

## N E W S   R E L E A S E

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### **Labor Commissioner's Office Cites Jack in the Box Franchise Owner More Than \$900,000 for Misclassification**

**Sacramento**—The California Labor Commissioner's Office cited a Jack in the Box franchise operator \$903,084 for misclassifying 40 managers as exempt and denying them overtime pay.

Nor-Cal Venture Group, Inc. owns 26 Jack in the Box franchises in California, most of which are in the greater Sacramento area. The Labor Commissioner's Office opened an investigation after receiving a complaint and found that 40 employees were misclassified as exempt. As managers, they were required to work a minimum of 45 hours per week with no overtime, regardless of how many hours they worked.

"For these employees, being misclassified as managers resulted in being paid less than minimum wage," said Labor Commissioner Julie A. Su. "That's not an acceptable way of doing business in California, and my office will continue to enforce labor laws that uphold that wage floor."

Managers who spend less than half of their work time on managerial duties must be paid overtime. Investigators determined that the 40 workers were performing the same duties as other employees.

The citations issued to Nor-Cal Venture Group, Inc. include \$416,783 in unpaid overtime wages and penalties, \$218,227 in minimum wage violations and penalties, \$169,427 in liquidated damages and \$98,647 in waiting time penalties for 16 of the workers, who were not paid at the conclusion of their employment. When workers are paid less than minimum wage, they are entitled to liquidated damages that equal the amount of underpaid wages plus interest.

Worker misclassification results in an estimated loss of \$7 billion each year in payroll tax revenue to the state. Employees misclassified as independent contractors are also frequently underpaid and do not have on-the-job benefits and protections, including workers' compensation coverage, family leave, unemployment insurance, the right to organize or join a union, and protection against employer retaliation.

The [Labor Commissioner's Office](#), officially known as the Division of Labor Standards Enforcement, is a division of the Department of Industrial Relations (DIR). 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.

In 2014, Commissioner Su launched the [Wage Theft is a Crime](#) multilingual public awareness campaign. The campaign defines wage theft and informs workers of their rights and the resources available to them to recover unpaid wages or report other labor law violations. Employees with work-related questions or complaints may contact DIR's Call Center in English or Spanish at 844-LABOR-DIR (844-522-6734).

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



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.