

N E W S R E L E A S E

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Labor Commissioner's Wage Theft Investigation of Public Works Contractor Leads to Two-Year Prison Term

San Francisco – As the result of a criminal referral by California Labor Commissioner Julie A. Su's office in January 2012, the owner of a Southern California construction company last Friday pleaded guilty to embezzling more than \$350,000 in employee wages from two public works contracts and filing false tax returns to hide his theft.

Reza Mohammadi, 58, of Tustin was sentenced to two years in state prison by Orange County Superior Court Judge R. Fitzgerald on July 26. He is the owner of Irvine-based Southland Construction. Mohammadi is scheduled for a restitution hearing on Nov. 29. The Labor Commissioner's office is working to restore the wages to the 18 workers affected.

"This case shows that the Labor Commissioner is committed to effective public works enforcement in the state," said Christine Baker, Director of the Department of Industrial Relations (DIR). The Labor Commissioner's office, also known as the Division of Labor Standards Enforcement (DLSE), is a division of DIR.

In late December 2010, the Labor Commissioner's office opened an investigation of Southland after receiving numerous complaints filed by workers and by the Center for Contract Compliance, which revealed that Southland did not pay proper prevailing wages and overtime wages to 25 workers. On Jan. 10, 2012, Southland was assessed \$121,163 in unpaid wages and \$128,300 in penalties on the "The Tracks at Brea" project administered by the City of Brea.

On Jan. 12, 2012, the Labor Commissioner's office referred their findings to the Orange County District Attorney's office, which contributed to the successful prosecution of Mohammadi. DLSE and Orange County District Attorney investigators determined Mohammadi coached his workers on what to say if a public works investigator asked questions regarding their wages. He systematically submitted fraudulent certified payroll records to the Labor Commissioner falsely stating he was paying his workers the correct wage of \$42 to \$53 an hour for each project. Mohammadi actually paid his workers \$120 to \$150 per day and never paid overtime.

Mohammadi then required his workers to return a portion of their pay back to him after they cashed their checks, or required them to pay for another worker's pay. Using this scheme, Mohammadi embezzled over \$396,000 in worker wages from his public works contracts for his personal gain.

"This case sends a clear message to those scofflaws who steal wages from workers, cheat honest contractors, and violate the public trust, that we will not only pursue civil remedies against you but seek criminal prosecution as well," stated State Labor Commissioner Julie A. Su. "Wage theft is a crime and it will be prosecuted as such in the State of California. In

addition, this case should serve as a deterrent to contractors who think they can get away with doctoring certified payroll records to hide the truth."

In a joint effort, the Orange County District Attorney's office and the Labor Commissioner's office investigated the "Hiltcher Trail Improvements" project located in Fullerton, which established that Southland failed to pay employer payment contributions to five workers. On Sept. 11, 2012, the Labor Commissioner's office issued a Civil Wage and Penalty Assessment in the amount of \$96,652 unpaid wages and \$15,450 in penalties.

Mohammedi pleaded guilty to a court offer to 15 felony counts of failing to file a return with the intent to evade tax, 15 felony counts of willful failure to pay tax, seven felony counts of taking and receiving a portion of a worker's wage on public work, six felony counts of recording false and forged instruments, and three felony counts of filing false tax returns. He admitted to the sentencing enhancement allegations for loss exceeding \$100,000 and property damage over \$200,000 and a prior strike conviction for criminal threats in 1999.

In a recent report entitled "[State of the Division of Labor Standards Enforcement](#)," released in May 2013, the Labor Commissioner's office reported that 2012 saw the highest amount of wages and penalties assessed on public works jobs by the Division since 2002. The Labor Commissioner's office, also known as the Division of Labor Standards Enforcement, adjudicates wage claims, investigates discrimination and public works complaints and enforces state labor law. Additional information on labor laws and work-related topics are available on our [website](#) as well as on [Facebook](#) and [Twitter](#).

Employees with work-related questions or complaints may call the toll-free California Workers' Information Line at (866) 924-9757 for recorded information, in English and Spanish, on a variety of work-related topics.

For media inquiries, contact Erika Monterroza at (510) 286-1164 or Peter Melton at (510) 286-7046.

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