

MUZI & ASSOCIATES

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THE MUZI PLAN FOR ECONOMIC STIMULUS

Muzi & Associates is a construction law firm specializing in representing contractors on a local, regional and national basis.

At this time, the Construction Industry in the State of California and other states is in shambles. This combined with the economic crisis has put our state in a wide spread recession.

There is a way, through the introduction of new legislation, that California can provide economic stimulus to thousands of Construction companies who are owed literally hundreds of millions of dollars, which would in turn save small businesses, save jobs, generate state revenues since these businesses pay taxes, and reduce the burdens on our federal bankruptcy Court system. This legislation would result in the immediate redistribution of hundreds of millions of dollars to General Contractors, Subcontractors and Suppliers of Construction materials which monies are being needlessly “tied up” through the Court system. The passage of this legislation would also result in the ability of those individuals affected by the Construction Industry to make their mortgage payments and stay in their homes. This legislation would enable construction companies to continue running their businesses and create new jobs, which would benefit multiple facets of our economy which is currently in crisis.

California Contractors are owed hundreds of millions of dollars for labor, equipment and materials furnished on private construction projects from owners of industrial, commercial and private properties. These Contractors are not being paid the monies they have earned despite the performance and acceptance of their work by the owners of those properties.

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As a result of the owners' refusal to pay on undisputed claims, which in many instances is for hundreds of thousands of dollars, California Contractors have been forced to lay off workers, file for Federal Bankruptcy protection, and/or default on mortgage payments causing them to spin into an unprecedented financial crisis.

On the other hand, those very owners, for whom the California Contractors have performed their work, are enjoying streaming profits, a strong cash flow and financial stability and wealth.

The reason this is happening is the inability of California Contractors to be able to pursue their claims in Court in a timely manner in order to get paid and save their businesses. There are no laws currently in effect to protect Contractors, who have recorded valid and timely Mechanic's Liens, with a means to proceed through the Court system to collect on their debt in a timely manner. The Courts are backlogged, under budget and understaffed. This combined with the complete absence of laws to assist those Contractors is a significant factor in the destabilization of our California Construction Industry. Contractors are unable to collect for work already performed in order to save their businesses as a result of the crisis we are experiencing with our California Courts not being able to hear their cases due to crowded courtrooms and no legislation providing for a priority for their claims.

California Contractors who are owed millions of dollars in valid, legitimate Mechanic's Lien claims are practically barred from any ability to force those owners to pay for the labor, materials and equipment provided to them on those projects. This is especially unfair and unjust considering the Contractors have already paid out-of-pocket expenses for the materials, labor and equipment used for the benefit of the owners on those projects. On the other hand, owners of those properties are enjoying the revenues from the work performed by the Contractors with no incentive to pay for that work.

The Muzi plan is a proposal to stimulate the California Construction Industry through the introduction of new legislation by amending CCP 36 to add Mechanic's Lien claims to those lawsuits entitled to preference for trial setting. By providing those claims a preference, the owners will be forced to finally pay the millions of dollars owed or face trial and eventual Judgment.

We need new legislation that provides a Preference for these Contractors to have access to our Court system in order to timely prosecute these valid Mechanic's Lien claims and obtain Judgments against the Owners who are wrongfully withholding hundreds of millions of dollars and profiting from the Contractors work without paying for it.

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This new legislation will help our Courts prioritize the cases they manage in order to allow the valid legitimate Mechanic's Lien claims to proceed to Trial. Once our Courts are provided with the laws to prioritize these cases, the result will be the rapid redistribution of wealth from the owners who are wrongfully withholding this money, to the businesses' owners, large and small from the California Construction Industry who desperately need such funds in order to survive these hard economic times.

The Muzi Plan will not only stimulate and revitalize the California Construction Industry, but has the potential to stimulate new legislation to protect and encourage growth in our economy by the legislature working with our judicial system for the benefit of California as a whole in order to put our great state and its citizens back on the road to economic recovery.

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By: 

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cc: Governor Arnold Schwarzenegger

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