

STATE OF CALIFORNIA  
DEPARTMENT OF INDUSTRIAL RELATIONS

In the Matter of the Request for Review of:

**GBR Enterprise, Inc.**

Case No. 14-0439-PWH

From a Civil Wage and Penalty Assessment issued by:

**Division of Labor Standards Enforcement**

**DECISION OF THE DIRECTOR OF INDUSTRIAL RELATIONS**

Affected contractor GBR Enterprise, Inc. (GBR) requested review of a Civil Wage and Penalty Assessment (Assessment) issued by the Division of Labor Standards Enforcement (DLSE) with respect to the work of improvement known as the UCLA Hedrick Summit (Project) performed for the University of California Los Angeles (UCLA) in the County of Los Angeles. On August 5, 2014, DLSE served the Assessment on GBR. The Assessment determined that \$8,898.56 was due in unpaid prevailing wages and training funds and \$15,350.00 was due as statutory penalties under Labor Code sections 1775 and 1813.<sup>1</sup> GBR did not deposit the full Assessment amount of unpaid wages and penalties with the Department of Industrial Relations (DIR) pursuant to section 1742.1, subdivision (b).

Pursuant to written notice, a Hearing on the Merits was held on June 26, 2015, in Los Angeles, California, before Hearing Officer Richard T. Hsueh. David Cross appeared for DLSE. There was no appearance for GBR, which likewise did not appear for the two noticed Prehearing Conferences.

The issues for decision are:

- Whether the Assessment correctly found that GBR failed to report and pay the required prevailing wages for all straight time and overtime worked on the Project by its workers;

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<sup>1</sup> All further statutory references are to the California Labor Code, unless otherwise indicated.

- Whether DLSE abused its discretion in assessing penalties under section 1775 at the rate of \$200.00 per violation;
- Whether GBR failed to pay the required prevailing wage rate for overtime work and was therefore liable for penalty under section 1813;
- Whether GBR has demonstrated substantial grounds for appealing the Assessment, entitling it to a waiver of liquidated damages under section 1742.1.

Since GBR failed to appear at the Hearing on the Merits, the Hearing Officer proceeded with the hearing in GBR's absence under California Code of Regulations, title 8, section 17246, subdivision (a). The Director finds that GBR has failed to carry its burden of proving that the basis of the Assessment was incorrect. GBR has also failed to carry its burden of proving grounds for waiver of liquidated damages. Based on the unrebutted evidence showing that GBR failed to pay the required prevailing wages, this Decision affirms the Assessment in full.

#### Facts

Failure to Appear: GBR's Request for Review was filed on or about August 13, 2014. GBR's mailing address on file is 1611 6th Avenue, Los Angeles, CA 90019. This is the address where the Assessment was served. Notices of Prehearing Conference (Notices) were mailed to GBR at the aforementioned address, thus giving GBR notice that the hearing officer would be conducting a telephonic prehearing conference on the date stated in each Notice. Specifically, on January 30, 2015, GBR failed to appear for the first Prehearing Conference. The Prehearing Conference was continued to February 20, 2015, to provide GBR with another opportunity to participate. On February 20, 2015, GBR again failed to appear for the continued Prehearing Conference. On February 20, 2015, the Hearing Officer called GBR's phone number on file, (323) 998-0469, but received a voice recording stating that phone number was no longer accepting calls. GBR provided no other telephone number where it could be reached. A Hearing on the Merits was then set for April 30, 2015, but subsequently continued to June 26, 2015. Notice for the Hearing on the Merits was served but GBR did not appear at the Hearing on the Merits.

The Hearing Officer then proceeded to conduct the Hearing on the Merits pursuant to the Notice for the purpose of formulating a recommended decision as warranted by the evidence pursuant to California Code of Regulations, title 8, section 17246, subdivision (a). DLSE's evidentiary exhibits were admitted into evidence without objections and the matter was submitted on the evidentiary record based on the testimony of DLSE's Deputy Labor Commissioner, Monica Curi (Curi).

Assessment: The facts stated below are based on the testimony of Curi, Exhibits 1 through 7 submitted by DLSE, including the Assessment, and other documents in the Hearing Officer's file.

GBR was the primary contractor on the Project. Thirty-one workers performed work for GBR under the contract at various times between August 18, 2013, and August 24, 2013. The applicable prevailing wage determinations in effect on the bid advertisement date are: (1) Dry Wall Finisher and Painter pursuant to LOS-2012-1; and (2) SC-31-X-41-2011-1A (Drywall Installer/Lather (Carpenter)), with the applicable job classification being Stocker/Scrapper.

Based on certified payroll records obtained and complaints from employees, the Assessment found that GBR failed to pay the required prevailing wages to the affected workers identified in the audit summary by one or more of the following: (1) failure to accurately report all hours worked; (2) underpayment of prevailing wages; and (3) failure to make contributions to the applicable training fund. The Assessment found a total of \$8,898.56 in unpaid prevailing wages (including training fund contributions) and \$15,350.00 in sections 1775 and 1813 statutory penalties (\$200.00 per violation for 76 violations under section 1775 and \$25.00 per violation for six violations under section 1813).

Deputy Labor Commissioner Curi testified as to the preparation of the Assessment and the supporting audit worksheets. She testified regarding her investigation and identified the applicable prevailing wage determinations. Curi further testified that the Assessment was properly served on GBR on August 5, 2014. GBR then submitted a timely request for review on or about August 13, 2014, and DLSE provided GBR with a reasonable opportunity to review DLSE's evidence.

## Discussion

Sections 1720 and following set forth a scheme for determining and requiring the payment of prevailing wages to workers employed on public works construction projects. DLSE enforces prevailing wage requirements not only for the benefit of workers but also “to protect employers who comply with the law from those who attempt to gain competitive advantage at the expense of their workers by failing to comply with minimum labor standards.” (§ 90.5, subd. (a). See, too *Lusardi Construction Co. v. Aubry* (1992) 1 Cal.4th 976.)

Section 1775, subdivision (a) requires, among other things, that contractors and subcontractors pay the difference to workers who received less than the prevailing rate and also prescribes penalties for failing to pay the prevailing rate. Section 1813 prescribes a fixed penalty of \$25.00 for each instance of failure to pay the prevailing overtime rate when due. Section 1742.1, subdivision (a) provides for the imposition of liquidated damages, essentially a doubling of unpaid wages, if those wages are not paid within sixty days following the service of a civil wage and penalty assessment.

When DLSE determines that a violation of the prevailing wage laws has occurred, a written civil wage and penalty assessment is issued pursuant to section 1741. An affected contractor may appeal that assessment by filing a request for review under section 1742. Subdivision (b) of section 1742 provides, among other things, that the contractor shall be provided with an opportunity to review evidence that DLSE intends to utilize at the hearing. At the hearing the contractor “shall have the burden of proving that the basis for the civil wage and penalty assessment is incorrect.” (§ 1742, subd. (b).) If the contractor “demonstrates to the satisfaction of the director that he or she had substantial grounds for appealing the assessment ... with respect to a portion of the unpaid wages covered by the assessment..., the director may exercise his or her discretion to waive payment of the liquidated damages with respect to that portion of the unpaid wages.” (§ 1742.1, subd. (a).) As well, DLSE’s determination “as to the amount of the penalty shall be reviewable only for abuse of discretion.” (§ 1775, subd. (a)(2)(D).)

In this case, the record established the basis for the Assessment. DLSE presented evidence that the Assessment was properly served on GBR and that DLSE provided GBR with a

reasonable opportunity to review the evidence to be used at the hearing. DLSE presented evidence that 31 workers, at times, performed work in the classifications of Drywall Finisher, Painter and Stocker/Scrapper. DLSE presented evidence that GBR did not contribute to the training fund for 31 workers and failed to pay 14 workers for all hours worked, including overtime. DLSE's investigation also showed that three affected workers, Oracio Maldonado, Nelson Blanco, and Ciro Alaniz, were not even included in the CPRs. DLSE presented further evidence that GBR has several pending prevailing wage violations.

Accordingly, DLSE's evidence constitutes *prima facie* support for the Assessment. GBR, in turn, presented no evidence to disprove the basis for, or accuracy of, the Assessment or to show it had substantial grounds for believing the Assessment was in error to support a waiver of liquidated damages under section 1742.1, subdivision (a). Liquidated damages are therefore affirmed in an amount equal to the unpaid wages.

### **FINDINGS AND ORDER**

1. Affected contractor GBR Enterprise, Inc. filed a timely Request for Review from a Civil Wage and Penalty Assessment issued by the Division of Labor Standards Enforcement.
2. GBR Enterprise, Inc. underpaid 14 employees on the Project in the aggregate amount of \$8,206.13.
3. GBR Enterprise, Inc. failed to contribute to the applicable training fund in the aggregate amount of \$692.43 for 31 employees on the Project.
4. Penalties under section 1775 are due in the amount of \$15,200.00 for 76 violations at the rate of \$200.00 per violation.
5. Penalties under section 1813 are due in the amount of \$150.00 at the rate of \$25.00 per calendar day for six violations.
6. Liquidated damages are due in the amount of \$8,206.13 and are not subject to waiver under section 1742.1, subdivision (a).

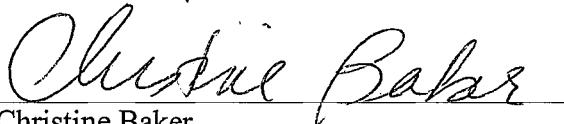
The amounts found due in the Assessment affirmed and modified by this Decision are as follows:

Wages:	\$ 8,206.13
Training fund contributions:	\$692.43
Penalties under section 1775, subdivision (a):	\$ 15,200.00
Penalties under section 1813:	\$150.00
Liquidated damages:	\$ 8,206.13
<b>TOTAL</b>	<b>\$32,454.69</b>

Interest shall accrue on unpaid wages in accordance with section 1741, subdivision (b).

The Civil Wage and Penalty Assessment is affirmed as set forth in the above Findings.  
The Hearing Officer shall issue a Notice of Findings which shall be served with this Decision on  
the parties.

Dated: 5/19/2016

  
Christine Baker  
Director of Industrial Relations