DIVISION OF LABOR STANDARDS ENFORCEMENT Department of Industrial Relations State of California BY: DAVID L. GURLEY (Bar No. 194298)
455 Golden Gate Ave., $9^{\text {th }}$ Floor San Francisco, CA 94102
Telephone: (415) 703-4863
Attorney for the Labor Commissioner

BEFORE THE LABOR COMMISSIONER
OF THE STATE OF CALIFORNIA

CHARLES POPE; BRANDON HARTLEY; CARRIE ) ZANOLINE; MARY FEELEY; JULIE ROLL; MARY MACKEY; MICHELLE VIGIL/BRANDON TROWBRIDGE (minor) ; CASANDRA ROSS/ JAY ROSS (minor); WILLIAM WHITE AKA BILL AUSTIN; JOEL BIZAL; CAMRON PALMER (minor) ; ROXANNA CORTES; JOANNE COHEN; AMOS GLICK; LAURA HUDSPETH; LINDA EASTMAN/BRAD and RENAE EASTMAN(minors); JENNIFER DOUBLEDAY; LINDSAY GALBRAITH; REBECCA ) and SANDRA STAATS (minor) ; MICHAEL ) LOPEZ; KATHY WHISENHUNT dba PAGE MANAGEMENT as guardian ad litem for , HALEY ABRAMS et al., (see exhibit L); ) KARINA ANDREWS; ADRIAN RAPP; DAN FACCHETTI; DONNA HOM/ALLISON HOM (minor) ; MAELYS J. VALIN; STEFFANIE ) HODGE; ERIC SCHNIEWIND; TIA PIERRE; ) JESSICA MAYERS; MICHAEL SOMMERS; JAMES) CUTTES; JENNIFER CARAH; TAJMA SOLEIL; ) ELEANOR LAWRENCE;

Petitioners, vs. MITCHELL AGENCY, INC.; MITCHELL TALENT AGENCY, INC., TROY SOLAREK and ) MITCHELL SOLAREK, as individuals ) and DOES 1 through 10, inclusive, )

## Respondents.

No. TAC 2-01
DETERMINATION OF CONTROVERSY

The above-captioned petition was originally filed by Charles "Markus" Pope on January 25, 2001, (hereinafter "Petitioners"), alleging that MITCHELL and TROY McVEY-SOLAREK acting on behalf of MITCHELL AGENCY INC., a.k.a. MITCHELL TALENT AGENCY, INC., a.k.a. and/or MITCHELL MODEL MANAGEMENT, (hereinafter "Respondent", "Mitchell" or "Mitchell Agency"), failed to pay petitioner's wages earned in connection for modeling services performed while represented by the respondent in violation of Labor Code $\$ 1700.25(\mathrm{a})^{1}$.

Soon thereafter, additional claims began to filter into the Labor Commissioner's office alleging the identical cause of action and seeking the identical remedies from other discontented models. On or around May 1, 2001, the Labor Commissioner consolidated all of the claims - eventually tallying seventy-two (72) models alleging earnings withheld in excess of $\$ 148,000.00$ into one action.

The respondent's attorney, James Wattson, accepted service of the petition on behalf of the named entities ${ }^{2}$ and stipulated to all of the amounts allegedly owed on behalf of his clients. The petitioners appeared in propria persona, except Susan Kleebauer Esq., appeared on behalf of Rebecca \& Sandra Staats; and

[^0]${ }^{2}$ A reading of the corporate filings for both corporations named in the petition, established that Mr. Wattson is the attorney of record for Mitchell Agency, Inc., and the agent for service for Mitchell Talent Agency, Inc.. Mr. Wattson accepted service by Notice and Acknowledgment of Receipt on behalf of both entities.

Kathy Whisenhunt appeared as guardian at litem on behalf of thirtyseven (37) minor clients of Page Management. Additionally, Regina Pagalilauan of the Labor Commissioner's office testified on behalf of several petitioners who could not attend. John Erlendson appeared in propria persona on behalf of the respondents. The respondents did not file a response and the petitioners seek all available remedies under the California Labor Code.

The hearing was scheduled and commenced on June 29, 2001, in the San Francisco office of the Labor Commissioner. After the hearing, the State on its own motion amended the petition to include, Mitchell and Troy Solarek as individually liable. The record was reopened and an additional hearing date was scheduled for October 1, 2001. Several models attended on behalf of the petitioners; James Wattson appeared on behalf of Mitchell and Troy Solarek. Based upon the testimony and evidence presented at this hearing, the Labor Commissioner adopts the following Determination of Controversy.

## FINDINGS OF FACT

1. This talent agency - or a closely related incarnation - operated as a licensed talent agency in the state of California for more than ten years. This sorted tale began on August 1, 1991, when the respondents received their first talent agency license, No. 2380, doing business in Sacramento, California. The license was issued to Mitchell Joseph Solarek, individually dba Mitchell Model Management.
2. In 1992, Mr. Solarek changed his fictitious business
name and conducted agency business under the name of Mitchell Talent Management, Talent Agency. In 1993, Solarek opened up a branch office in San Francisco, California, inevitably replacing the Sacramento office as Mitchell's main business headquarters in 1994. In 1995, Mitchell included his wife, Troy, on the renewal application for his talent agency license, ostensibly providing Troy with supervisory capabilities. According to Troy's personal record form filed with this Division, she was acting as a sub agent and administrative supervisor.
3. On December 17, 1996, the Solareks incorporated by filing the appropriate documents and otherwise complying with the requirements of California's Secretary of State, under the name of Mitchell Agency, Inc., Corp. No. C1905236. In 1997, notwithstanding Solareks' new corporate status, they changed the name listed on the annual renewal application to Mitchell Management, Talent Agency, and added a branch office in Los Angeles, California. That same year the business name was again amended to Mitchell Management Talent dba Company Management, Talent Agency. Troy's presence and influence increased as she now advertised herself as the Agency Director.
4. In 1998, the branch office in Los Angeles was closed and on November 5, 1997, the business was reincarnated into Mitchell Agency, Inc., dba Mitchell Talent Agency, (hereinafter "agency"), license No. 3530. This corporation was now the official entity of the Solarek's agency. It was during this period, the third player, John Erlendson, was introduced to this agency fiasco.

Erlendson was the newly appointed $20 \%$ shareholder of "agency" ${ }^{3}$, as reflected in the annual, talent agency license, renewal, application and notably signed by Erlendson.
5. In September of 1997, and further mucking the already murky waters, was Mitchell Solarek. Solarek again incorporated under a new name. Solarek was now CEO for the newly recognized entity of Mitchell Talent Agency, Inc., (hereinafter "Talent"), Corp. No. C2055879. This time the corporate filings reflected John Erlendson as a Vice President and 20\% shareholder of "Talent". From November 5, 1997 through the present, the actual talent agency license was issued under the name Mitchell Agency, Inc., Talent Agency, [a blending of the two corporate entities] with each subsequent renewal application reflecting Troy and Mitchell as $40 \%$ owners and Erlendson a $20 \%$ Owner respectively.
6. At the end of 1999, the parties as usual filed their renewal application, and for reasons we do not begin to discern, listed the official entity on their application as Mitchell Talent Agency, Inc., again reflecting the same corporate ownership. The parties evidently flip-flopped the corporate names on alternate years, demonstrated by the 2000 renewal application reverting back to Mitchell Agency, Inc. Erlendson and the Solareks utilized the two corporations interchangeably in pursuit of their talent agency license while maintaining the $40 / 40 / 20$ percent split, regardless of which corporate name they filed on their annual renewal

3 A review of the corporate filings with the Secretary of State required by every California corporation does not reflect Erlendson's $20 \%$ ownership interest.
applications. Consequently this Determination of Controversy will treat both entities as one corporation functioning under one license, and for purposes of clarity will reference all of the aforementioned respondents as "Mitchell" or "Mitchell Agency". ${ }^{4}$
7. With that historical background, we attempt to unravel one of the worst talent agency breaches of fiduciary duty ever encountered by the Division of Labor Standards Enforcement.
8. Mitchell Agency Inc. first began their operation

4 John Erlendson attempted to distance himself from the Solareks and testified that in 1998 when he entered the partnership with the Solareks, he was brought aboard to establish and conduct a commercial, film, television and radio division, which he would run separate and apart from the Solarek's fashion, print and modeling division which had dominated the solarek's agency...(cont.) (cont...) business from its inception. Erlendson testified that Mitchell Talent Agency, Inc., was his responsibility, notwithstanding the Solarek's $80 \%$ ownership interest. Conversely, he testified that Mitchell Agency, Inc., was responsible for the print and modeling divisions, owned and operated completely by the Solareks, which had created all of the problems and was the focus of this petition. When asked whether Mitchell Talent Agency, Inc. was a licensed talent agent he replied that they were, while simultaneously claiming no affiliation with Mitchell Agency. Of course, there was only one license issued. When instructed that there was no license reflecting Mitchell Talent Agency Inc., Erlendson feigned ignorance maintaining "there is confusion in that there are two companies. The license is under the name Mitchell Agency, Inc.; but my ownership is in Mitchell Talent Agency Inc.." This befuddled answer was not credible. It was clear both entities were working under one license and Erlendson was fully aware of this fact.

As reflected in all of the renewal applications for the license, these three individuals conducted one business using both corporate names interchangeably when it suited their needs. (It was not established at the hearing why the names continued to see-saw back and forth.) In light of Erlendson's acknowledgment through his signed renewal applications, referencing his $20 \%$ ownership in the Mitchell Agency; whereby all agency activity (including, radio, film, television, and commercial) was conducted under one license, Mr. Erlendson cannot completely escape culpability. The print and commercial divisions not only shared a license with Erlendson, but also a receptionist, phones, office space, and artists. Moreover, it was not determined how Erlendson was compensated, but no evidence was brought by Erlendson that his compensation was not derived through Mitchell Agency profits or converted monies. In mitigation, there was a considerable amount of testimony from artists who indicated he utilized a separate payroll service, paid his artists on time and otherwise supported his story that he had no connection with the modeling aspect of the business. Mr. Erlendson's culpability will be reevaluated during his pending application for a new talent agency license.
under that name in 1998, and according to the testimony of several of Mitchell's longtime clients, operated a successful print and modeling talent agency. On or around this time, John Erlendson, formerly co-owner of Stars Talent Agency, and a former casting director for Voice Trax of San Francisco was brought in to apparently raise Mitchell's prestige in the small San Francisco talent agency market. Erlendson's specialty appeared to be garnering talent in commercial, film, television and radio, and he immediately began procuring work for artists in these fields. Simultaneously, Troy and Mitchell continued their operation of procuring work for artists in print and modeling industries.
9. From afar, the Mitchell Agency appeared to conduct itself in compliance with California talent agency law. But upon closer examination, things were not well within the confines of Mitchell. As a talent agency representing print models, Mitchell would initially receive the checks from the production company and then remit those monies, after subtracting their commission, to the model ${ }^{5}$. Mitchell always had the reputation of an agency that paid their models late, but who would inevitably pay. The petitioners indicated that they did not complain at an earlier time for various reasons, including the fear of being ostracized from an agency that provided them work, and pure optimism that they would eventually receive payment.
10. In early 1999, the checks arrived at a slower and

[^1]slower pace. Many of the petitioners indicated that they would finish the photo shoot, and it was not unusual to be paid up to six months later. Throughout this time period, Mitchell Agency utilized their in-house accountant, Greg Campbell, who was an employee of the agency. Conversely, all was running smoothly in the television, commercial and radio side. Of course, the Screen Actors Guild (SAG) and the American Federation of Television and Radio Artists (AFTRA) compel any talent agency representing those artists to be paid in a timely fashion or risk losing the unions franchise status.
11. Disturbingly, model after model testified that when the Solareks were questioned why the checks were not coming in and the petitioners were not getting paid for services previously rendered, the Solareks and other employees affiliated with the Mitchell Agency indicated that Mitchell had not received payment from the production company clients. This was an utter fabrication and blatant misrepresentation intended to deceive the petitioners. Several models testified that upon hearing this excuse, they directly contacted the production company who provided proof that the Mitchell Agency had been paid and that the checks issued by the production companies had long ago been cashed and cleared by the Mitchell Agency. This testimony, clearly established that the Mitchell Agency was misrepresenting to their models what was actually occurring. In deceiving their models, who entrusted the Mitchell Agency with the responsibility of representation, they had actually converted for their own financial gain the remuneration fearned by the petitioners, in clear breach of their fiduciary duty
owed to the petitioners.
12. In or around March 2000, Mitchell transferred payroll responsibility to an outside payroll service, Curo Financial. In spite of that move, the checks stopped arriving toward the end of 1999 and throughout 2000 and 2001, In early 2001, the petitioners began looking at any avenue that could remedy this exacerbating situation. Each artist attempted through dozens of phone calls, e-mails and letters in an attempt to collect their owed compensation. Each time a different excuse was forthcoming. The artists utilized every possible means to reach the Solareks, without success. In some cases, the models were friends and clients of the Solareks and the Mitchell Agency for over a decade. They were betrayed, aggrieved and never offered an explanation.
13. Currently, the Solareks have closed the doors of the agency and moved to Tennessee. The petitioners were left with no recourse, but to file this petition. With primary and exclusive jurisdiction in determining controversies between talent agents and their artists under representation, the Division of Labor Standards Enforcement held this hearing. As a result of the hearing, established through stipulations of the respondents, credible testimony and documentary evidence offered, the following chart demonstrates which models are entitled to a recovery; which client or production companies paid the bill; applicable dates of the engagements performed, and amounts earned that remain unpaid:

TAC 2-01 CHARLES MARKUS POPE et al. Vs. MITCHELL AGENCY INC. 06/29/2001



|  | SEA WELL PHOTO | 11/20/2000 | \$ | 400.00 | \$ | 3,400.00 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| G. MICHAEL SOMMERS | BATTENBERG, FILHARDT, WRIGHT | 02/19/2001 | \$ | 450.00 | \$ | 3,570.00 |
|  | BURCHILL ADVERTISING | 02/14/2001 | \$ | 1,440.00 |  |  |
|  | BURCHILL ADVERTISING | 03/09/2001 | \$ | 1,680.00 |  |  |
| H. MICHAEL O'BRIEN |  |  |  |  |  |  |
| I. WLLLIAM WHITE | RUIZ PRODUCTIONSNOLVO | 12/07/2000 | \$ | 1,000.00 | \$ | 1,087.67 |
|  |  | $10 \%$ INTERST ON FIRST PAYMENT | \$ | 33.33 |  |  |
|  |  | $10 \%$ INTEREST ON BALANCE | \$ | 54.16 |  |  |
|  |  | FAX TEL BILL | \$ | 0.18 |  |  |
| J. JOANNE COHEN | LEIGH BEISEN PHOTOGRAPY | 5/1-5/2/2000 | \$ | 3,000.00 | \$ | 3,007.57 |
|  |  | TELEPHONE CHRG | \$ | 7.57 |  |  |
| K. CAMRON PALMER / ROULA PALMER | KATRINE | 05/04/2000 | \$ | 150.00 | \$ | 4,758.72 |
|  | THOMAS HEINSER STUDIO | 06/15/2000 | \$ | 900.00 |  |  |
|  | THOMAS HEINSER STUDIO | 06/16/2000 | \$ | 720.00 |  |  |
|  |  | BONUS | \$ | 750.00 |  |  |
|  | MERVYN'S | 06/29/2000 | \$ | 112.50 |  |  |
|  | MICHAEL CURREO | 07/14/2000 | \$ | 100.00 |  |  |
|  | DISCOVERY CHANNEL | 08/09/2000 | \$ | 1,514.66 |  |  |
|  | MACY'S WEST | 10/26/2000 | \$ | 125.00 |  |  |
|  | MARK TUSCHMAN PHOTO | 01/02/2001 | \$ | 375.00 |  |  |
|  |  | TELEPHONE CHRG | \$ | 11.56 |  |  |
| L. ROXANNA CORTES | VIC HUBER PHOTOGRAPHY | 07/08/2000 | \$ | 1,000.00 | \$ | 6,550.00 |
|  | VIC HUBER PHOTOGRAPHY | 07/10/2000 | \$ | 1,187.50 |  |  |
|  | VIC HUBER PHOTOGRAPHY | 07/12/2000 | \$ | 1,000.00 |  |  |
|  | VIC HUBER PHOTOGRAPHY | 07/13/2000 | \$ | 1,375.00 |  |  |
|  | DAVID MAGNUSSON | 11/15/2000 | \$ | 562.50 |  |  |
|  | DAVID MAGNUSSON | 11/15/2000 | \$ | 300.00 |  |  |
|  | KAREN STEFFENS | 12/11/2000 | \$ | 750.00 |  |  |
|  | CHRIS ADVERTISING | 04/09/2001 | \$ | 375.00 |  |  |
| M. AMOS GLICK | KBP WEST | 05/27/2000 | \$ | 3,000.00 | $\$ \quad 6,710.00$ |  |
|  | DOREMUS INC. | 07/28/2000 | \$ | 3,600.00 |  |  |  |
|  |  | INTEREST/DAMAGES | \$ | 110.00 |  |  |  |






| $\left\|\begin{array}{ll} 40 \text { SELFRIDGE, VALLEJO } \\ (510) 967-7618 & 94590 \end{array}\right\|$ | MERVYN'S | 07/25/2000 | \$ | 1,125.00 | \$ | 5,671.87 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | MERVYN'S | 08/09/2000 | \$ | 796.87 |  |  |
|  | MERVYN'S | 08/31/2000 | \$ | 750.00 |  |  |
|  | MERVYN'S | 12/13/2000 | \$ | 1,500.00 |  |  |
|  | MERVYN'S | 05/15/2001 | \$ | 750.00 |  |  |
| T. LAWRENCE RADECKER 29 RAMONA AVENUE, \#5 <br> SF, CA 94103 <br> (415) 626-4792 | BATTENBERG, FILLHARDT, WRIGHT | 02/19/2001 | \$ | 675.00 | \$ | 675.00 |
| U. ADRIAN RAPP | MERVYN'S | 06/30/2000 | \$ | 562.50 | \$ | 2,035.82 |
|  | LEVI'S | 08/08/2000 | \$ | 225.00 |  |  |
|  | LEVI'S | - 08/21/2000 | \$ | 150.00 |  |  |
|  | LEVI'S | 08/23/2000 | \$ | 300.00 |  |  |
|  |  | CHARGEBACK | \$ | 798.32 |  |  |
| V. ALLISON HOM | GAP FITTING | 11/03/2000 | \$ | 240.00 | \$ | 2,134.00 |
|  | GAP SONOMA FLAT RATE | 11/06/2000 | \$ | 600.00 |  |  |
|  | GAP SONOMA TRAVEL | 11/06/2000 | \$ | 150.00 |  |  |
|  | GAP SONOMA FLAT RATE | 11/07/2000 | \$ | 600.00 |  |  |
|  | GAP SONOMA TRAVEL | 11/07/2000 | \$ | 150.00 |  |  |
|  | FASHION SHOW | 12/05/2000 | \$ | 120.00 |  |  |
|  | MERVYN'S | 12/13/2000 | \$ | 114.00 |  |  |
|  | MACY'S | 01/02/2001 | \$ | 160.00 |  |  |
| W. GEA CARR | MERVYN'S | 10/24/2000 | \$ | 562.50 | \$ | 3,712.50 |
|  | MERVYN'S | 02/14/2001 | \$ | 750.00 |  |  |
|  | MERVYN'S | 02/15/2001 | \$ | 750.00 |  |  |
|  | CHRISTIAN PARENT | May-01 | \$ | 150.00 |  |  |
|  | POCKET BOOKS INC. | 08/04/1999 | \$ | 1,500.00 |  |  |
| X. MARION FAYMONVILLE | BON APPETIT | 07/25/2000 | \$ | 148.50 | \$ | 3,402.00 |
|  | DOREMUS ADVERTISING | 08/30/2000 | \$ | 200.00 |  |  |
|  | JOHN CASADO | 09/18/2000 |  | .00+20\% |  |  |
|  | PUBLICIS | 09/28/2000 |  | + $20 \%$ |  |  |
|  | DAVID MAGNUSSON | 11/27/2000 | \$ | 844.75 |  |  |
|  | MERVYN'S | 05/14/2001 | \$ | 468.75 |  |  |
| Y. BIN YANG 2638 CLEMENT ST, \#14 SF, CA 94121 (415) 596-7880 | NORDSTROM | 02/16/2000 | \$ | 200.00 |  |  |
|  | JESSICA MCCLINTOCK | 04/06/2000 | \$ | 550.00 |  |  |  |
|  | NEIMAN MARCUS | 04/27/2000 | \$ | 240.00 |  |  |  |
|  | NORDSTROM | 05/02/2000 | \$ | 480.00 |  |  |  |


|  | KAPETOLA | Sep-00 | \$ | 280.00 |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | SF CHRONICLE | 11/09/2000 | \$ | 75.00 |  |  |
|  | MARY MCFADDEN | 12/13/2000 | \$ | 250.00 |  |  |
|  | NORDSTROM | 02/15/2001 | \$ | 200.00 |  |  |
|  | NORDSTROM | 03/03/2001 | \$ | 120.00 |  |  |
|  | NORDSTROM | 03/24/2001 | \$ | 120.00 |  |  |
|  | NORDSTROM | 03/29/2001 | \$ | 200.00 |  |  |
|  | NORDSTROM | 03/17/2001 | \$ | 120.00 |  |  |
|  | NORDSTROM | 03/28/2001 | \$ | 80.00 |  |  |
|  | NORDSTROM | 03/31/2001 | \$ | 200.00 |  |  |
|  | NORDSTROM | 04/06/2001 | \$ | 960.00 |  |  |
|  | NORDSTROM | 04/26/2001 | \$ | 280.00 | \$ | 4,355.00 |
| Z. CAMERON FESER | MERVYN'S | Jun-99 | \$ | 106.25 |  |  |
|  | MERVYN'S | 07/06/1999 | \$ | 85.00 |  |  |
|  | MACY'S WEST | 07/06/1999 | \$ | 200.00 |  |  |
| . | MERVYN'S | 05/10/2000 | \$ | 405.00 | \$ | 796.25 |
| AA. ERIC SCHNIEWIND | SIC-EM ADVERTISING | 09/21/2000 | \$ | 2,425.00 | \$ | 2,425.00 |
| BB. TIA DORSEY | KATE POWERS | 12/14/2000 | \$ | 800.00 |  |  |
|  |  | 3/20-3/21/2001 | \$ | 2,437.50 | \$ | 3,237.50 |
| CC. JESSICA MEYERS | BATTENBERG, FILLHARDT, WRIGHT | 02/19/2001 | \$ | 900.00 | \$ | 900.00 |
| JAMES CUTTES / NO VOUCHER | BUYOUT MODELING |  | \$ | 300.00 | \$ | 300.00 |
| DD. JAY ROSS | MACY'S | 05/19/2000 | \$ | 125.00 |  |  |
|  | MACY'S | 05/23/2000 | \$ | 450.00 |  |  |
|  | MACY'S | 05/24/2000 | \$ | 450.00 |  |  |
|  | MACY'S | 06/16/2000 | \$ | 100.00 |  |  |
|  | MACY'S | 07/07/2000 | \$ | 100.00 |  |  |
|  | MACY'S | 07/10/2000 | \$ | 250.00 |  |  |
|  | MACY'S | 08/16/2000 | \$ | 150.00 |  |  |
|  | MACY'S | 09/07/2000 | \$ | 190.00 |  |  |
|  | MACY'S PASSPORT | 09/09/2000 | \$ | 1,800.00 |  |  |
|  | MACY'S | 10/16/2000 | \$ | 100.00 |  |  |



## LEGAL ANALYSIS

1. Labor Code 1700.4(b) includes "models" in the definition of "artist". Petitioners are therefore "artists" within the meaning of Labor Code §1700.4(b).
2. It was stipulated that the Respondents were a licensed California talent agency at all times, conducting talent agency activities under License No. TA 3530.
3. Labor Code $\$ 1700.44$ provides that "[i]n cases of controversy arising under this chapter, the parties involved shall refer matters in dispute to the Labor Commissioner, who shall hear and determine the same." Therefore, the Labor Commissioner has jurisdiction to hear and determine this matter.
4. The respondents stipulated that all monies claimed by the petitioners were not paid and remains an outstanding debt of the respondents. The issue to be determined is what remedies shall be afforded to the petitioners.
5. Labor Code 1700.40 states,

In the event that a talent agency shall collect from an a artist a fee ${ }^{6}$ or expenses for obtaining employment for the artist ..., and the artist shall fail to be paid for the employment, that agency shall, upon demand therefor, repay to the artist the fee and expenses so collected. Unless repayment thereof is made within 48 hours after

6 Labor Code $51700.2(3)$ describes the term "fee" as, "the difference between the amount of money received by any person who furnished employees ... and the amount paid by him or her to the employee." The respondents refused to render payments to the artist, consequently, the amounts withheld by the respondents are a "fees" as that term is described herein.
demand thereof, the talent agency shall pay to the artist an additional sum equal to the amount of that fee."
6. Clearly, the petitioners performed the employment and the respondents collected a fee as that term is described at §1700.2(3), for the artist's services. The respondents failed to remit that fee to the artist (models) within 48 hours. Consequently, the artists are entitled to a penalty equal to the amount of monies improperly withheld.
7. Labor Code 1700.25 states in pertinent part:
(a) A licensee who receives any payment of funds on behalf of an artist shall immediately deposit that amount in a trust fund account maintained by him or her in a bank or other recognized depository. The funds, less the licensee's commission, shall be disbursed to the artist within 30 days after receipt.
8. The respondent failed to disburse petitioner's earnings within 30 days of receipt and is therefore in violation of 1700.25 (a).

Further Labor Code $£ 1700.25(e)$ states,

If the Labor Commissioner finds, in proceedings under Section 1700.44, that the licensee's failure to disburse funds to an artist within the time required by subdivision (a) was a willful violation, the Labor Commissioner may, in addition to other relief under Section 1700.44, order the following:
(1) Award reasonable attorney's fees to the prevailing artist.
(2) Award interest to the prevailing artist on the funds wrongfully withheld at the rate of 10 percent per annum during the period of the violation.
9. Respondent's misrepresentations regarding the alleged nonpayment by the employer/client/production company, violates respondent's fiduciary duty toward the petitioners, and establishes a willful violation within the meaning of Labor Code §1700.25(e). Therefore, the petitioners that utilized the services of an attorney are entitled to attorneys fees. All petitioners are entitled to interest.
10. In light of the various violations of the Talent Agencies Act ( $\$ \S 1700.00$ et.seq.), the Court in Waisbren v. Peppercorn 41 Cal.App.4th 246 a.262, citing the California Entertainment Commission, ruled "'the most effective weapon for assuring compliance with the Act is the power ... to ... declare any contract entered into between the parties void from the inception.' By following the Commission's advice and not enacting criminal penalties, the Legislature approved the remedy of declaring agreements void if they violate the Act." As a result of petitioner's many violations of the Act, the contracts between the parties are void $a b$ initio and the respondents are not entitled to the $20 \%$ commission contained in all written and oral contracts between the Mitchell Agency and the models.
11. In conclusion, the Labor Commissioner does not have jurisdiction to determine tort causes of action. Nevertheless, it has been established through credible testimony that Mitchell and Troy Solarek misrepresented to the models that monies earned in connection with their modeling services was not paid to Mitchell. This blatant fabrication classically meets the elements for fraud, misrepresentation, and conversion. In short, Mitchell took for
their own benefit, in breach of their fiduciary duty, more than $\$ 148,000.00$ of their clients money. Moreover, most of these clients were children and teenagers.
12. We cannot comprehend why a violation of the Penal Code is not implicated in this fact pattern. We will leave that to the expertise of the Local District Attorney whose responsibility it is to render such an opinion. Of course, as maintained in The People v. McKale 148 Cal.Rptr.181, "[t]he traditional role of the district attorney to prosecute violations of the Penal Code in criminal actions has in recent years been modified. As a result of increased consumer awareness and the need for consumer protection, California law enforcement agencies are now involved in proceedings which protect the consumer against fraud and misrepresentation in the sale of foods, services and real property." The State will deliver this report to various consumer agencies for their review.
13. The question arises whether individual members of the corporation, namely Troy and Mitchell Solarek can be held individually liable for their actions on behalf of the corporation, while acting for the benefit of the petitioners in a fiduciary capacity. The court in Michaelis V. Benavides 61 Cal.App. 4 th 681 a. 684 quoting Haidinger-Hayes maintains, "[a]s president and principal officer of defendant corporation, [Haidinger] was a fiduciary to and an agent of that corporation. He had a duty to the corporation to exercise his corporate powers in good faith and with a view to its interests (Corp.Code, $\$ 820$ ). ... Directors or officers of a corporation do not incur personal liability for torts of the corporation merely by reason of their official position,
unless they participate in the wrong or authorize or direct that it be done. They may be liable, under the rules of tort and agency, for tortious acts committed on behalf of the corporation." 3 Witkin, Summary of Cal. Law (7th ed. 1960) § 48 (c), pp. 2342-2343; 13 Cal.Jur.2d, § 353; 19 C.J.S., § 845; Knepper, Liabilities of Corporate Officers and Directors (1969).
14. The hearing established that the activities conducted by the Solareks were of such an egregious nature, resulting in a significant pecuniary loss to the petitioners, that those acts enabled the petitioners to pierce the corporate veil and attach liability to those individuals. The Respondents were properly notified of the hearing date. Their attorney accepted service on their behalf. A letter properly addressed, informing the Solareks of their potential individual liability was delivered to both them and their attorney of record. The Solareks failed to appear or offer any evidence in defense of petitioners testimony as to why they should not be held individually liable.
15. The proper burden of proof is found at Evidence Code S115 which states, "[e]xcept as otherwise provided by law, the burden of proof requires proof by preponderance of the evidence." Further, McCoy v. Board of Retirement of the County of Los Angeles Employees Retirement Association (1986) 183 Cal .App.3d 1044 at 1051 states, "the party asserting the affirmative at an administrative hearing has the burden of proof, including both the initial burden of going forward and the burden of persuasion by preponderance of the evidence(cite omitted). "Preponderance of the evidence" standard of proof requires the trier of fact to believe that the
existence of a fact is more probable than its nonexistence. In re Michael G. 74 Cal.Rptr.2d 642, 63 Cal.App.4th 700. Here, the petitioners established through credible testimony that the Solareks while acting in their official capacity as corporate offers committed fraud, misrepresentation and conversion toward those whom they had a fiduciary duty.

ORDER
For the above-state reasons, respondents THE MITCHELL AgENCY INC., THE MITCHELL TALENT AGENCY, INC., MITCHELL MANAGEMENT COMPANY; and MITCHELL MODEL MANAGEMENT; TROY SOLAREK and MITCHELL SOLAREK, as individuals, are to immediately pay petitioners \$148,251.01 in unpaid earnings including commissions; \$148,251.01 in penalties pursuant to Labor Code $1700.40(\mathrm{a})$; $\$ 29,650.20$ in interest calculated at 10 percent per annum, for the funds illegally withheld for two years, totaling 326,152.04. Each petitioner shall be paid the amount that is reflected in attachment "A" of this Determination. Any amounts remitted to the petitioners by the respondents falling short of this determination, shall be split proportionally among all petitioners. Additionally, petitioners utilizing an attorney are entitled to reasonable attorney's fees. JOHN ERLENDSON is not individually liable. IT IS SO ORDERED.
existence of a fact is more probable than its nonexistence. In re Michael G. 74 Cal.Rptr.2d 642, 63 Cal.App.4th 700. Here, the petitioners established through credible testimony that the Solareks while acting in their official capacity as corporate offers committed fraud, misrepresentation and conversion toward those whom they had a fiduciary duty.

## ORDER

For the above-state reasons, respondents THE MITCHELL AGENCY INC.; THE MITCHELL TALENT AGENCY, INC., MITCHELL MANAGEMENT COMPANY; and MITCHELL MODEL MANAGEMENT; TROY SOLAREK and MITCHELL SOLAREK, as individuals, are to pay petitioners within 10 days of receipt of this Determination of Controversy, $\$ 148,251.01$ in unpaid earnings including commissions; $\$ 146,292.26$ in penalties pursuant to Labor Code $1700.40(\mathrm{a}) ; \$ 21,004.00$ in interest calculated at 10 percent per annum, for the funds illegally withheld for two years, totaling $\$ 313,588.52$. Each petitioner shall be paid the amount that is reflected in attachment "A" of this Determination of Controversy. Any amounts remitted to the petitioners by the respondents falling short of this Determination, shall be split proportionally among all petitioners. Additionally, petitioners utilizing an attorney are entitled to reasonable attorney's fees. JOHN ERLENDSON is not individually liable. IT IS SO ORDERED.


Dated: $10-04-01$

| LIST | AMOUNT |  | PENALTIES |  | INTEREST |  | TOTAL |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| JENNIFER CARAH | \$ | 1,191.87 | \$ | 1,191.87 | \$ | 110.00 | \$ | 2,493.74 |
| CHARLES POPE | \$ | 11,489.22 | \$ | 11,489.22 | \$ | 2,202.00 | \$ | 25,180.44 |
| MARY FEELEY | \$ | 4,481.50 | \$ | 4,481.50 | \$ | 672.00 | \$ | 9,635.00 |
| MARY MACKEY | \$ | 2,412.50 | \$ | 2,412.50 | \$ | 221.00 | \$ | 5,046.00 |
| BRANDON TROWBRIDGE | \$ | 1,958.75 | \$ | 1,958.75 | \$ | 245.00 | \$ | 4,162.50 |
| THERESA M. VILLATUYA | \$ | 3,400.00 | \$ | 3,400.00 | \$ | 397.00 | \$ | 7,197.00 |
| MICHAEL SOMMERS | \$ | 3,570.00 | \$ | 3,570.00 | \$ | 238.00 | \$ | 7,378.00 |
| WILLIAM WHITE | \$ | 1,087.67 | \$ | 1,087.67 | \$ | 99.00 | \$ | 2,274.34 |
| JOANNE COHEN | \$ | 3,007.57 | \$ | 3,007.57 | \$ | 425.00 | \$ | 6,440.14 |
| CAMRON PALMER | \$ | 4,758.72 | \$ | 4,758.72 | \$ | 673.00 | \$ | 10,190.44 |
| ROXANNA CORTES | \$ | 6,550.00 | \$ | 6,550.00 | \$ | 819.00 | \$ | 13,919.00 |
| AMOS GLICK | \$ | 6,710.00 | \$ | 6,710.00 | \$ | 951.00 | \$ | 14,371.00 |
| JENNIFER DOUBLEDAY | \$ | 3,462.50 | \$ | 3,462.50 | \$ | 461.00 | \$ | 7,386.00 |
| PAGE MANAGEMENT: HAILEY ABRAMS | \$ | 600.00 | \$ | 600.00 | \$ | 80.00 | \$ | 1,280.00 |
| ALEXANDRA BRUNHAM | \$ | 437.50 | \$ | 437.50 | \$ | 32.00 | \$ | 907.00 |
| ANNA CALDER | \$ | 125.00 | \$ | 125.00 | \$ | 8.00 | \$ | 258.00 |
| ALEXIS CAVINESS | \$ | 1,250.00 | \$ | 1,250.00 | \$ | 146.00 | \$ | 2,646.00 |
| BAILEE CHAPMAN | \$ | 1,440.00 | \$ | 1,440.00 | \$ | 180.00 | \$ | 3,060.00 |
| ETHAN DURRANT | \$ | 75.00 | \$ | 75.00 | \$ | 10.00 | \$ | 160.00 |
| SETH DURRANT | \$ | 168.75 | \$ | 168.75 | \$ | 23.00 | \$ | 360.50 |
| FAITH FLORES | \$ | 150.00 | \$ | 150.00 | \$ | 18.00 | \$ | 318.00 |
| KIERSTAN FOUTS | \$ | 325.00 | \$ | 325.00 | \$ | 29.00 | S | 679.00 |
| TAYLOR GILESPPI | \$ | 100.00 | \$ | 100.00 | \$ | 9.00 | \$ | 209.00 |
| GARRETT GRAVES | \$ | 50.00 | \$ | 50.00 | \$ | 4.00 | \$ | 104.00 |
| KENNY HEINLEIN | \$ | 581.25 | \$ | 581.25 | \$ | 77.00 | \$ | 1,239.50 |
| LISA HEWITT | \$ | 225.00 | \$ | 225.00 | \$ | 27.00 | \$ | 477.00 |
| CAMBRIE JESSEE | \$ | 250.00 | \$ | 250.00 | \$ | 25.00 | \$ | 525.00 |
| JOSEPH KOVALIK | \$ | 400.00 | \$ | 400.00 | \$ | 53.00 | \$ | 853.00 |
| NATHAN LANE | \$ | 150.00 | \$ | 150.00 | \$ | 15.00 | \$ | 315.00 |
| AIJA LE | \$ | 450.00 | \$ | 450.00 | \$ | 60.00 | \$ | 960.00 |
| MICHAEL LUM | \$ | 350.00 | \$ | 350.00 | \$ | 50.00 | \$ | 750.00 |
| BAILEY MATOS | \$ | 100.00 | \$ | 100.00 | \$ | 5.00 | \$ | 205.00 |
| SPENCER MILLAR | \$ | 187.50 | \$ | 187.50 | \$ | 11.00 | \$ | 386.00 |
| MIKAYLA MOORE | \$ | 375.00 | \$ | 375.00 | \$ | 22.00 | \$ | 772.00 |
| KATELYN OWENS | \$ | 75.00 | \$ | 75.00 | \$ | 5.00 | \$ | 155.00 |
| GARRETT PALMER | \$ | 1,037.50 | \$ | 1,037.50 | \$ | 129.00 | \$ | 2,204.00 |
| LAUREN PALMER | \$ | 50.00 | \$ | 50.00 | \$ | 5.00 | \$ | 105.00 |
| BRANDON PEARSON | \$ | 175.00 | \$ | 175.00 | \$ | 16.00 | \$ | 366.00 |
| MATHEW PEARSON | \$ | 100.00 | \$ | 100.00 | \$ | 9.00 | \$ | 209.00 |
| SADA PERKINS | \$ | 100.00 | \$ | 100.00 | \$ | 5.00 | \$ | 205.00 |
| ELIJAH PHOENIX | \$ | 300.00 | \$ | 300.00 | \$ | 35.00 | \$ | 635.00 |
| JEREMIAH POBLETE | \$ | 200.00 | \$ | 200.00 | \$ | 10.00 | \$ | 410.00 |
| JASON PROTASS | \$ | 100.00 | \$ | 100.00 | \$ | 11.00 | S | 211.00 |
| ALYSSA ROHRER | \$ | 300.00 | \$ | 300.00 | \$ | 40.00 | \$ | 640.00 |
| GAVIN SHALAR | \$ | 50.00 | \$ | 50.00 | \$ | 5.00 | \$ | 105.00 |
| SOFIA SHALAR | \$ | 37.50 | \$ | 37.50 | \$ | 4.00 | \$ | 79.00 |
| JACOB SIMPSON | \$ | 175.00 | \$ | 175.00 | \$ | 10.00 | \$ | 360.00 |
| SYDNEY SMYTH | \$ | 50.00 | \$ | 50.00 | \$ | 3.00 | \$ | 103.00 |


| \|TRISTAN WEAVER NICHOLAS WRATTEN | \$ | 337.50 | \$ | 337.50 | \$ | 33.00 | \$ | 708.00 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | \$ | 562.50 | \$ | 562.50 | \$ | 65.00 | \$ | 1,190.00 |
| REBECCA STAATS | \$ | 14,472.75 | \$ | 14,472.75 | \$ | 3,135.00 | \$ | 32,080.50 |
| SANDRA STAATS | \$ | 850.00 | \$ | 850.00 | \$ | 100.00 | \$ | 1,800.00 |
| LINDSAY GALBRAITH | \$ | 13,375.00 | \$ | 13,375.00 | \$ | 1,560.00 | \$ | 28,310.00 |
| BRAD EASTMAN | \$ | 4,532.48 | \$ | 4,532.48 | \$ | 918.00 | \$ | 9,982.96 |
| RENAE EASTMAN | \$ | 2,425.00 | \$ | 2,425.00 | \$ | 483.00 | \$ | 5,333.00 |
| ADJOA MIDDLETON | \$ | 5,671.87 | \$ | 5,671.87 | \$ | 850.00 | \$ | 12,193.74 |
| LAWRENCE RADECKER | \$ | 675.00 | \$ | 675.00 | \$ | 45.00 | \$ | 1,395.00 |
| ADRIAN RAPP | \$ | 2,035.82 | \$ | 2,035.82 | \$ | 271.00 | \$ | 4,342.64 |
| ALLISON HOM | \$ | 2,134.00 | \$ | 2,134.00 | \$ | 213.00 | \$ | 4,481.00 |
| GEA CARR | \$ | 3,712.50 | \$ | 3,712.50 | \$ | 804.00 | \$ | 8,229.00 |
| MARION FAYMONVILLE | \$ | 3,402.00 | \$ | 3,402.00 | \$ | 425.00 | \$ | 7,229.00 |
| BIN YANG | \$ | 4,355.00 | \$ | 4,355.00 | \$ | 725.00 | \$ | 9,435.00 |
| CAMERON FESER | \$ | 796.25 | \$ | 796.25 | \$ | 184.00 | \$ | 1,776.50 |
| ERIC SCHNIEWIND | \$ | 2,425.00 | \$ | 2,425.00 | \$ | 262.00 | \$ | 5,112.00 |
| TIA DORSEY | \$ | 3,237.50 | \$ | 3,237.50 | \$ | 296.00 | \$ | 6,771.00 |
| JESSICA MEYERS | \$ | 900.00 | \$ | 900.00 | \$ | 60.00 | \$ | 1,860.00 |
| JAMES CUTTES | \$ | 300.00 | \$ | 300.00 | \$ | 60.00 | \$ | 660.00 |
| JAY ROSS | \$ | 4,468.29 | \$ | 4,468.29 | \$ | 631.00 | \$ | 9,567.58 |
| LAURA HUDSPETH | \$ | 3,250.00 | \$ | 3,250.00 | \$ | 596.00 | \$ | 7,096.00 |
| MICHAEL LOPEZ | \$ | 2,772.25 | \$ | 2,772.25 | \$ | 300.00 | \$ | 5,844.50 |
| TAJMA SOLEIL | \$ | 625.00 | \$ | 625.00 | \$ | 41.00 | \$ | 1,291.00 |
| ELEANOR LAWRENCE | \$ | 1,031.25 | \$ | 1,031.25 | \$ | 69.00 | \$ | 2,131.50 |
| DAN FACCHETTI | \$ | 3,325.00 | \$ | 3,325.00 | \$ | 194.00 | \$ | 6,844.00 |
| TOTAL | \$ | 46,292.26 | \$ | 46,292.26 | \$ | 21,004.00 | \$ | 313,588.52 |


[^0]:    ${ }^{1}$ All statutory citations will refer to the California Labor Code unless otherwise indicated.

[^1]:    5 Labor Code $\$ 1700.25$ requires that "a licensee who receives any payment of funds on behalf of an artist shall immediately deposit that amount in a trust fund account maintained by him or her ... The funds less the licensee's commission, shall be disbursed to the artist within 30 days after receipt.

