

Court of Appeal Ruling in Ahdout v. Hekmatjah Continues to Shape California Law

Thirteen years after it was issued, the Ahdout v. Hekmatjah decision remains California's leading published authority on Section 7031 arbitration review.



Etehad Law Logo

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BEVERLY HILLS, CA - More than a decade after the California Second District Court of Appeal issued its decision in Ahdout v. Hekmatjah, 213 Cal.App.4th 21, 152 Cal.Rptr.3d 199 (Cal. App. 2013), the opinion continues to function as a touchstone for state courts examining when

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This case underscores the importance of compliance with licensing requirements and sets a precedent for the review of arbitration awards in cases where public policy is at stake.”

*Simon P. Etehad, Managing
Partner of Etehad Law*

arbitration awards can be set aside on public-policy grounds. The case (case number B236764) , prosecuted by Simon P. Etehad of Etehad Law on behalf of plaintiff and appellant Mouris Ahdout, established a widely cited framework for state-court treatment of arbitration awards involving California contractor-licensing law.

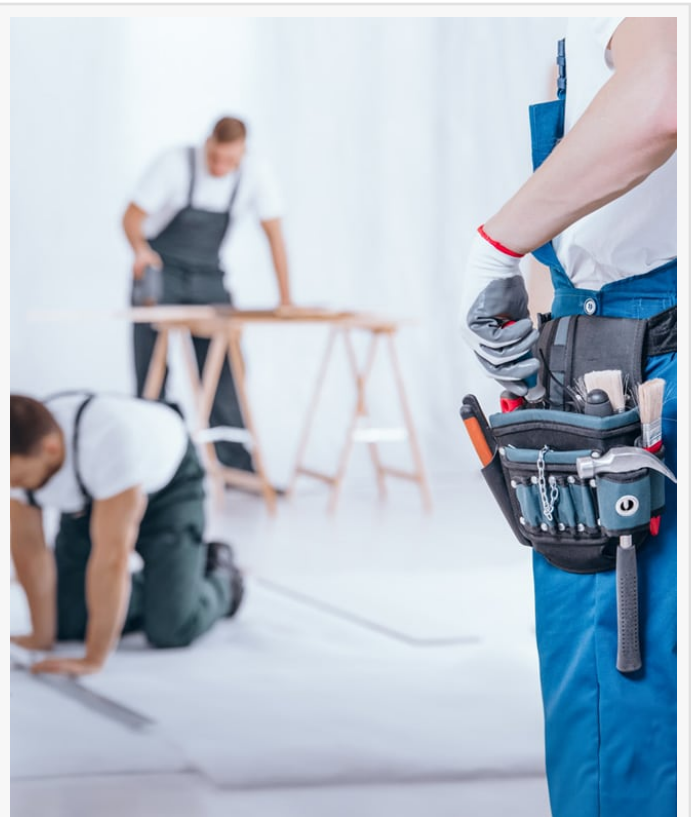
Case Background and Procedural History

The litigation arose from a 14-unit Los Angeles condominium development. Mouris Ahdout and Majid Hekmatjah formed a limited liability company to build the

project. Hekmatjah's affiliated entity, Braum Investment & Development, Inc., took on the general contractor role despite holding only a C-15 flooring license, not the Class B general contractor license California requires for that scope of work. Simon P. Etehad, a [California plaintiffs attorney](#) who has practiced civil litigation since 1996, briefed and argued the matter at the trial and appellate stages alongside attorney Rabin Saidian of Etehad Law, with appellate co-counsel Douglas G. Benedon and Gerald M. Serlin of Benedon & Serlin joining the appeal.

The dispute moved through a private arbitration panel, which denied Ahdout's disgorgement claim of approximately \$4.08 million — a claim that would have required Braum Investment & Development to return the compensation it received for unlicensed construction work under Business and Professions Code section 7031(b). The trial court confirmed the arbitrator's award. On appeal under docket B236764, the Second District reversed and remanded the matter for a

judicial determination of the disgorgement question. The court held that section 7031 represents "a clear-cut and explicit legislative expression of public policy" and that arbitrators exceed their statutory powers, within the meaning of California Code of Civil Procedure section 1286.2(a)(4), when an award allows an unlicensed contractor to retain compensation paid for unlicensed work. The published opinion, filed January 25, 2013, is reported at 213 Cal.App.4th 21 and 152 Cal.Rptr.3d 199, and the full text is available through the Justia case-law archive. The California Supreme Court denied review later that year, leaving the Second District opinion in place as published authority. After remand and continued proceedings on the licensure question, the matter ultimately concluded with a \$16.5 million recovery for Ahdout.



Etehad Law Unlicensed Contractors

Statutory Framework Under California Construction Law

California enacted section 7031 within the broader Contractors State License Law framework, first adopted in 1939 to deter unlicensed construction work and to protect property owners from contractors operating outside the Contractors State License Board's regulatory framework. The statute serves a dual function within [California unlicensed contractor litigation](#): subsection (a) bars unlicensed contractors from suing to collect payment, and subsection (b) permits property owners to recover all compensation paid to an unlicensed contractor, even where the work itself was performed without defect.

Legal commentators routinely describe the provision as a "shield and sword" for consumers and a deterrence-based penalty for contractors who operate outside licensure requirements. California Civil Jury Instruction (CACI) No. 4560 codifies the elements a plaintiff must prove for the §7031(b) cause of action. The Contractors State License Board administers the licensure classifications referenced in the statute, including the Class B general contractor classification at issue in Ahdout.

Continued Influence on California Courts and Commentary

In the years following the opinion, California appellate panels have continued to interpret section 7031 against the backdrop set by Ahdout. The California Court of Appeal in San Francisco CDC LLC v. Webcor Construction L.P., 62 Cal.App.5th 266 (2021), held that the one-year statute of

limitations under California Code of Civil Procedure section 340(a) governs disgorgement actions and that the delayed-discovery rule does not extend the filing window. Later decisions have refined which categories of unlicensed work trigger disgorgement and how courts treat licensed prime contractors who delegate scopes of work to unlicensed subcontractors. Despite those refinements, Ahdout has retained its status as the principal authority on the intersection between arbitration finality and licensure-based public policy.

Industry commentary from Wood Smith Henning & Berman, Hunt Ortmann, and the Gravel2Gavel construction-law blog has identified Ahdout as a foundational reference point in continuing-education materials for California construction litigators. The decision is also cited in the San Diego City Attorney's June 2015 Consumer & Environmental Protection Unit newsletter and in subsequent practice guides covering contractor-licensure disputes. Bar-association programming on arbitration confirmation and vacatur proceedings frequently treats Ahdout as one of the principal California illustrations of how the public-policy exception under Code of Civil Procedure section 1286.2 operates in a contractor-licensure setting. Etehad Law has documented the decision's continued influence on [judicial review of arbitration awards](#) in California in a retrospective tracking citations and downstream rulings.

Etehad Law represents California plaintiffs in unlicensed contractor and civil litigation matters across the state, with case work spanning construction-related disputes, elder abuse, nursing home negligence, and personal injury. Simon P. Etehad has practiced California civil litigation for more than thirty years, and his name appears as counsel of record in published California appellate decisions, including Ahdout v. Hekmatjah. The firm operates from a Beverly Hills office and accepts referrals from co-counsel on unlicensed contractor and civil litigation matters statewide. Etehad has also published commentary on the decision's reach in construction-defect and arbitration-confirmation proceedings, and the firm participates in a continuing education program that addresses section 7031 and related licensure questions for the California civil bar.

About Etehad Law

Etehad Law is a Beverly Hills-based California civil litigation firm representing plaintiffs in elder abuse, nursing home negligence, personal injury, and construction-related disputes. Founded by Simon P. Etehad, the firm handles unlicensed contractor and trial matters statewide and has contributed to the published California legal record, including the 2013 Court of Appeal decision Ahdout v. Hekmatjah, 213 Cal.App.4th 21, 152 Cal.Rptr.3d 199 (Cal. App. 2013).

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