

N E W S R E L E A S E

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Labor Commissioner's Wage Theft Investigation at Holiday Inn in Eureka: Construction Workers Shorted Nearly a Quarter Million Dollars

Eureka – California Labor Commissioner Julie A. Su today files a mechanics' lien to recover unpaid wages totaling \$247,681 for 31 construction workers employed at the Holiday Inn Express construction project in Eureka from January through May 2013.

The investigation was conducted on March 27 by the Labor Commissioner's office and Cal-OSHA as part of a joint enforcement action by California's Labor Enforcement Task Force (LETF), a multi-agency group formed to combat the underground economy.

"This joint enforcement action underscores our commitment to target unscrupulous employers who commit wage theft and put their workers at risk. Companies that hire out of state construction contractors need to know that they will be held liable unless the contractors comply with state labor laws and workplace safety regulations," said Christine Baker, Director of the Department of Industrial Relations (DIR). The Division of Labor Standards Enforcement (DLSE), also known as the Labor Commissioner's office, and the Division of Occupational Safety and Health, commonly known as Cal/OSHA are divisions of DIR.

The local carpenters union, Carpenters Local 751, filed a report of labor law violations against the construction project of the Holiday Inn Express at 815 West Wabash St., in Eureka. Redwood Coast Hospitality, LLC hired general contractor Jansen Construction to build the hotel. Jansen Construction subcontracted with PacWest Contracting LLC, a company headquartered in Bend, Oregon that was not properly licensed as a California contractor. PacWest Contracting LLC then hired employees under the guise of independent contractors to perform the work on the project.

"Misclassification of employees as independent contractors harms legitimate businesses and cheats the hardworking men and women of California who are entitled to a just day's pay for a hard day's work," said Labor Commissioner Julie A. Su. "This is an underhanded tactic to deny workers' pay for every regular hour worked and overtime. Misclassification is also used to cut costs and to underbid projects, making it extremely difficult for legitimate construction contractors to compete."

A mechanics' lien encumbers the property to secure the wages that are owed. "This is a significant tool we have for getting the wages paid," explained Labor Commissioner Su.

The wage theft investigation further revealed that some employees were paid with checks that were returned for insufficient funds. The amount of unpaid wages also includes meal and rest period violations.

The joint enforcement conducted on March 27 also uncovered 13 workplace safety violations including five categorized as serious for unsafe ladders, failure to provide fall protection and

scaffolding, inadequate training to recognize fall hazards and unguarded saws. As a result, Cal/OSHA issued citations against Lupton Construction/PacWest for \$27,000 on May 7.

The Labor Commissioner's Office adjudicates wage claims, investigates discrimination and public works complaints and enforces state labor law. In a recent report entitled "[State of the Division of Labor Standards Enforcement](#)," released in May, the Labor Commissioner's office reported that in 2012 the Division assessed the highest amount on record of overtime and minimum wages. Additional information about the Labor Commissioner's Office is available [online](#).

Cal/OSHA protects workers from health and safety hazards on the job in almost every workplace in California through its enforcement, consultation, and research and standards programs. Information on Cal/OSHA's workplace health and safety standards is available on our [website](#). Employers can contact the [Cal/OSHA Consultation Service](#) toll-free at 1-800-963-9424 for free help in developing safe work practices.

LETf is a multiple agency collaborative effort to combat the underground economy and improve the state's business environment. It includes investigators with the Department of Industrial Relations' Labor Commissioner's Office and Cal/OSHA, as well as the Employment Development Department, Contractors State License Board, the Board of Equalization, Alcohol and Beverage Control and the Bureau of Automotive Repair.

Businesses operating underground generally violate those laws that are designed to protect workers and California's economy. Skirting income taxes, not carrying workers' compensation insurance, failing to provide required workplace safeguards and paying employees less than what they are owed are common practices of underground businesses. These underground operations subsequently require lower overhead, giving an unfair advantage to the illegal businesses over legitimate, law-abiding employers.

California workers and employers can contact the LETf hotline at 855-297-5322 to report documented complaints and enforcement tips. Complaints will be screened and prioritized in order to catch the most egregious offenders.

More information on the [task force](#) as well as employer and worker rights and responsibilities is available [online](#), as well as on [Facebook](#) and [Twitter](#).

Employees with work-related questions may call the California Workers' Information Hotline at (866) 924-9757 for recorded information in Spanish and English 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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