

## DEPARTMENT OF INDUSTRIAL RELATIONS

Office of the Director  
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July 22, 2008

Ledesma & Meyer Construction Co., Inc.  
9441 Haven Avenue  
Rancho Cucamonga, CA 91730  
Attention: Kris M. Meyer, President

Re: Denial of Application for Approval as a Third Party Labor Compliance Program  
ID No. 2008-00580

Dear Mr. Meyer:

In accordance with the provisions of Title 8, California Code of Regulations, Section 16426, approval of the Ledesma & Meyer Construction Co., Inc. Labor Compliance Program is hereby denied. The Director is not persuaded that Ledesma & Meyer Construction Co., Inc. currently is able to operate an effective labor compliance program (LCP) consistent with applicable legal requirements.

Particular areas of concern include the following.

- There is no delineated separation between Ledesma & Meyer's construction management work and LCP work. It is not clear that either your firm or contractors know the difference between one function and the other, nor does your firm appear to be fully aware of and prepared to deal with conflicts that may arise between the two roles.
- There is no clear evidence of compliance with the directive in our letter of September 11, 2007 to stop providing LCP services for purposes of meeting any statutory LCP requirement and to inform client school districts that their bond-funding might be jeopardized by use of your program. Although you stated that school districts were informed orally, we have evidence that you continued to provide LCP services, including preparing annual reports, for client districts, and we have a pending complaint from a contractor and documentation which suggest that your company was still performing or at least appeared to be performing LCP functions for the Rialto School District in January of this year.

July 22, 2008

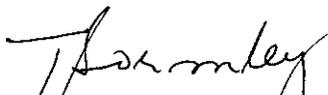
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- There is no clear showing that competent legal support is or would be available to your LCP. You have provided no information about your construction counsel other than to state that he is “experienced in construction law and prevailing wage law,” and this office has no independent knowledge of Mr. Hudson’s experience or capabilities. The assertion that Atkinson, Andelson, Loyo, Ruud & Romo could be used on a consultant basis to Mr. Hudson raises questions about whether that firm in fact would be available if and when needed. You have also suggested that direct use of Atkinson, Andelson may be a conflict of interest (presumably in relation to your construction management work), and it is unclear why it would be any less of a conflict of interest for them to assist your firm by acting as a consultant to Mr. Hudson.
- It is not clear that you have a clear understanding of either the need for or how to pursue formal enforcement cases. There is no record of wage recoveries among any of the programs to which you have provided staff services, and your statement about legal actions compromising profitability suggests a reluctance or unwillingness to pursue any formal enforcement cases due to cost concerns.
- As you know, Ledesma & Meyer is implicated in a complaint against the Rialto School District LCP that is still under consideration by this office. Our evaluation of the merits of that complaint will likely have a bearing on how we view your fitness to operate a proper labor compliance program.

This determination is without prejudice, and you may submit another application once you have satisfactorily addressed the concerns raised above and can otherwise demonstrate your firm’s capacity and ability to operate an effective LCP consistent with applicable legal requirements. Please note also that we expect to adopt revised program regulations in the very near future, and that you should be prepared to comply with those standards at the point they become effective.

Sincerely,



Tess Gormley, Special Assistant for  
John C. Duncan, Director of Industrial Relations