

## N E W S   R E L E A S E

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### **Labor Commissioner Agreement Holds Santa Rosa Taxi Company Accountable for Failure to Carry Workers' Compensation Insurance and Worker Misclassification**

**Santa Rosa** —California Labor Commissioner Julie A. Su announced that Santa Rosa taxi company A-C Transportation Services, Inc., has agreed to settle its \$522,300 citation for refusing to provide its 30 drivers with workers' compensation insurance coverage and for misclassifying them as independent contractors.

Owners Kevin and Jennifer Kroh, also doing business as Healdsburg Cab Company, agreed to pay a fine of \$200,000 in installments, with final payment in June 2021. If they default on the payments the agreement is void and the full \$522,300 judgement will be due. The company also agreed to cease all operations as of December 31, 2016.

The agreement comes after the taxi company was issued a Stop Order judgment in October by a Sonoma County Superior Court judge for continuing to refuse to provide workers compensation insurance as required by law.

“Hard working business owners across California get up every day and play by the rules, even when it isn't always easy. This case sends a powerful message to businesses that break those rules by misclassifying their employees,” said Labor Commissioner Julie A. Su. “My office will not tolerate the misclassification of employees as a business model because it undercuts both workers' rights and businesses who treat their employees fairly.”

The California Labor Commissioner's Office launched its investigation into A-C Transportation Services in March of 2014 and found that it had failed to provide workers' compensation insurance coverage as required by law from 2011 through 2014 and was misclassifying drivers as independent contractors. A citation for \$522,300 was issued and appealed by A-C Transportation claiming their drivers were independent contractors who leased taxi cabs from the businesses.

In January 2015, the Labor Commissioner affirmed the citation and determined that the taxicab drivers were employees and not independent contractors. A-C Transportation Services then filed a petition to review the administrative decision in Sonoma County Superior Court. On September 16, the Court found that there was substantial evidence

to support the Labor Commissioner's determination and denied the petition. When A-C Transportation continued to operate and refused to secure workers' compensation insurance, the Labor Commissioner requested the court to intervene and issue a Stop Order. On October 19, a Sonoma County Superior Court Judge issued a Stop Order judgment. On December 7, both parties reached an agreement to resolve the case.

Among its wide-ranging enforcement responsibilities, the [Labor Commissioner's Office](#) inspects workplaces for wage and hour violations, adjudicates wage claims, investigates retaliation complaints, and educates the public on labor laws. Its [Wage Theft is a Crime](#) multilingual public awareness campaign helps inform workers of their rights and employers of their responsibilities. The Labor Commissioner's Office, officially known as the Division of Labor Standards Enforcement, is a division of the Department of Industrial Relations (DIR).

Employees with work-related questions or complaints may contact DIR's Call Center in English or Spanish at 844-LABOR-DIR (844-522-6734). The California Workers' Information line at 866-924-9757 provides recorded information in English and Spanish on a variety of work-related topics.

Members of the press may contact Paola Laverde or Peter Melton at (510) 286-1161, and are encouraged to [subscribe to get email alerts](#) on DIR's press releases or other departmental updates.

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The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR's Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.