

DEPARTMENT OF INDUSTRIAL RELATIONS

## DIVISION OF LABOR STANDARDS ENFORCEMENT

LEGAL SECTION

Golden Gate Avenue, Room 3166  
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H. THOMAS CADELL, JR., *Chief Counsel*

November 5, 1992

Scott Adam Dettmar  
C.W./A.S., Inc, dba FROXX  
4599 Firestone Blvd.  
Southgate, CA 90280

**Re: Workers' Compensation Coverage**

Thank you for your inquiry regarding the requirements of the State of California with respect to workers' compensation coverage for workers in the garment industry.

You have submitted a workers' compensation insurance binder issued by the State Compensation Insurance Fund naming Creative Staff Management, Inc. as the employer. This office has searched our files and can find no record of a garment manufacturing license being issued to Creative Staff Management, Inc.

As you know, California Labor Code §2675 requires every person engaged in the business of garment manufacturing to register with the commissioner. The word "person" for purposes of the Garment Manufacturing law is defined as "any individual, partnership, corporation, or association, and includes, but is not limited to, employers, manufacturers, jobbers, wholesalers, contractors, and subcontractors." Under this broad definition, you are engaged in the business of garment manufacturing.

It is our understanding that you "lease" the employees who manufacture the garments at your establishment from Creative Staff Management, Inc. Since Creative Staff Management, Inc., has listed itself as the employer of these workers, for purposes of the California Garment law Creative Staff Management, Inc., is a person engaged in the business of garment manufacturing.

Labor Code §2677 provides "[A]ny person engaged in the business of garment manufacturing who contracts with any other person similarly engaged who has not registered with the commissioner or does not have a valid bond on file with the commissioner, as required by Section 2675, shall be deemed an employer, and shall be jointly liable with such other person for

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any violation of Section 2675 and the sections enumerated in that section.

Consequently, it would appear that under these circumstances, for the purpose of the Garment Registration statutes, you are an employer by operation of law since you are dealing with a person "engaged in the business of garment manufacturing" (i.e., Creative Staff Management) which is an unlicensed entity.

You must, therefore, have a valid workers' compensation insurance policy issued in the name of your firm before you may employ labor in California.

Failure to provide workers' compensation pursuant to the law in the State of California before employing labor may lead to confiscation of goods. (See Labor Code §2680)

I hope this adequately explains the position of the Division of Labor Standards Enforcement in regard to this matter.

Yours truly,

H. THOMAS CADELL, JR.  
Chief Counsel

c.c. Lynne Staley