the requirement to employ apprentices under Labor
14 Code section 1777.5.

15 c. Under Labor Code section 1777.7, DLSE assessed a penalty upon affected contractor
16 Garcia Juarez Construction, Inc., in the amount of \$4,500, computed as \$10.00 per day for the 450
17 days that journeymen laborers worked on the project. (*Id.* at 11.)

18 The decision provides, GJC "'knowingly violated' the requirement of a 1:5 ratio of apprentice
19 hours to journeymen hours for laborer apprentices, and the record establishes that this violation was
20 'knowingly committed'". (*Id.* at 9.)
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22 19. At the hearing in this matter, Jackson testified GJC complied with the requirements on
23 one apprenticeship committee, the LSC JAC, but it did not know about the AGC-San Diego
24 Committee. However, the Director of the Department of Industrial Relations noted Jackson did not
25 offer an explanation for why GJC could not have determined which applicable apprentice committees
26 existed in the geographic area. (*Id.* at 9.)
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1 20. In the decision, the Director of the Department of Industrial Relations considered the
2 factors stated in section 1777.7, subdivision (f)(1) and found the factors favored a low penalty because
3 the violation was not intentional. (*Id.* at 10.)

4 21. On or about May 15, 2018, GJC paid \$4,725.00 in 1777.5 penalties to DLSE for
5 apprenticeship violations committed on the Avocado Project between February 2012 and May 2013.
6 (DLSE, Exhibit P.)

7
8 **San Onofre Project (Civil Wage and Penalty Assessment Number 40-46603)**

9 22. GRFCO served as the Prime Contractor on the San Onofre Surf Beach Main Waterline
10 Replacement project (the “San Onofre Project.”) The Awarding Body on the project was the State of
11 California Department of Parks and Recreation.

12 23. In connection with the San Onofre Project, the Division issued a CWPA under Labor
13 Code section 1777.7 on December 21, 2016.

14 24. GRFCO requested review of the CWPA. A hearing on the merits was conducted on
15 August 22, 2017, with a decision issued on June 8, 2018 (DLSE, Exhibit T.) GRFCO did not seek
16 review of the decision, which includes the following findings (among other findings):

17 a. There were two applicable apprenticeship committees in the geographic area... (1) the
18 Laborers Southern California Joint Apprenticeship Committee; and (2) the Associated General
19 Contractors of America, San Diego Chapter.

20 b. GRFCO failed to properly request dispatch of laborer apprentices from the two
21 applicable apprenticeship committees in the geographic area of the Project, so it was not excused from
22 the requirement to employ apprentices under Labor Code section 1777.5.

23 c. GRFCO violated Labor Code section 1777.5 by failing to employ apprentices in the
24 craft of laborers on the Project in the minimum ratio required by the law.

25 d. DLSE did not abuse its discretion in setting section 1777.7 penalties at the rate of
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1 \$300.00 per violation, and the resulting penalty of \$11,000.00 is affirmed.

2 (*Id.* at 15-16.) The decision provides, the evidence established GRFCO “ ‘knowingly violated’ the
3 requirement of a 1:5 ratio of apprentice hours to journeymen hours for the craft of laborers and laborer
4 apprentices” (*Id.* at 14.)

5
6 25. At the hearing on this CWPA, Jackson appeared and testified for GRFCO. The
7 Director of the Department of Industrial Relations noted Jackson did not testify that he was unfamiliar
8 with the requirement for the employment of apprentices on the Project, or unfamiliar with the need to
9 contact apprentice committees and request the dispatch of apprentices. (*Id.* at 14.)

10 **Featherhill Project (Civil Wage and Penalty Assessment No. 44-45752)**

11 26. GRFCO served as the Prime Contractor on the Feather Hill Project. The Awarding
12 Body on the project was the City of Orange.

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14 27. In connection with the Feather Hill Drive Subdrain and Villa Real Drive Storm Drain
15 Improvements project (the “Feather Hill Project.”) the Division issued a CWPA under Labor Code
16 section 1777.7 on December 5, 2016.

17 28. GRFCO requested review of the CWPA on December 21, 2016. A hearing on the
18 merits was conducted on July 20, 2017. Jackson appeared on behalf of GRFCO its Project Manager.
19 A decision issued on August 18, 2017 (DLSE, Exhibit X.) GRFCO did not seek review of the
20 decision, which includes the following findings:

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22 a. Affected contractor GRFCO, Inc., knowingly violated section 1777.5 by: (a) not
23 issuing timely and proper requests for dispatch of apprentices in form DAS 142 or its equivalent to the
24 two laborer apprenticeship committees in the geographic area of the Project site; and (b) not
25 employing on the Project laborer apprentices in the ration of one hour of apprentice work for every
26 five hours of journeyman work.

27 b. GRFCO, Inc., is liable for an aggregate penalty under section 1777.7 in the sum of
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1 \$3,900.00 computed at \$300.00 per day for the 13 days that its journeymen laborers worked on the
2 Project. (*Id.* at 13-14.)

3 The decision provides, the evidentiary record clearly established GRFCO intentionally failed
4 to comply with section 1777.5. (*Id.* at 10.) The Director of Industrial Relations noted the evidentiary
5 record established GRFCO's violations were "knowing" violations because GRFCO's contract "with
6 the city for the Project notified GRFCO of its obligation to comply with Labor Code provisions
7 applicable to public works projects...GRFCO knew or should have known about the requirements of
8 section 1777.5." (*Id.* at 9.)

10 **Garfield Avenue Project (Civil Wage and Penalty Assessment No. 44-42221)**

11 29. GRFCO served as the Prime Contractor on the Sewer Replacement on Garfield Avenue
12 from Bushard Street to Brookhurst Street project (the "Garfield Avenue Project.") The Awarding
13 Body on the project was the City of Fountain Valley.

14 30. In connection with the Garfield Avenue Project, the Division issued a CWPA under
15 Labor Code section 1777.7 on December 29, 2014.

16 31. GRFCO requested review of the CWPA. A hearing on the merits was conducted on
17 August 13, 2015. JACKSON appeared and testified on behalf of GRFCO. A decision was issued on
18 March 22, 2016 (DLSE, Exhibit BB.) The decision included the following findings:

19 a. There were two applicable apprenticeship committees in the geographic area of the
20 Project in the craft of Laborer: (1) the Laborers Southern California Joint Apprenticeship Committee;
21 and (2) the Associated General Contractors of America, San Diego Chapter.

22 b. There was one applicable apprenticeship committee in the geographic area of the
23 Project in the craft of Operating Engineer; the Southern California Operating Engineers J.A.C.

24 c. GRFCO failed to properly submit contract award information to one of the applicable
25 apprenticeship committees in the geographic area of operation of the Project for the craft or trade of
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1 Laborer, so it was not excused from the requirement to employ apprentices under Labor Code 1777.7.

2 d. GRFCO failed to properly request dispatch apprentices from one applicable
3 apprenticeship committee in the geographic area of operation of the Project for the craft or trade of
4 Operating Engineer, so it was not excused from the requirement to employ apprentices under Labor
5 Code section 1777.7.

6
7 e. GRFCO failed to employ both Laborer Apprentices and Operating Engineer
8 Apprentices on the Project in the minimum ration required by the Labor Code section 1777.5 (20% of
9 the journeyman hours employed).

10 f. Under Labor Code section 1777.7, a penalty is assessed upon affected contractor
11 GRFCO...for a total of \$8,580.00. (*Id.* at 13-14.)

12 32. GRFCO filed a Petition for a Writ of Mandamus in Los Angeles Superior Court, LASC
13 Case No. BS162441 on May 12, 2016 (DLSE, Exhibit EE.)

14 33. Through the Writ of Mandamus, GRFCO sought to compel Respondent Director of the
15 Department of Industrial Relations to vacate the decision dated March 22, 2016 assessing a penalty
16 against GRFCO.

17 34. On June 9, 2017, the Los Angeles County Superior Court denied the writ and entered
18 judgment against GRFCO.

19 35. On or about July 5, 2017, GRFCO paid \$8,580.00 in Labor Code section 1777.7
20 penalties to DLSE for apprenticeship violations committed on the Garfield Avenue Project.

21 **E Street Project (Civil Wage and Penalty Assessment No. 44-42223)**

22 36. GRFCO served as the Prime Contractor on the E Street Storm Drain Project (the “E
23 Street Project”) in San Bernardino County. The Awarding Body on the project was the San
24 Bernardino Association of Governments. .

25 37. In connection with the E Street Project, the Division issued a CWPA under Labor Code
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1 section 1777.7 on December 29, 2014 (DLSE, Exhibit HH.)

2 38. GRFCO did not request review of the CWPA. DLSE issued a CWPA for GRFCO's
3 failure to "(1) submit contract award information to applicable apprenticeship programs in accordance
4 with Labor Code section 1777.5 (e)... (2) Employ apprentices in accordance with Labor Code section
5 1777.5..." (*Id.*) The total amount of penalties was \$3,800.00.

6 39. The CWPA became final and judgment was entered pursuant to Labor Code section
7 1742(d) on December 4, 2015. (DLSE, Exhibit II.)

8 **Euclid Street Project (Civil Wage and Penalty Assessment No. 44-42225)**

9 40. GRFCO served as the Prime Contractor on the Euclid Street Sewer Replacement
10 project (the "Euclid Street Project") in Orange County. The Awarding Body on the project was the
11 City of Fullerton.

12 41. In connection with the Euclid Street Project, the Division issued a CWPA under Labor
13 Code section 1777.7 on December 29, 2014.

14 42. DLSE issued a CWPA for GRFCO's failure to "(1) submit contract award
15 information to applicable apprenticeship programs in accordance with Labor Code section 1777.5
16 (e)... (2) Employ apprentices in accordance with Labor Code section 1777.5(g)..." (*Id.*) The total
17 amount of penalties was \$2,700.00 (DSLE, Exhibit MM.) GRFCO did not request review of the
18 CWPA.

19 43. The CWPA became final and judgment was entered pursuant to Labor Code section
20 1742(d) on December 4, 2015. (DLSE, Exhibit NN.)

21 44. On or around June 2016, GRFCO paid \$2,700.00 in Labor Code section 1777.7
22 penalties to DLSE for apprenticeship violations committed on the Euclid Street Project.

23 **CONCLUSIONS OF LAW**

24 The Division seeks to debar Respondents for a period of three (3) years based on its allegation
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1 that Respondents FROST and JACKSON knowingly submitted false certifications under penalty of
2 perjury with a clear “intent to defraud” the State of California, including the Labor Commissioner, as
3 well as the various awarding bodies, pursuant to Labor Code section 1777.1(a); and that Respondents’
4 knowingly committing serious violations of the apprenticeship requirements for public works projects,
5 pursuant to Labor Code section 1777.1(d).

6
7 This decision shall address the parties’ respective arguments regarding (1) claim of false
8 certifications, and (2) violations of the apprenticeship requirement for public works projects.

9 **False Certification Claims**

10 Labor Code § 1777.1 provides:

11 (a)Whenever a contractor or subcontractor performing a public
12 works project pursuant to this chapter is found by the Labor
13 Commissioner to be in violation of this chapter with intent to
14 defraud, except Section 1777.5, the contractor or subcontractor
15 or a firm, corporation, partnership, or association in which the
16 contractor or subcontractor has any interest is ineligible for a
17 period of not less than one year or more than three years to do
18 either of the following:

- 16 (1) Bid on or be awarded a contract for a public works
project.
- 17 (2) Perform work as a subcontractor on a public works
18 project.

19 California Code of Regulations, Title 8, Section 16800 defines “Intent to Defraud” as “the
20 intent to deceive another person or entity, as defined in this article, and to induce such other person or
21 entity, in reliance upon such deception, to assume, create, transfer, alter or terminate a right,
22 obligation or power with reference to property of any kind.” Intent to deceive or defraud can be
23 inferred from the facts. *People v. Kiperman* (1977) 69 Cal.App.Supp.25. An unlawful intent can be
24 inferred from the doing of an unlawful act. *People v. McLaughlin* (1952) 111 Cal.App.2d 781.

25
26 Respondents argue Jackson and Frost were not directly involved in the 2016 and 2017
27 certifications. Specifically, they claim Paulson, their Assistant Project Manager is tasked with the
28 registration renewals. During the hearing, Paulson testified she went online and completed the

1 Standard DIR Registration Renewal using Frost and Jackson's credit cards. Respondents also argues
2 that Paulson understood the word "delinquent" in the certification renewal to mean late or past due.
3 Paulson testified the DLSE website did not contain a definition for the words "delinquent liability"
4 and she was not aware of any delinquent liability at the time of the certifications. Paulson further
5 testified she was unaware of any judgments that were past due in terms of payment at the time.
6

7 The hearing officer is not persuaded by Respondents' arguments. First, although Paulson
8 testified she digitally signed and submitted the certifications using Jackson and Frost's credit cards,
9 she did so at their request. At hearing, Jackson and Paulson both testified Paulson renewed the
10 certifications with their specific direction and with their explicit knowledge. Second, California Code
11 of Civil Procedure section 683.010 states, "...a judgment is enforceable...upon entry," meaning once
12 a judgment is entered, the judgment is immediately due. Respondent's attempt to distinguish a
13 judgment from a "delinquent" monetary amount fails for this reason.
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15 Respondents also argue the certifications were proper because they paid the judgments which
16 formed the basis for the false certification claims within the applicable appeal periods. Specifically,
17 Respondents argue they paid the judgments within 60 days. Credible testimony and documentary
18 evidence establishes that at the time of the 2016 and 2017 certifications, GRFCO was delinquent.
19 Labor Code section 1725.5(a)(2)(C) states a contractor shall establish a contractor does not have any
20 delinquent liability to an employee or the state for any assessment of "back wages or related
21 damages...however, a contractor shall not be disqualified for any judgment, order, or determination
22 that is under appeal."
23

24 Regarding the 2016 Certification, the evidence provided by Respondents and DLSE
25 establishes two judgments were entered on December 4, 2015. Respondents submitted the 2016
26 Certification on May 18, 2016. Other than mentioning their Motion to Set Aside Judgment was
27 denied on April 4, 2016, Respondents did not provide testimony or evidence that an appeal was filed.
28

1 However, even if the hearing officer considers a Motion to Set Aside Judgment to have the same
2 effect as an appeal, according to Respondents, the Motion to Set Aside Judgment was denied on April
3 4, 2016. As such, at the time of the 2016 Certification, Jackson submitted false statements willfully
4 and with the intent to deceive DIR, the Labor Commissioner, and various awarding bodies, to induce
5 them to permit GRFCO to continue performing work on public works projects. Jackson made the
6 2016 Certification under penalty of perjury to the Department even though he knew or should have
7 known there were two judgments entered against GRFCO at the time the certification was made.

8
9 Regarding the 2017 Certification, credible testimony and documentary evidence establish a
10 judgment was entered against GRFCO on June 9, 2017, after the Los Angeles Superior Court denied
11 Respondents' writ. Frost submitted the 2017 Certification on June 12, 2017, after he knew or should
12 have known judgment was entered against GRFCO. Here, the Hearing officer finds that Respondents
13 submitted the 2016 and 2017 certifications with an intent to defraud. The evidence presented leaves
14 little doubt that Respondents were unaware they had delinquent liability in both instances.
15

16 **Respondents Apprenticeship Violation Claims**

17 Labor Code section 1777.5 requires contractors to employ apprentices in the required
18 minimum ratio to journeyman hours, request the dispatch of apprentices from the applicable
19 apprenticeship committees, and submit contract award information to the applicable apprenticeship
20 committees. Labor Code § 1777.1 provides in relevant part:
21

22 (d)(1) In the event a contractor or subcontractor is determined
23 by the Labor Commissioner to have knowingly committed a
24 serious violation of any provision of Section 1777.5, the labor
25 Commissioner may also deny to the contractor or subcontractor,
26 and to its responsible officers, the right to bid on or to be
27 awardee or perform work as a subcontractor on any public works
28 contract for a period of up to one year for the first violation and
for a period of up to three years for a second or subsequent
violation. Each period of debarment shall run from the date the
determination of noncompliance by the Labor Commissioner
becomes a final order.

(2) The Labor Commissioner shall consider, in determining

1 whether a violation is serious and in determining whether and
2 for how long a party should be debarred for violating Section
3 1775.5, all of the following circumstances:

4 (A) Whether the violation was intentional

5 (B) Whether the party has committed other violations of Section
6 1777.5.

7 (C) Whether, upon notice of the violation, the party took steps
8 to voluntarily remedy the violation.

9 (D) Whether, and to what extent, the violation resulted in lost
10 training opportunities for apprentices

11 (E) Whether, and to what extent, the violation otherwise harmed
12 apprentices or apprenticeship programs

13 For purposes of Labor Code Section 1777.7, a contractor
14 knowingly violates Labor Code Section 1777.5 if the contractor
15 knew or should have known of the requirements of that Section
16 and fails to comply, unless the failure to comply was due to
17 circumstances beyond the contractor's control. There is an
18 irrebuttable presumption that a contractor knew or should have
19 known of the requirements of Section 1777.5 if the contractor
20 had previously been found to have violated that Section, or the
21 contract and/or bid documents notified the contractor of the
22 obligation to comply with the Labor Code provisions applicable
23 to public works projects, or the contractor had previously
24 employed apprentices on a public works project.

25 Respondents claim DLSE failed to establish the requirements of Labor Code section
26 1777.1(d). During the hearing Respondents attempted to challenge the validity of the CWPAs.
27 However, the CWPAs became final in all six projects and are not subject to review by the hearing
28 officer in this matter. Respondents attempted to challenge the CWPAs by claiming (1) that
Respondents were not aware of certain new apprenticeship programs; (2) Respondents would have
sent dispatch forms 140 and 142 if Respondents knew of the existence of new apprenticeship
committees; (3) the new apprenticeship programs did not notify Respondents of their existence when
they first became licensed to do apprenticeship; (4) Forms were sent for Featherhill and San Onofre
projects but they were not sent timely due to a clerical error; and (5) even if Respondents would have
sent dispatch forms 140 and 142, no apprentices would have been sent to the projects because
Respondents are not a union-shop.

Respondents sought review of the CWPAs for the Avocado, San Onofre, and Featherhill

1 Projects. The decisions of the Director of Industrial Relations with respect to those projects are final
2 and binding. “[U]nless a party to a quasi-judicial administrative agency proceeding challenges the
3 adverse findings made in that proceeding, by means of a mandate action in superior court, those
4 findings are binding in later civil actions.” *Noble v. Draper* (2008) 160 Cal.App.4th 1, 11. The
5 Director of Industrial Relations reviewed the Civil Wage and Penalty Assessments issued with respect
6 to the three projects and determined the assessments conformed to law and were supported by
7 substantial evidence. Respondents did not challenge the Directors’ decisions by means of mandate
8 action in superior court, the decisions became final and binding in this proceeding and Respondents
9 paid the civil assessments. Respondents did not seek review of the CWPAs for the E Street and
10 Euclid Street Projects. The CWPAs became final and judgments were entered. As stated previously,
11 Respondents paid both judgments. With respect to the Garfield Avenue Project, Respondents sought
12 a writ of mandamus to vacate the Director of Industrial Relation’s March 22, 2016 decision. The
13 Court denied the Writ.

14
15
16 The hearing officer finds Respondent violated Labor Code Section 1777.5 for all six projects
17 because it knew or should have known of the requirements of that section and failed to comply with
18 those requirements. For example, Jackson testified he signed the contract for the Avocado Project
19 which specified that GJC was required to comply with the apprenticeship requirements of Labor Code
20 Section 1777.5. Credible testimony and evidence demonstrates Respondents should have known of
21 the requirements of that section and failed to comply with those requirements. Respondents entered
22 into contracts and were aware of bid documents that required them to comply with Labor Code
23 provisions for public works contracts. Respondents’ evidence, specifically the DAS 140 forms,
24 explained the requirement that contractors submit contract award information to “ALL applicable
25 Apprenticeship Committees in your craft or trade in the area of the site of the public work.” The DAS
26 140 forms also provide a website address for more information regarding programs in a contractor’s
27
28

1 trade and area, as well as information on contacting the local DAS office.

2 There is an irrebuttable presumption a contractor knew or should have known of the
3 requirements of Labor Code section 1777.5 if the contractor was previously found to have violated
4 that section, or contract and/or bid documents notified the contractor of its obligation to comply with
5 Labor Code provisions applicable to public works projects. See Title 8, California Code of Regulation
6 section 231(h). Here, both conditions apply. The record shows Respondents were found to have
7 previously violated Labor Code section 1777.5, and Respondents' contract or bid documents notified
8 them of their obligation to comply with Labor Code provisions applicable to public works projects.
9 Furthermore, Respondents did not provide any evidence that its failure to comply was due to
10 circumstances beyond their control. See *Id.*

12 Because it has been determined that Respondents violated Labor Code section 1777.5, the
13 Labor Commissioner must next weigh whether a violation is serious for purposes of debarment. In
14 making this determination, the Hearing Officer must consider the following five factors:

16 **(A) Whether the violation was intentional**

17 Respondents knew or should have known of their requirements to follow Labor Code section
18 1777.5. Respondents signed contracts and were provided bid documents. The evidence demonstrates
19 both sources of information made Respondents aware of the requirement to follow the Labor Code
20 requirements for public works projects.

22 **(B) Whether the party has committed other violations of Section 1777.5**

23 The evidence shows a history of prior violations. Respondents violated this section for all six
24 projects.

25 **(C) Whether, upon notice of the violation, the party took steps to voluntarily remedy the**
26 **violation**

27 This factor is moot as the projects at issue were completed by the time DLSE assessed penalties
28 against Respondents for violations of Labor Code 1777.5. Although Respondent's argue there is no

1 evidence of a pre-meditated, deliberate intentional effort to violate the provisions of Labor Code section
2 1777.5, Jackson testified he was aware of the apprenticeship requirements as early as December 2010.

3 **(D) Whether, and to what extent, the violation resulted in lost training opportunities for**
4 **apprentices and (E) Whether, and to what extent, the violation otherwise harmed apprentices or**
5 **apprenticeship programs**

6 DLSE argues the apprenticeship violations committed by Respondents on the six projects
7 resulted in significant lost training opportunities for apprentices and harmed apprentices and
8 apprenticeship programs. (DLSE Post Hearing Brief at 14.) DLSE summarizes Respondents
9 employed more than 10,300 Journeyman Laborer hours on the six public works projects and were
10 require to employ more than 2,060 apprentice hours. *Id.* However, Respondents argue the Division
11 offered no evidence to show that any apprentices would have been dispatched to any of the subject
12 projects even if Respondent had sent the DAS forms because there is undisputed evidence that the
13 committees do not send apprentices to non-union contractors. (Respondents Post Hearing Brief at 14).
14 The hearing officer agrees with Respondent but does not consider this a valid argument for not having
15 sent the forms to committees that do not send apprentices to non-union contractors.
16

17 CONCLUSION

18 Based on the evidence presented at the hearing, the hearing officer finds that Respondents
19 Frost and Jackson knowingly submitted false certifications under penalty of perjury with a clear
20 “intent to defraud” the State of California, including the Labor Commissioner, as well as the various
21 awarding bodies, pursuant to Labor Code section 1777.1(a). The hearing officer further finds that
22 Respondents GRFCO, INC. dba ONSITE KRUSHING; GARCIA JUAREZ CONSTRUCTION,
23 INC.; GEORGE ROBERT FROST; and JAMES CRAIG JACKSON knowingly committed serious
24 violations of the apprenticeship requirements for public works projects, pursuant to Labor Code
25 section 1777.1(d).
26

27 “Although debarment can have a severe economic impact on contractors, it ‘is not intended as
28

1 punishment. It is instead, a necessary means to enable the contracting governmental agency to deal
2 with irresponsible bidders and contractors, and to administer its duties with efficiency.” *Southern*
3 *California Underground Contractors, Inc. v. City of San Diego* (2003) 108 Cal.App.4th 533, 542.
4 Here, Respondents’ repeated failures to comply with public works requirements evidences a
5 carelessness for compliance, at best, which amounts to numerous *willful* violations of public works
6 provisions. Respondents have received several warnings of the need to improve their compliance with
7 public works provisions, but they continued to violate public works laws. Accordingly, Respondents
8 are debarred for a period of three years, as requested by the Division.

10 **[PROPOSED] ORDER OF DEBARMENT**

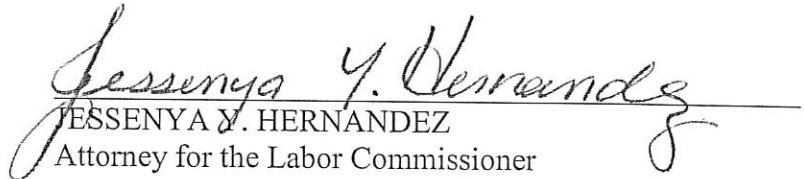
11 In accordance with the foregoing, it is hereby ordered that Respondents GRFCO, INC. dba
12 ONSITE KRUSHING; GARCIA JUAREZ CONSTRUCTION, INC.; GEORGE ROBERT FROST;
13 and JAMES CRAIG JACKSON shall be ineligible to, and shall not, bid on or be awarded a contract
14 for a public works project, and shall not perform work as a subcontractor on a public work as defined
15 by Labor Code §§ 1720, 1720.2 and 1720.3, for a period of three (3) years, effective 45 days after this
16 decision is issued by the Labor Commissioner. A three year period is appropriate under these
17 circumstances where Respondents GRFCO, INC. dba ONSITE KRUSHING; GARCIA JUAREZ
18 CONSTRUCTION, INC.; GEORGE ROBERT FROST; and JAMES CRAIG JACKSON “willfully”
19 violated the public works laws, with a history of violations on numerous other public works projects.

20 This debarment shall also apply to any other contractor or subcontractor in which
21 Respondents GRFCO, INC. dba ONSITE KRUSHING; GARCIA JUAREZ CONSTRUCTION,
22 INC.; GEORGE ROBERT FROST; and JAMES CRAIG JACKSON, have any interest or for which
23 Respondents GRFCO, INC. dba ONSITE KRUSHING; GARCIA JUAREZ CONSTRUCTION,
24 INC.; GEORGE ROBERT FROST; and JAMES CRAIG JACKSON, act as responsible managing
25 employees, responsible managing officers, general partners, managers, supervisors, owners, partners,
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27
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1 officers, employees, agents, consultants, or representatives. As defined under Labor Code section
2 1777.1(h), “ ‘Any interest’ includes, but is not limited to, all instances where the debarred contractor
3 or subcontractor receives payments, whether cash or any other form of compensation, from any entity
4 bidding or performing work on the public works project, or enters into any contracts or agreements
5 with the entity bidding or performing work on the public works project for services performed or to be
6 performed for contracts that have been or will be assigned or sublet, or for vehicles, tools, equipment
7 or supplies that have been or will be sold, rented or leased during the period of from the initiation of
8 the debarment proceedings until the end of the term of the debarment period.”
9

10
11 Dated: November 13, 2019

STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF LABOR STANDARDS ENFORCEMENT

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16 JESSENYA Y. HERNANDEZ
Attorney for the Labor Commissioner
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**STATE OF CALIFORNIA
DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF LABOR STANDARDS ENFORCEMENT
CERTIFICATION OF SERVICE BY MAIL
(C.C.P. 1013A) OR CERTIFIED MAIL**

I, JUDITH A. ROJAS, do hereby certify that I am a resident of or employed in the County of San Diego, over 18 years of age, not a party to the within action, and that I am employed at and my business address is: 7575 Metropolitan Drive, Suite 210, San Diego, CA 92108-4424

On May 21, 2021, I served the within **ORDER OF DEBARMENT of Respondents from Public Works Projects (Labor Code §1777.1)** by placing a true copy thereof in an envelope addressed as follows:

Fred Knez, Esq.
Knez Law Group LLP
6780 Indiana Ave., Suite 150
Riverside CA 92506-4253
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Garcia Juarez Construction, Inc.
555 E. 67TH STREET
LONG BEACH, CA 90805

Garcia Juarez Construction, Inc.
P.O. BOX 309
BREA, CA 92822

and then sealing the envelope and with postage and certified mail fees (if applicable) thereon fully prepaid, depositing it for pickup in this city by:

_____ Federal Express Overnight Mail

 XX Ordinary First Class Mail

I certify under penalty of perjury that the foregoing is true and correct.

Executed on May 21, 2021, at San Diego, California.



JUDITH A. ROJAS

Case No. LB6629 (RIC1906126)

PROOF OF SERVICE