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AUDIO TRANSCRIPTION

California Labor Commissioner's Office
Training Video

SB62 - Garment Training

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1 VONN BOYENGER: Welcome and thank you for
2 joining us today. My name is Vonn Boyenger. I am a
3 Senior Deputy Labor Commissioner in the Labor
4 Commissioner's Office, and I head the Business
5 Engagement Program. And recently, the California
6 legislature passed amendments to California's garment
7 manufacturing laws. It was Senate Bill 62. These
8 amendments took effect on January 1st of 2022, and the
9 Labor Commissioner's Office began enforcing the law
10 immediately.

11 Our goal with today's training is to make sure
12 that, you as employers, have the information you need to
13 comply with the law and that we can answer any questions
14 that you may have about it. And the Business Engagement
15 Program is part of the Labor Commissioner's Office
16 reaching every Californian and -- "Reaching Every
17 Californian" campaign which amplifies basic protections
18 and builds pathways to impacted populations so that
19 workers and employers understand workplace protections,
20 obligations to how to ensure compliance with these laws.

21 Since launching our Business Engagement
22 Program, the Labor Commissioner's Office has held 61
23 training events and has had more than 59,000 employers
24 attend our webinars.

25 And our goal is to make sure the employers have

1 the tools that they need to comply with the law, and
2 because noncompliance by California businesses hurts
3 everyone; honest business owners, employees, and the
4 state. So it's good that we're all moving in the same
5 direction.

6 By the way, our BEP e-mail address is
7 makeitfair@dir.ca.gov. And before we get started, we
8 got a disclaimer.

9 And this disclaimer is that the information
10 provided today is for information only. None of the
11 information provided here should be interpreted as
12 providing legal advice for a separate attorney/client
13 relationship.

14 An applicability of the information discussed
15 may differ in individual situations. You should not act
16 on the information presented here without consulting an
17 attorney about your particular situation.

18 And so our agenda today is that, first of all,
19 there was a reminder for registration requirements.
20 We'll go into detail about AB 633 or the violations
21 pre-1/1/22. And the garment Worker's Protection Act
22 Senate Bill 62, which took effect on 1/1/it 22.

23 And to help us with more information will be
24 our staff attorney Mr. Dave Gurley.

25 DAVID GURLEY: Hello. And thank you, Vonn.

1 My name is Dave Gurley, and I'm an attorney for
2 the Labor Commissioner's Office, and I provide legal
3 support for our licensing and registration unit.

4 This portion of the presentation is intended to
5 remind the garment manufacturing community of the
6 license requirements for garment manufacturers, the
7 basic condition to comply with the garment manufacturing
8 rules and regulations, and the perils and the pitfalls
9 for failing to comply with these requirements.

10 It is and always has been the policy of this
11 state to enforce the law to ensure employees are not
12 permitted to work under substandard conditions or work
13 for employers that don't pay an employee's earned wages.

14 Importantly, we enforce these laws to protect
15 employers to comply with these laws. As employers who
16 do not comply -- in an competitive advantage in the
17 marketplace. We begin with a quick reminder on who
18 should be registered, and the basic registration
19 requirements for those engaged in garment manufacturing.

20 This is not a comprehensive training on
21 registration requirements, and is only intended to
22 provide the basic fundamental registration requirements.
23 For a more detailed discussion, please refer to labor
24 commissioner's website, which will be provided at the
25 end of this presentation.

1 So who is required to register? Every person
2 engaged in the business of garment manufacturing shall
3 register with the labor commissioner. Slide seven.

4 What is garment manufacturing? Garment
5 manufacturing as described in the Labor Code states:
6 Garment manufacturing means sewing, cutting, making,
7 processing, repairing, finishing assembling, dyeing,
8 altering a garment's design, causing another person to
9 alter a garment's design, affixing a label to a garment,
10 or otherwise preparing any garment or any article of
11 wearing apparel or accessories designed or intended to
12 be worn by an individual; including but not limited to,
13 clothing, hats, gloves, handbags, hosiery, ties,
14 scarves, and belts for sale or resale by any person or
15 any person's contracting to have those operations
16 performed.

17 In an effort to boil this down, if you or your
18 client are having employees work directly on garments or
19 contracting to have employees work directly on garments,
20 within the meaning of this definition, then registration
21 with the Labor Commissioner's Office licensing and
22 registration unit is required. Slide eight.

23 There's also a special definition for
24 contractor, which is similar. Remember, a person must
25 register as a manufacturer or a contractor. Contractor

1 means, any person with the assistance of employees or
2 others, is engaged in garment manufacturing by primarily
3 engaging in sewing for another person, including but not
4 limited to, another contractor, garment manufacturer, or
5 brand guarantor. Brand guarantor will be defined later
6 in this presentation.

7 Contractor includes a subcontractor that's
8 primarily engaged in those operations. In an effort to
9 distinguish garment manufacturing or manufacturer from
10 contractor, the Labor Code adds a new definition. Labor
11 Code Section 2671.B and states, garment manufacturing or
12 manufacturer. It means any person who is engaged in
13 garment manufacturing who is not a contractor.

14 Insured; if you hire employees sewing or
15 handling garments within the meaning of garment
16 manufacturing or you contract to have garments sewn or
17 handled within the meaning of that definition, you are
18 either a garment manufacturer or a contractor, and are
19 therefore required to register.

20 I will briefly discuss some of the basic
21 registration requirements for those engaged in garment
22 manufacturing. Again, this is not a comprehensive list,
23 and it only intended to highlight some of the important
24 requirements for those applying for and registering as a
25 garment manufacturer. Slide nine.

1 Garment manufacturing's basic registration
2 requirements include: A person has submitted a written
3 application on a form provided by the labor
4 commissioner. The application is submitted to our
5 licensing and registration unit, and the application
6 forms and information to register are contained on our
7 website. Notably during the application process, the
8 labor commissioner's licensing and registration unit is
9 conducting an investigation and determining whether the
10 applicant possesses the necessary competency to be
11 granted a registration.

12 The law states specifically: The labor
13 commissioner after investigation must be satisfied as to
14 the character, competency and responsibility of the
15 person prior to the labor commissioner issuing that
16 registration. Therefore, all of the information that
17 you or your client submits as part of the application
18 process and any other information the labor commissioner
19 may require of you or your client during the application
20 process is considered part of that investigation as to
21 whether the applicant possesses the character,
22 competency, and responsibility required of a garment
23 manufacturer.

24 The Labor Commissioner's Office reviews many
25 factors when making this determination, but a primary

1 test used by the labor commissioner that reflects upon
2 the character of the applicant is the requirement to
3 tell the truth on the application. This includes any
4 forms, documents or declarations submitted as part of
5 that application.

6 The application specifically states that any
7 material misrepresentation is grounds for revocation or
8 denial. So telling the truth throughout the application
9 process is critical. Other notable factors that reflect
10 on the applicant's character include any failure to pay
11 wages, pay citations or judgments or placing a worker in
12 unsafe conditions. These are basic points. Not
13 intended to be a comprehensive list of factors used by
14 the labor commissioner in making this determination.

15 Additional basic licensing requirements
16 included the applicant must have a current workers'
17 compensation policy. The applicant has paid the
18 registration fee, and first time registrants or those
19 seeking to renew their registration shall demonstrate
20 knowledge of garment and Cal/OSHA laws by taking and
21 passing an examination given by the licensing and
22 registration unit.

23 Once the registration is received, every
24 garment manufacturer shall post that registration form
25 where employees can read it during the work day. And

1 every person registered as a garment manufacturer shall
2 display on the front entrance of the business his or her
3 name, address, and garment manufacturing registration
4 number. Slide ten.

5 Registrations could also be revoked, suspended,
6 or denied for failing to follow specific laws. Here are
7 a few examples when the labor commissioner may revoke,
8 deny, or suspend a registration or an application.

9 Labor Code 2673.1 subsection (1) states the following:
10 The labor commissioner may in her discretion revoke,
11 deny, or suspend the registration of any registrant that
12 fails to pay on a timely basis any wages awarded
13 pursuant to this section after that award has become
14 final.

15 The two most common examples is an employer's
16 failure to pay wages after a worker successfully
17 prevails after filing a claim for unpaid wages, or an
18 employer fails to pay a citation issued by the Bureau of
19 Field Enforcement after that citation becomes final.

20 Again, to boil it down, if it's determined that
21 an employer owes a worker money and any relevant appeal
22 period expires, those wages are considered final. If
23 those wages are not promptly paid, the garment
24 manufacturer may face the revocation of his or her
25 registration or the denial of their application.

1 This is a powerful tool that enables the labor
2 commissioner to move quickly against the garment
3 manufacturer's license if that garment manufacturer
4 failed to pay a worker. We talked about this earlier,
5 but it's worth another quick mention. Labor Code
6 2675(a)(2) states the labor commissioner shall not
7 permit any person to register nor renew their
8 registration until the commissioner after investigation
9 is satisfied as to the character, competency, and
10 responsibility of the person.

11 In other words, is the applicant fit employ
12 workers? This authority grants the labor commissioner
13 raw discretion if it's determined during the application
14 process that the applicant or registrant lacks the
15 requisite character, competency, and responsibility.

16 I'm going to highlight a couple of regulatory
17 provisions that enables the labor commissioner to revoke
18 a registration or deny an application. It's important
19 that all garment manufacturers, or those who employ
20 workers, understand this authority. Slide 11.

21 Title 8 of the California Code of Regulations,
22 Section 13659(b) states: Every contract between
23 contractors and manufacturers shall be in writing, and
24 those contracts shall contain a lot of required
25 information, which case you will reference later. Those

1 contracts shall be maintained for no less than four
2 years, and shall be made available upon request to the labor
3 commissioner for inspection and copying.

4 The failure to maintain these contracts or make
5 them available to the labor commissioner for inspection
6 and copying shall constitute grounds for revocation of a
7 registration or denial of an application. So as an
8 example, if the Labor Commissioner's Office as part of
9 an investigation requires the contracts between a
10 contractor and a manufacturer to ascertain proportionate
11 liability, and those contractors or manufacturers do not
12 provide those contracts for inspection, the licensing
13 and registration unit will be notified and discretion
14 will be used to determine whether revocation is
15 appropriate.

16 And finally, there's Title 8, California Code
17 of Regulations, Section 13659(c), and that regulation
18 states, when paying wages every garment contractor
19 shall issue in the written itemized wage earnings and
20 deduction statements. All of the regular items that are
21 required on wage statements for California employers
22 under Labor Code Section 226, but shall also include the
23 name of any manufacturers for whom the contractor
24 performed any garment manufacturing operations during
25 the pay period covered by the itemized wage statements.

1 And the failure to include this important
2 information on employee's itemized wage statements,
3 shall constitute grounds for revocation of a
4 registration. Therefore, every contractor shall include
5 on these written itemized wage earnings and deduction
6 statements these additional requirements and the failure
7 to do may subject the contractor of revocation of the
8 registration, if appropriate.

9 We provide this information in an effort to
10 notify any garment manufacturer of these laws, and it's
11 really important to remember, we enforce these laws to
12 protect these lawyers who comply with the law. Enabling
13 the labor commissioner to reduce the competitive
14 advantage of employers who do not play by the rules.

15 I turn the presentation back over to Casey and
16 Anel to discuss the changes of the garment manufacturing
17 community under Senate Bill 62.

18 CASEY RAYMOND: Thank you so much, Dave. I did
19 not unmute myself, which is common in the Zoom age. We
20 really you giving us more information about
21 registration.

22 So I'm going to talk about first A B 633, which
23 is very legalist I can language to say the garment bill
24 that went into effect in 1999, so it was current law
25 until January 1st of 2022. And then we will start to

1 get into Senate Bill six two, which is the new bell. So
2 if you hear AB633, that's the bill before January 1st,
3 2022 or the law before that. If you hear Senate Bill
4 62, that just means the current law.

5 Is AB633, which again was this 1999 law, did
6 two important things in the garment industry or two
7 things that I'm going to highlight, and I'll focus on
8 the upstream liability. So before this law the only
9 party that was generally responsible if a worker was not
10 paid the basic rights of minimum wage and overtime was
11 the employer themselves. However, after the discovery
12 of enslaved workers in El Monte, the California
13 legislature acted in 1999 and said that it's not only
14 the employer that is responsible for making sure the
15 minimum wage and overtime is paid, it's also the
16 manufacturer. What do I mean by manufacturer? And I
17 know Dave talked about this a little bit, but it's
18 generally the company that contracts with the employer
19 or the garment factory to make the garments.

20 So in other words, it's not only the employer
21 but anybody contracts with them who need to make sure
22 that workers are being paid properly. What AB633 did is
23 it said, if a worker does not receive the proper minimum
24 wage and overtime, a manufacturer is liable for their
25 proportionate share of that minimum wage and overtime.

1 So for example, if a worker works for a week on two
2 different types of garments that were contracted by two
3 different manufacturers and they worked in equal
4 amounts, and they weren't paid minimum wage and
5 overtime, the employer would be responsible for that
6 entire amount. But in addition, each manufacturer would
7 be jointly and separately liable for 50 percent of what
8 the employer owed the worker.

9 The other thing that AB633 did that I wanted to
10 at least touch on was it established a definition of
11 successor in the garment industry. What a successor
12 means is it's just a business that comes after, and the
13 point of this definition -- and I won't go into
14 detail -- is that just some bad faith garment employers
15 have been closing down to avoid judgments and opening up
16 in a different name. And like Dave has emphasized
17 multiple times, this put the majority of garment
18 manufacturers who are following the law at a competitive
19 disadvantage because those who are not following the law
20 could refuse to pay minimum wage and overtime, close
21 down, and then avoid any responsibility for it.

22 AB633, which again is this 1999 law, also set a
23 baseline for what requirements there are for record
24 keeping for garment manufacturers. So first -- and I
25 think this is basic both for garment and nongarment

1 businesses -- it required that we keep the names and
2 addresses of all garment workers directly employed by
3 such garment manufacturer, including the ages of all
4 minor employees. And, again, this is for four years.

5 In addition, there were some basic wage and
6 hour requirements that were there as well. So you have
7 to keep the records for the hours worked and the pay
8 received for each employee. Again, this is across
9 industries; including itemized wage statements. But
10 special to garment -- and Dave mentioned earlier -- is
11 that it has to include the name of any manufacturers
12 contracting during the applicable pay period. You have
13 to have the hours worked daily by employees; including
14 the times the employees begin and end each work period.
15 They have to have the daily production sheets; including
16 piece rates.

17 Now, after January 1st, 2022, it's illegal to
18 pay a piece rate, which we'll talk about in a second.
19 But the employer could still be being paid a certain
20 amount per piece that they do the manufacture, even if
21 they're not paying the worker by a piece rate. And
22 finally, they have to put the wage and the wage rates
23 paid each payroll period. So how much is the worker
24 making per hour.

25 Additionally, every contract between a

1 contractor -- again, that's usually the employer or the
2 garment factor and the manufacturer who is contracting
3 with them to make garments -- has to include the legal
4 names of both parties; including the factitious business
5 names and the agent for service of process, the contact
6 information for the contracting parties, the garment
7 registration certification number and expiration dates
8 for the contracting parties, workers' compensation
9 information, the dates the contract was entered into and
10 when the -- and the expectation of when the garments
11 will be produced, the payment terms for the contract
12 including the total price and payment dates, as well as
13 the style numbers, the cut or lot numbers, the unit
14 price, the number of articles that are covered by the
15 contract, and a description of the garment or apparel
16 type, style, and color that are covered by the contract.
17 And this is there not only to protect workers and all
18 law abiding employers, but also just to make sure
19 there's consistency in these contracts so each party
20 understands what's expected of them. Additionally, each
21 contract should have any other -- or records should be
22 kept -- apologies -- for any other conditions of
23 employment. And these record keeping requirements are
24 for four years.

25 Now, I'll jump into Senate Bill 62, The Garment

1 Worker Protection Act that took effect on January 1st,
2 2022 and after. And the reason we talked about the old
3 bill is that the old bill didn't go away altogether.
4 The new bill just builds on top of it. So we're going
5 to talk about what's new in Senate Bill 62 in addition
6 to what I just told you.

7 So first, Senate Bill 62 prohibits the payment
8 of the piece rate in the garment industry after January
9 1st, 2022. I'm going to repeat this because I do think
10 it's a big change. Senate Bill 62 prohibits the payment
11 of the piece rate in the garment industry after January
12 1st, 2022. If you are an employer and you have workers
13 making garments, you have to pay them an hourly rate.
14 After -- or a sal- -- you know, a legitimate salary
15 rate.

16 After January 1st, 2022, like I said, an
17 employee engaged in garment manufacturing shall not be
18 paid by the piece. Although, incentive base bonuses are
19 still permitted. There is a \$200 compensatory damage
20 per employee per pay period if you are unlawfully paying
21 workers a piece rate in the garment industry. So I just
22 wanted to highlight this to just make sure that
23 employers are aware. I know that the labor
24 commissioner's teams have been doing employer outreach
25 both in the field and through previous employer

1 presentations, and we'll be doing it afterwards both for
2 employers and employees. But we really want to
3 highlight this to make sure nobody is cut off guard.

4 There's one narrow exception to this piece rate
5 requirement, and that's if there's a bona fide
6 collective bargaining agreement that has certain
7 conditions. It has to provide for the wages hours of
8 work and working conditions of employees. Every
9 employee has to be paid an hourly rate of not less than
10 30 percent more than the state minimum wage. There has
11 to be a provision for stewards or monitors of the
12 factory, and there has to be a process to resolve
13 disputes concerning of nonpayment of wages. So there's
14 a very narrow exception to the prohibition on the piece
15 rate if there's a collective bargaining agreement that
16 has particular terms in it, that I just highlighted.

17 Senate Bill 62 also changes the responsibility
18 of when workers aren't paid correctly in a couple of
19 ways. First, I'm going to talk about how it affects
20 manufacturers. And, remember, from what we talked about
21 earlier, manufacturers are the parties that are
22 contracting with the contractor, which is the employer
23 of the factory, to have garments made. So if you
24 remember from a moment ago, I told you that under the
25 1999 law, AB633, that a manufacturer was liable for

1 their proportionate share of unpaid minimum wage and
2 overtime. When I say liable, I just mean responsible.
3 It's a little legalistic. Under Senate Bill 62 this
4 changes. A manufacturer will now be jointly and
5 severally liable -- and I'll define that term in a
6 moment -- for compensation including wages, civil
7 penalties for failure to secure workers' compensation
8 coverage and attorney's fees. And they will be
9 proportionately liable for all damages and penalties
10 including the compensatory damages for piece rate
11 violations that I just talked about.

12 So what does that mean? So let's say, a
13 contractor fails to pay an employer \$100 in wages, and
14 let's say, that both Dave and I are manufacturers who
15 have contracted with that factory to make those garments
16 during that time when the workers weren't paid that
17 \$100. Joint and several liability means that because
18 those were wages, I would be responsible to pay the \$100
19 as a manufacturer. Dave would be responsible to pay
20 \$100, and so would the employer. Of course, a worker
21 can't go to each responsible party and say I want a \$100
22 and get \$300 or more than they were owed. But a worker,
23 an employee, could go to each responsible party and ask
24 for the \$100 and collect it from whichever party. So
25 that's what joint and several liability means.

1 Proportionate share liability we talked about
2 earlier -- and it's actually defined in a regulation,
3 and if people have questions they can always e-mail and
4 make it fair, and we can provide that regulation. But
5 proportionate share liability for all damages and
6 penalties including compensatory damages for piece rate
7 violations means, for example, if an employer paid the
8 piece rate unlawfully in 2022 over, let's say, two pay
9 periods and they owed \$200 per so \$400 total. And,
10 again, Dave and I were both manufacturers, and they
11 worked on our garments equally, the employer would owe
12 the full \$400, and Dave and I would each owe 50 percent
13 or \$200. Again, a worker cannot collect more than \$400,
14 but they can go to each party to collect what is owed.

15 In addition to manufacturers, Senate Bill 62
16 creates liability or responsibility legally for brand
17 guarantors in addition to contractors and manufacturers.
18 A brand guarantor is any person contracting for the
19 performance of garment manufacturing regardless of
20 whether the person with whom they contract performs the
21 garment manufacturing operations or hires contractors or
22 subcontractors to perform the manufacturing operation.
23 It can include the licensing, the brand or name for
24 performance of garment manufacturing.

25 Taking a step back, this means that even if

1 there's three people in a chain of contracting -- even
2 if person A contracts with a manufacturer, person B who
3 then contracts with a contractor or the factory person
4 C. Person A, who is the brand guarantor is still
5 responsible -- are still going to be responsible for --
6 if those workers don't get paid. In other words, if you
7 are contracting to have garments manufactured,
8 regardless of how many layers of contracting, you'll
9 still be responsible for part of what a worker is not
10 paid as a brand guarantor.

11 So what are you responsible for? What is the
12 responsibility of brand guarantors? They have joint and
13 several liability with manufacturers and contractors for
14 all unpaid compensation, civil penalties for failure to
15 secure workers' compensation coverage and attorney's
16 fees. And one thing important to note is that nothing
17 in the law restricts parties held jointly and severally
18 liable from seeking contribution or indemnity after a
19 final judgment.

20 So, you know, if you have three layers in a
21 chain of contracting and some think that others are
22 responsible, they can -- those parties can go into court
23 or any other means from seeking contributions -- which
24 other words saying, it's more your fault. You have
25 should have to pay more. They can work that out amongst

1 themselves, but the employee can still collect from any
2 of them up front.

3 In addition to this increased responsibility
4 for all parties involved in the garment manufacturing
5 chain, there are additional record keeping requirements
6 in Senate Bill 62. First, for contractors and
7 manufacturers they are all the current requirements. In
8 addition you have to keep contracts, invoices, purchase
9 orders, worker job orders, and style or cut sheets.
10 Frankly, this is very similar to what was required
11 before, but it now spells it out. And it has to include
12 the business name, address, and contract information --
13 contact information. Again, very similar. In addition,
14 you have to have a copy of the garment license of every
15 person engaged in garment manufacturing who is required
16 to register with the labor commissioner, like Dave
17 talked about, and with whom the employer has entered
18 into a contract for the performance of garment
19 manufacturing. These should all sound pretty familiar.
20 They are largely in line with what was required earlier.

21 In addition, though, brand guarantors have to
22 keep records. Brand guarantors, that I just talked
23 about, must keep contract worksheets indicating the
24 price per unit agreed to between the brand guarantor and
25 the contractor or manufacturer. They also must keep all

1 contracts, invoices, purchase orders, work or job
2 orders, and style or cut sheets with the business name,
3 addresses, and contact -- contract information --
4 contact information of the contracting parties. And
5 they also must keep a copy of the garment license of any
6 person with whom they contract that is required to have
7 one. So there's a record keeping requirement, again,
8 throughout the chain now of garment manufacturing.

9 This is a summary slide, so it doesn't say
10 anything new, but it's how we think about it somewhat.
11 Now, you have the contractor or the factory, you have
12 the manufacturer, which is that middle layer that is
13 contracting with the contractor, and the brand guarantor
14 who is often contracting with the manufacturer, who then
15 will contract with the factory. So there are a couple
16 of layers here, and this chart just lays out what they
17 mean and what is their extent of responsibility or
18 liability.

19 Now, I'll turn it over to Anel Flores, another
20 attorney in our unit to go over the enforcement of
21 Senate Bill 62.

22 ANEL FLORES: Thank you, Casey. As Casey
23 mentioned, I'm an attorney at the Labor Commissioner's
24 Office, and I help to support the Bureau Field
25 Enforcement, which we also call BOFE. And before we

1 went in -- go into the additional changes of SB62, we
2 wanted to review the different ways that you may come
3 into contact with our office just to provide a little of
4 context.

5 So you may come in contact with our office
6 because of individual wage claims. Individual wage
7 claims are filed by a worker and are adjudicated by a
8 neutral hearing officer, and it includes a facilitated
9 settlement conference by a deputy labor commission.

10 Next, we have the Bureau Field Enforcement or
11 BOFE, they conduct workplace-wide investigations, and
12 they may issue citations or file a lawsuit for not
13 complying with the law. For example, they may issue
14 citations for lack of workers' compensation. They may
15 also issue citations for not having registration, or
16 also, for unpaid wages.

17 Next, we have our licensing and registration
18 unit, and you heard Dave Gurley talk extensively about
19 our licensing and registration unit and the work that
20 they do. So, again, as a reminder, they may suspend,
21 deny, or revoke a license for violations.

22 Lastly, you may also come in contact with our
23 retaliation complaint investigation unit. Workers are
24 protected for retaliation for exercising their rights.
25 This includes the new provisions in Senate Bill 62. For

1 example, under Senate Bill 62 you can no longer pay the
2 piece rate -- as Casey explained -- unless it falls
3 within the very limited exception. So you cannot
4 retaliate against a worker by terminating them, or for
5 example, cutting their hours if they complain to you
6 about being paid a piece rate. Retaliation is against
7 the law. A worker can file a claim with our office if
8 they have been retaliated against. So it's very
9 important that you do not retaliate against a worker for
10 exercising their right under the law. Please, can you
11 go to the next slide. Thank you.

12 So given the context of that and what I
13 explained, Senate Bill 62 also provides citation
14 authority for our Bureau Field Enforcement, also known
15 as BOFE. So the labor commissioner can enforce Labor
16 Code 2671 through a citation or a stop order. This
17 would also apply to citation authority prior to January
18 1st based on AB633. So all the things that Casey
19 explained about AB633, that may also now be enforced
20 through a citation. And the procedures for issuing,
21 contesting and enforcing judgments for citations can be
22 found at Labor Code Section 1197.1.

23 And just to provide a little bit of an
24 explanation -- you know, an example -- one example could
25 be when we issue a citation for lack of workers'

1 compensation. We can issue a stop order, which will ask
2 for labor for to stop until workers' compensation
3 insurance has been obtained by the contractor. It will
4 also include a penalty assessment. The penalty
5 assessment may also be assessed against the manufacturer
6 and the brand guarantor under Senate Bill 62. But the
7 stop order will only be against the contractor, since
8 they have the employees doing labor. And that will be
9 lifted once -- the stop order -- once workers'
10 compensation coverage has been obtained, and the labor
11 commissioner is satisfied that there is workers'
12 compensation coverage. Can we have the next slide,
13 please?

14 Senate Bill 62 also made an additional change
15 to Labor Code Section 1174.1. 1174.1 provides for
16 evidence preclusion if records pursuant to a duly served
17 written request by the labor commissioner are not turned
18 over to the Labor Commissioner's Office. So then later
19 in an administrative proceeding to contest the citation
20 or in a writ proceeding, you can't introduce that
21 evidence because that evidence wasn't provided to our
22 office, even though we requested it. Duly served means
23 that it's just served in compliance with the law. So
24 it's very important that you comply with any request
25 from our office because you may be precluded in the

1 future from using that evidence if you didn't provide it
2 to us.

3 And lastly, we just want to leave you with some
4 reminders. You know, please, as Casey explained,
5 discontinue the piece rate, unless it falls within the
6 very limited exception of a Collective Bargaining
7 Agreement. Or as explained, it could be an
8 incentive-based bonus, but you still have to pay an
9 hourly rate of pay. Please keep accurate records for at
10 least the last four years, and this pertains, not just
11 to contractors, but manufacturers and brand guarantors.
12 Everyone has a role to play in compliance, so it's
13 important that everyone keep accurate records for the
14 last four years.

15 Also, cooperate with the Labor Commissioner's
16 Office, and that includes with all our different units.
17 You know, cooperate with the records request by the
18 Bureau Field Enforcement. Cooperate with subpoenas that
19 are sent in the individual wage claim process.
20 Cooperate with records request also from our retaliation
21 unit. This could impact your registration, so it's very
22 important in addition to the evidence preclusion in a
23 citation, that you comply with any records request with
24 the Labor Commissioner's Office.

25 It's also important that you share this

1 information with those that you contract with. As a
2 contractor, please share this information with
3 manufacturers and brand guarantor as they may face some
4 liability. If you're a brand guarantor or manufacturer
5 who is attending this training, please share this
6 information with contractors. We want to make sure that
7 everyone, you know, is playing their part and ensuring
8 compliance, and so it's important that we all share this
9 information with each other so that we can make sure
10 that everyone is in compliance.

11 So in addition to sharing information, contract
12 with the responsibility entities. See if they have
13 policies and procedures concerning their wage and hour
14 laws. See if they have policies and procedures
15 concerning retaliation. We want to make sure that we --
16 as we've explained -- unfair competition hurts everyone,
17 so we want to make sure that everyone is in compliance
18 with the law, and we can help by contracting with
19 entities that shown that they are in compliance with the
20 law.

21 Lastly, it's really important, again, for your
22 registration to maintain character, competency, and
23 responsibility. So we just want to emphasize that if
24 you comply with the law, make sure that you keep
25 records, you know, share information and contract with

1 responsibility, you increase your chances of maintaining
2 good character, competency, and responsibility so that
3 it may not affect your registration.

4 And so now I would like to turn it over back to
5 our Senior Deputy, Boyenger.

6 VONN BOYENGER: Well, thank you for that, Anel.
7 And thank you to our presenters today for providing this
8 very important and crucial information on these changes
9 and additions to SB62. Now, we know that you probably
10 have a lot of questions still remaining, and so what
11 we've done is we've provided these e-mail addresses and
12 these website addresses that you see in front of you
13 here -- makeitfair@dir.ca.gov -- so that we can respond
14 to those questions. And then you can look in our
15 website that you see as well, also, at DIR.CA, forward
16 slash, DLSE, forward slash, garment.

17 So, again, we thank you, and we commend you all
18 for taking the time to learn about our laws, especially
19 these new ones here today. And we thank you, again, for
20 sitting in and watching our presentation. Thank you.

21 (End of audio recording.)

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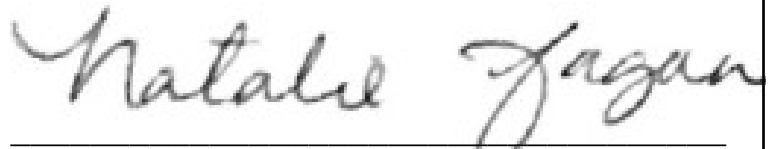
STATE OF CALIFORNIA)
)
COUNTY OF RIVERSIDE) ss.

I, Natalie Fagan, Certified Shorthand Reporter
No. 13993 in and for the State of California, certify:

That I listened to the recording of the foregoing
interview and that all colloquy and comments made at the
time of the interview were recorded stenographically by
me and that the foregoing is a true record of the
proceedings, including speaker identification, to the
best of my ability given any challenges presented by the
quality of the recording.

I hereby certify that I am not interested in the
event of the action.

IN WITNESS WHEREOF, I have subscribed my name this
7th day of April, 2022.



Certified Shorthand Reporter in and
for the state of California

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