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IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT

DIVISION FIVE

CURTOM BUILDING &
DEVELOPMENT,

Plaintiff and Respondent,

v.

MICHAEL BRAUM, as the Trustee of
BRAUM LALEHZARAZADEH LIVING
TRUST,

Defendant and Appellant.

B231396

(Los Angeles County
Super. Ct. No. BC397289)

APPEAL from a judgment of the Superior Court of Los Angeles County, Mel Red Recana, Judge. Affirmed.

Law Offices of Rosenthal & Associates and Lisa F. Rosenthal, for Defendant and Appellant.

Cohen & Lord, Bruce M. Cohen and James F. Boyle, for Plaintiff and Respondent.

I. INTRODUCTION

Defendant, Michael Braum, as trustee of the Braum-Lalehazarazadeh living trust, appeals from a January 7, 2011 final judgment. The judgment was entered after a bench trial in favor of plaintiff, Curtom Building and Development Corporation, a general contractor. The trial court found plaintiff's mechanic's lien was valid and entered judgment foreclosing on a commercial development currently owned by defendant. According to defendant, plaintiff cannot foreclose on the mechanic's lien. Defendant reasons plaintiff failed to prove that each subcontractor who performed work on the project was a duly licensed contractor. Defendant argues Business and Professions Code section 7031, subsection (a) bars plaintiff from recovery because plaintiff seeks compensation for work performed by an unlicensed subcontractor.¹ We conclude there is substantial evidence the subcontractor was in fact licensed.

II. BACKGROUND

On November 6, 2006, plaintiff entered into a contract with Dr. Marcus Pride, the original owner of property located in Inglewood, California. Plaintiff agreed to act as the general contractor for commercial development of the property. Plaintiff retained West American Design and Development as the primary subcontractor to perform some of the work under the contract. On April 5, 2008, plaintiff ceased construction on the commercial development when it stopped getting paid for its work. At no time did defendant ever file an answer to the complaint. Moreover, prior to trial, defendant never raised the issue of whether any subcontractor was licensed. Additionally, the answer filed by the bank failed to raise any licensure issue concerning plaintiff or any subcontractor.

¹ All further statutory references are to the Business and Professions Code unless otherwise indicated.

On August 29, 2008, plaintiff recorded a mechanic's lien against the property in the amount of \$180,622. The unpaid amount owed by Dr. Pride included: \$73,717 for plaintiff's retention; \$8,035 for additional work performed under the contract; \$21,867 for work performed under change order No. 2; and \$78,801 for work performed under change order No. 3. West American Design and Development did the work contained in change order Nos. 2 and 3. Plaintiff and its subcontractor, West American Design and Development, were not paid for their work.

On September 2, 2008, plaintiff filed a complaint asserting a claim for foreclosure of mechanic's lien against: Dr. Pride; Shinhan Bank America (the bank), Dr. Pride's construction lender; West American Design and Development; and San Gabriel Insulation, Inc. In addition, plaintiff asserted claims for contract breach, open book account, account stated and quantum meruit against Dr. Pride. Plaintiff alleged it was a licensed general contractor under the laws of the State of California. In October 2008, West American Design and Development and San Gabriel Insulation, Inc. were dismissed from the case after they released their recorded mechanics' liens.

During the pendency of the action, in January 2009, defendant purchased Shinhan Bank America's note and trust deed in the property. Defendant subsequently foreclosed on the property and became its owner. In December 2009, defendant joined the case as a party.

During trial, plaintiff sought judicial notice of its contractor's license. The trial court also heard testimony from Benjamin Anthony Harris, the owner of West American Design and Development, plaintiff's primary subcontractor. During the questioning of Mr. Harris, the following testimony was presented: "Q In order for a corporation to have a valid contractor's license, it has to have a responsible managing agent or officer, correct? [¶] . . . A Yes. [¶] Q And isn't it also correct that the . . . responsible managing officer or agent, for the corporation has to have its own individual license, correct? [¶] A That's correct. [¶] Q And that individual license must be valid, correct? [¶] A Yes. [¶] Q Isn't it true, Mr. Harris, that your individual license has been suspended and he is no longer active? A It has been suspended. It -- we just didn't

insure it. . . A Q Isn't it true, Mr. Harris, that as a result of not carrying insurance, your individual license was suspended by the Contractors['] State Licensing Board and has now been put on inactive status? [¶] The Court: As of when? [¶] Q By Ms. Rosenthal: During the time you were working on the Curtom property -- working for [plaintiff] on the Prairie property? [¶] A Well no. I requested it to be in active. [¶] Q Correct. But it was - - [¶] A That was my request. I have a licensed corporation, and I have not had a problem with it. . . . [¶] Q By Ms. Rosenthal: Mr. Harris, isn't it true that during the time you were working on this project, you did not have insurance for your own individual license? [¶] A Yes, we did. [¶] Q And as a result, that your license was suspended? [¶] A No. I requested them to be put on a particular status."

On January 7, 2011, the trial court issued its statement of decision. The trial court found plaintiff "was a duly licensed general contractor throughout its work" on the project. The trial court found plaintiff's mechanic's lien was valid and entered a judgment foreclosing on the property. On the same day, the trial court entered judgment for plaintiff. The trial court determined Dr. Pride owed plaintiff \$236,305.70, which comprised of the principal sum of \$182,419.91 plus interest. The trial court found plaintiff "has a lien on the real property" now owned by defendant. The trial court ordered foreclosure of the subject property to satisfy the money judgment against Dr. Pride. On March 4, 2011, defendant filed its notice of appeal.

III. DISCUSSION

A. Standard of Review

The appeal presents some questions of law which we review de novo. (*Allied Interstate, Inc. v. Sessions Payroll Management, Inc.* (2012) 203 Cal.App.4th 808, 817; *Broney v. California Commission on Teacher Credentialing* (2010) 184 Cal.App.4th 462, 472.) An error of law will not be reversed unless it is prejudicial resulting in a miscarriage of justice. (*Broney v. California Commission on Teacher Credentialing*,

supra, 184 Cal.App.4th at p. 472; *Winfred D. v. Michelin North America, Inc.* (2008) 165 Cal.App.4th 1011, 1038.) However, there are other issues which are subject to substantial evidence review. (*Bickel v. City of Piedmont* (1997) 16 Cal.4th 1040, 1053; *Crawford v. Southern Pacific Co.* (1935) 3 Cal.2d 427, 429.) For example, whether the subcontractor, West American Design and Development, was properly licensed, was the subject of testimony by Mr. Harris. As we will explain, it was for the trial court to resolve the ambiguities in his testimony. When the trial court is silent on a matter, we presume the court ruled for the prevailing party on this point. (*Blankenship v. Allstate Ins. Co.* (2010) 186 Cal.App.4th 87, 104-105; *Atlantic Richfield Co. v. California* (1989) 214 Cal.App.3d 533, 538.) As the Supreme Court has stated: “A judgment or order of the lower court is *presumed* correct. All intendments and presumptions are indulged to support it on matters as to which the record is silent, and error must be affirmatively shown.” (*Denham v. Superior Court* (1970) 2 Cal.3d 557, 564; *Wilson v. Sunshine Meat & Liquor Co.* (1983) 34 Cal.3d 554, 563.)

B. Section 7031 Does Not Bar Plaintiff’s Claim for Foreclosure of Mechanic’s Lien

Section 7031, subdivision (a) generally prohibits unlicensed contractors from recovering compensation for performance of work requiring a license. Section 7031, subdivision (a) states: “Except as provided in subdivision (e), no person engaged in the business or acting in the capacity of a contractor, may bring or maintain any action, or recover in law or equity in any action, in any court of this state for the collection of compensation for the performance of any act or contract where a license is required by this chapter without alleging that he or she was a duly licensed contractor at all times during the performance of that act or contract, regardless of the merits of the cause of action brought by the person. . . .” If licensure is controverted, the plaintiff must prove that it held all necessary licenses during performance of the work by producing a verified certificate of licensure from the Contractors’ State License Board. (§ 7031, subd. (d).)

Our Supreme Court has explained: “The purpose of the licensing law is to protect the public from incompetence and dishonesty in those who provide building and construction services. [Citation.] The licensing requirements provide minimal assurance that all persons offering such services in California have the requisite skill and character, understand applicable local laws and codes, and know the rudiments of administering a contracting business. [Citations.] [¶] Section 7031 advances this purpose by withholding judicial aid from those who seek compensation for unlicensed contract work. The obvious statutory intent is to discourage persons who have failed to comply with the licensing law from offering or providing their unlicensed services for pay.” (*Hydrotech Systems, Ltd. v. Oasis Waterpark* (1991) 52 Cal.3d 988, 995; *Lewis & Queen v. N.M. Ball Sons* (1957) 48 Cal.2d 141, 149-150.) Section 7031, subdivision (a) bars unlicensed contractors from maintaining any action for compensation regardless of the equities. (*MW Erectors, Inc. v. Niederhauser Ornamental and Metal Works Co., Inc.* (2005) 36 Cal.4th 412, 423; *Hydrotech Systems, Ltd. v. Oasis Waterpark, supra*, 52 Cal.3d at p. 997.) Our Supreme Court has held: “‘Section 7031 represents a legislative determination that the importance of deterring unlicensed persons from engaging in the contracting business *outweighs any harshness between the parties*, and that . . . such deterrence can best be realized by denying violators the right to maintain any action for compensation in the courts of this state. [Citation.]’” (*Hydrotech Systems, Ltd. v. Oasis Waterpark, supra*, 52 Cal.3d at p. 995 quoting *Lewis & Queen v. N.M. Ball Sons, supra*, 48 Cal.2d at p. 151; accord *MW Erectors, Inc. v. Niederhauser Ornamental and Metal Works Co., Inc., supra*, 36 Cal.4th at p. 423.)

Defendant argues plaintiff is barred from bringing its mechanic’s lien claim for foreclosure under section 7031, subsection (a). Defendant asserts plaintiff failed to meet its prima facie burden of proving that its subcontractors were licensed.

We need not resolve the question as to whether it was a plaintiff’s duty to prove that Mr. Harris’s company was licensed. There is no question that substantial evidence supports the conclusion that plaintiff was licensed. As to Mr. Harris’s company, he was asked whether his individual license had been suspended and he answered, “It hasn’t

been suspended.” Later, as noted, Mr. Harris was asked about whether his individual license had been suspended. The following transpired: “Q Isn’t it true, Mr. Harris, that as a result of not carrying insurance, your individual license was suspended by the contractors [’] state licensing board and has now been put on inactive status? [¶] The Court: As of when? [¶] Q . . . During the time you were working on the Curtom property - - excuse me - - working for [plaintiff] on the Prairie property? [¶] A Well, no. I requested it to be inactive. [¶] . . . That was my request. I have a licensed corporation, and I have not had a problem with it. [¶] Q . . . Mr. Harris, isn’t it true that during the time you were working on this project, you did not have insurance for your own individual license? A Yes we did. Q And as a result, that your license was suspended? [¶] No. I requested them to be put on a particular status.”

The foregoing constitutes substantial evidence that West American Design and Development was licensed. The testimony of a single witness can be sufficient to establish a fact. (*In re Marriage of Mix* (1975) 14 Cal.3d 604, 614; *Greenwich S.F. LLC v. Wong* (2010) 190 Cal.App.4th 739, 767-768.) When applying the substantial evidence test, we must resolve all evidentiary conflicts and indulge in all reasonable inferences in support of the judgment. (*In re Marriage of Mix, supra*, 14 Cal.3d at p. 614; *Le v. Pham* (2010) 180 Cal.App.4th 1201, 1205-1206.) We may not substitute our deductions for the reasonable inferences presumptively drawn by the trial court. (*Mah See v. North American Acc. Ins. Co. of Chicago, Ill.* (1923) 190 Cal. 421, 426, overruled on another ground in *Zuckerman v. Underwriters at Lloyd’s* (1954) 42 Cal.2d 460, 474; *Escobar v. Flores* (2010) 183 Cal.App.4th 737, 752 [“On this record, we cannot say the inferences the trial court drew were unreasonable, and this precludes us from overturning the court’s determination.”]; *Milton v. Perceptual Develop. Corp.* (1997) 53 Cal.App.4th 861, 867 [“If the evidence gives rise to conflicting inferences, one which supports the trial court’s findings, we must affirm.”].) Here, the trial court could reasonably have concluded that West American Design and Development was licensed during construction.

IV. DISPOSITION

The judgment is affirmed. Plaintiff, Curtom Building and Development Corporation, shall recover its appeal costs from defendant, Michael Braum as trustee of the Braum-Lalehzarazadeh Living Trust.

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TURNER, P. J.

We concur:

ARMSTRONG, J.

MOSK, J.