

**2017-2018 FISCAL YEAR REPORT ON THE EFFECTIVENESS
OF THE BUREAU OF FIELD ENFORCEMENT**

CALIFORNIA LABOR COMMISSIONER'S OFFICE



Labor Code section 90.5(d) requires the Labor Commissioner to report annually to the Legislature concerning the effectiveness of the Bureau of Field Enforcement (the Bureau or BOFE). This report should include: (1) the enforcement plan adopted by the Labor Commissioner and the rationale for the priorities, (2) the number of establishments investigated by the Bureau and the number and types of violations found, (3) the amount of wages found to be unlawfully withheld from workers and the amount of unpaid wages recovered for workers, and (4) the amount of penalties and unpaid wages transferred to the General Fund as a result of the Bureau's efforts.

The Labor Commissioner's Office (also known as the Division of Labor Standards Enforcement or DLSE) consists of several units working together to provide a wide variety of essential services for California workers and employers, including adjudication of wage claims, inspections of workplaces, enforcement of prevailing wage rates and apprenticeship standards in public works projects, licensing and registration of businesses, investigations of retaliation complaints, criminal prosecution for wage theft, and education of the public on labor laws. The mission of the California Labor Commissioner is to ensure a just day's pay in every workplace in the state and to promote economic justice through robust enforcement of labor laws. By combating wage theft, protecting workers from retaliation, and educating the public, the Division puts earned wages into workers' pockets and helps level the playing field for law-abiding employers.

One of the Division's key enforcement arms is the Bureau of Field Enforcement. The Bureau investigates complaints and takes enforcement actions to ensure that employees are neither required nor permitted to work under unlawful conditions. Actions taken by Bureau investigators include the enforcement of minimum wage and overtime requirements and child labor laws and of employers' requirement to carry workers' compensation insurance; audits of payroll records, collection of unpaid wages, such as prevailing wages on public works jobs; issuing citations for violations of any applicable Labor Code sections; confiscating illegally manufactured garments; and seeking injunctive relief to prevent further violations of the law.

California has over 1.5 million businesses, which report employing over 17 million workers in the state.¹ Numerous studies put the incidence of wage theft at staggering levels. The US Department of Labor reported in 2014 that the minimum wage law is violated in California 372,000 times per week and that more than one in 10 workers in California is paid less than the minimum wage.² An often-cited 2010 study by the UCLA Labor Center found that frontline workers in Los Angeles County lose \$26.2 million per week in stolen wages.³

BOFE focuses on major underground economy industries in California where labor law violations are the most rampant, including agriculture, garment work, construction, car washing, and restaurants. In the past few years, the Division has increased its focus in industries where wage theft has been particularly challenging to combat, such as janitorial work, residential care homes, and warehousing.

¹ California Employment Development Department, Number of Businesses, Number of Employees, and Third Quarter Payroll by Size of Business (Table I, 2017) available at https://www.labormarketinfo.edd.ca.gov/LMID/Size_of_Business_Data.html

² US Department of Labor, "The Social and Economic Effects of Wage Violations," available at <https://www.dol.gov/asp/evaluation/completed-studies/WageViolationsReportDecember2014.pdf>.

³ University of California, Los Angeles Labor Center, "Wage Theft and Workplace Violations in Los Angeles," available at <http://ccacla-laborcenter.electricembers.net/wp-content/uploads/downloads/2014/04/LAWagetheft.pdf>.

Strategic Enforcement Plan

In the past eight years, the Bureau has reinforced the Labor Commissioner’s core mission of collecting wages for California’s wage earners and penalizing employers that participate in the underground economy. It is unacceptable for businesses that violate labor laws to gain a competitive advantage over law-abiding employers.

One of the key components of this administration’s enforcement plan is strategic targeting of law-breaking employers. In lieu of broad “sweeps” and random inspections, the Labor Commissioner has adopted an approach that utilizes active collaboration with key partners on the ground and improved data to target businesses that are intentionally cheating. We have also devoted considerable resources to ensuring that we use every tool at our disposal to prosecute these violators to the full extent of the law. This includes working in collaboration with sister state agencies, local law enforcement, and other government agencies as well as non-governmental stakeholders, from community-based organizations to industry associations. Those partnerships have resulted in better leads to uncover wage theft and strengthened the Division’s ability to interview workers in a safe environment so that we can understand the nature of violations in the workplace. Deputy Labor Commissioners in BOFE interview workers off-site and outside regular business hours to maximize our ability to gain worker trust and participation. The Bureau does not rely solely on complaint-based investigations but also engages in proactive, strategic enforcement based on leads obtained by organizations, associations, and industry representatives.

In addition, legislative changes have given the Bureau more power to issue civil citations for certain violations that were once enforceable only through the Berman wage claim process or through private lawsuits. For example, the Bureau is now able to issue citations for liquidated damages when minimum wage violations occur and for waiting-time penalties under Labor Code section 203. These changes do not expand liability for employers breaking the law but streamline the Division’s ability to crack down on perpetrators of underground economy violations, protecting honest employers and resulting in a more efficient use of government resources. Other changes expand liability, including the creation of a “client employer” definition that addresses violations created by entities that subcontract for labor by making those entities responsible for wage theft under certain circumstances.

As part of our renewed effort to fight wage theft, BOFE investigators not only focus on civil penalties but also conduct detailed audits for unpaid wages, in particular, minimum and overtime wages owed to workers. BOFE’s efforts help ensure that workers are paid their lawful wages and legitimate employers are not forced out of business by those operating illegally in the underground economy. We have hired more auditors for this purpose and have organized and conducted statewide training for deputies on wage auditing.

In addition, the Labor Commissioner’s office partners with other state agencies, community groups, industry associations, and other law enforcement agencies to better enforce the laws. Our enforcement efforts generate substantial revenue for the State in the form of penalties paid by employers that are caught breaking the law. As a direct result of an enforcement plan that prizes quality over quantity and in-depth investigations over quick “in-and-out” inspections, under the Brown administration, the Division performed fewer inspections overall than ever before but found more wages owed to workers in California than at any time in BOFE’s history. Notably, the ratio of citations to inspections increased dramatically. In other words, better targeting leads fewer law-abiding employers to be inspected, more unpaid wages to be found, and more citations to be issued per employer.

The Division offers training, particularly on conducting wage audits to determine the extent of wage theft and to return wages to workers, as well as additional field enforcement training to give staff a better understanding of various schemes used by unscrupulous employers to avoid compliance with the law. This commitment to staff training enables the Bureau to conduct deeper, more substantive investigations.

This report focuses on the Bureau’s activities pursuant to Labor Code section 90.5(d).

Enforcement Results

In fiscal year 2017–2018, the Bureau conducted 2,058 inspections, which led to the issuance of citations for 3,245 violations.⁴ The total wages assessed are a measure of the commitment of this administration to crack down on wage theft and focus on identifying unpaid wages. The largest single source of violations and citations was once again the failure to carry workers’ compensation insurance: 1,551 citations were issued for this violation, and a total of \$28,749,599.08 was assessed in penalties. The second-highest number of citations was for the failure to issue an itemized wage statement (525 violations), which also had the second-highest penalty assessment in its citation category, \$15,547,187.50. The following tables illustrate the Bureau’s performance, including its special programs, such as prevailing wage enforcement through the Public Works Unit and the collaborative efforts of the Labor Enforcement Task Force (LETF).

⁴ The *total* number of inspections and citations and all statistics throughout this report comprises the performance of all Bureau programs, including the Labor Enforcement Task Force. It does not include violations for wages found due that were not citable.

Bureau (including Public Works)						
FY 2017-2018, Results by Industry						
Industry	# of Inspections	# of Violations	Penalties Assessed	Penalties Collected	Wages Assessed	Wages Collected
Agriculture	87	96	\$715,608.93	\$310,074.41	\$1,845,556.22	\$24,498.50
Auto Repair	218	355	\$3,197,525.61	\$757,362.52	\$513,380.61	\$36,720.26
Car Wash	131	210	\$2,146,849.09	\$767,796.11	\$1,033,578.74	\$509,757.90
Construction	271	313	\$3,822,950.32	\$532,036.60	\$4,614,314.62	\$142,685.95
Garment	69	191	\$2,521,700.84	\$164,034.24	\$317,654.68	\$20,396.96
Hotel	33	47	\$247,875.41	\$45,873.47	\$205,959.48	\$71,659.54
Janitorial	11	48	\$1,347,047.49	\$57,616.65	\$4,450,433.53	\$49,693.27
Nail Salon	14	22	\$613,524.94	\$42,929.92	\$0.00	\$0.00
Other	573	863	\$18,452,360.03	\$3,510,202.62	\$23,636,434.12	\$2,709,458.98
Residential Care	2	14	\$956,400.00	\$2,196.88	\$1,951,511.52	\$0.00
Restaurant	532	890	\$11,672,588.45	\$1,991,832.18	\$16,926,088.52	\$684,758.53
Retail	104	185	\$3,822,055.20	\$274,344.03	\$3,591,957.19	\$146,587.98
Security	8	3	\$396,000.00	\$0.00	\$0.00	\$0.00
Warehouse	5	8	\$2,027,886.92	\$32,458.37	\$0.00	\$0.00
Grand Total	2,058	3,245^a	\$51,940,373.23	\$8,488,758.00	\$59,086,869.23	\$4,396,217.87
<i>Less citations dismissed/modified^b</i>		160	\$3,705,444.37		\$853,829.32	
Subtotals	2,058	3,085	\$48,234,928.86	\$8,488,758.00	\$58,233,039.91	\$4,396,217.87
Public Works	2,108	757 ^c	\$29,385,945.06	\$6,593,795.32 ^d	\$20,573,217.18	\$7,261,881.64
TOTALS	4,166	3,842	\$77,620,873.92	\$15,082,553.32^e	\$78,806,257.09	\$11,658,099.51^f

^a The total number of violations excludes 48 demands made for wage pursuant to Labor Code 223 for contract wages above minimum wages.

^b The number of violations dismissed or modified represents only those that were either administratively dismissed or dismissed at a hearing in their entirety and does not include those that were modified during fiscal year 2017-2018.

^c The Public Works Unit does not conduct inspections but, rather, measures performance based on cases opened for audit purposes. Thus, the data in this table should be understood as 2,108 audits conducted, with 757 civil wage and penalty assessments (CWPAs) issued (rather than number of citations). These measurements are included here to provide a full picture of the Division's performance.

^d Includes Labor Code section 1777.7 penalty assessments.

^e Penalties collected in fiscal year 2017-2018 may include collection of penalties found due in earlier reporting periods.

^f Wages collected in fiscal year 2017-2018 may include collection of wages found due in earlier reporting periods. This statistic also includes wages collected as the result of Bureau-assisted employer self-audits as well as actions taken by the Legal Unit, such as litigation, settlements, and Legal Unit-assisted employer self-audits, all of which were initiated by the Bureau.

Bureau (including Public Works)					
FY 2017-2018, Results by Violation Category					
Violation Category	# of Violations	Penalties Assessed	Penalties Collected	Wages Assessed	Wages Collected
Workers' Compensation	1,551	\$28,749,599.08	\$4,707,625.79	\$0.00	\$0.00
Child Labor	112	\$265,300.00	\$150,040.14	\$0.00	\$0.00
Itemized Statement	605	\$15,547,187.50	\$2,472,193.72	\$3,333,088.08	\$58,759.43
Minimum Wage	369	\$2,165,910.00	\$167,147.70	\$28,360,685.54	\$1,922,249.01
Overtime	145	\$895,862.50	\$145,634.77	\$8,309,688.70	\$1,533,752.71
Garment	69	\$439,400.00	\$80,349.91	\$0.00	\$0.00
Garment Registration	19	\$19,500.00	\$8,313.14	\$0.00	\$0.00
Car Wash Registration	68	\$607,100.00	\$541,214.32	\$0.00	\$0.00
Unlicensed Construction Contractor	27	\$564,200.00	\$51,461.83	\$0.00	\$0.00
Rest and Meal Period	146	\$1,313,214.15	\$107,864.18	\$9,518,754.40	\$720,449.76
Misclassification	3	\$1,295,000.00	\$0.00	\$0.00	\$0.00
Unlicensed Farm Labor Contractor	5	\$46,600.00	\$50,000.00	\$0.00	\$0.00
Lactation Accommodation	1	\$16,600.00	\$2,250.00	\$0.00	\$0.00
Reimbursable Business Expenses	15	\$14,650.00	\$0.00	\$625,513.31	\$6,475.79
Violation of Reporting Time	3	\$250.00	\$4,662.50	\$353.57	\$2,836.09
Waiting Time Penalties	107			\$8,938,785.63	\$151,695.08
Grand Total	3,245^a	\$51,940,373.23	\$8,488,758.00	\$59,086,869.23	\$4,396,217.87
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TOTALS	3,842	\$77,620,873.92	\$15,082,553.32^e	\$78,806,257.09	\$11,658,099.51^f

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^c The Public Works Unit does not conduct inspections but, rather, measures performance based on cases opened for audit purposes. Thus, the data in this table should be understood as 757 civil wage and penalty assessments (CWPA's) issued (rather than number of citations). These measurements are included here to provide a full picture of the Division's performance.

^d Includes Labor Code section 1777.7 penalty assessments.

^e Penalties collected in fiscal year 2017-2018 may include collection of penalties found due in earlier reporting periods.

^f Wages collected in fiscal year 2017-2018 may include collection of wages found due in earlier reporting periods. This statistic also includes wages collected as the result of Bureau-assisted employer self-audits as well as actions taken by the Legal Unit, such as litigation, settlements, and Legal Unit-assisted employer self-audits, all of which were initiated by the Bureau.

Audits

The Labor Commissioner’s Office gave staff additional training to uncover issues involving nonpayment of wages, which resulted in more audits of employers’ payroll records. The Division also initiated a program for employers to conduct self-initiated audits to augment the investigations conducted in response to specific complaints. If employers are unable or unwilling to complete the self-audit, the Division conducts a thorough investigation and audit to discover unpaid wages. A sampling of notable outcomes of payroll audits performed under the supervision and direction of Bureau staff, which resulted in the assessment of wages due to employees (shown in the statistics above), includes:

June 2018

- Labor Commissioner’s Office cites Cheesecake Factory, janitorial contractors more than \$4.5 million for wage theft violations.
- Labor Commissioner’s Office cites seven Bay Area restaurants \$10 million for wage theft.

March 2018

- Labor Commissioner’s Office cites weight loss chain over \$8.3 million for wage theft violations.

February 2018

- Labor Commissioner’s Office cites Los Angeles restaurant over \$500,000 for wage theft.

January 2018

- California Labor Commissioner cites owner of six residential care facilities in Los Angeles over \$7 million for wage theft.⁵

December 2017

- California Labor Commissioner’s Office cites Los Angeles garment manufacturers more than \$370,000 for labor law violations.

August 2017

- Labor Commissioner’s Office cites Chula Vista restaurant over \$274,000 for wage theft.
- Labor Commissioner’s Office files \$6.3 million misclassification and wage theft lawsuit against Glendale Construction Company.
- Labor Commissioner’s Office cites Jack in the Box franchise owner more than \$900,000 for misclassification.

July 2017

- Labor Commissioner’s Office recovers over \$360,000 for live-in caregivers in wage theft case.
- Labor Commissioner’s Office cites two towing companies over \$4.8 million for wage theft violations.
- Labor Commissioner’s office cites Oakland Construction Company over \$3.5 million for wage theft violations.

Strategic Enforcement Outcomes

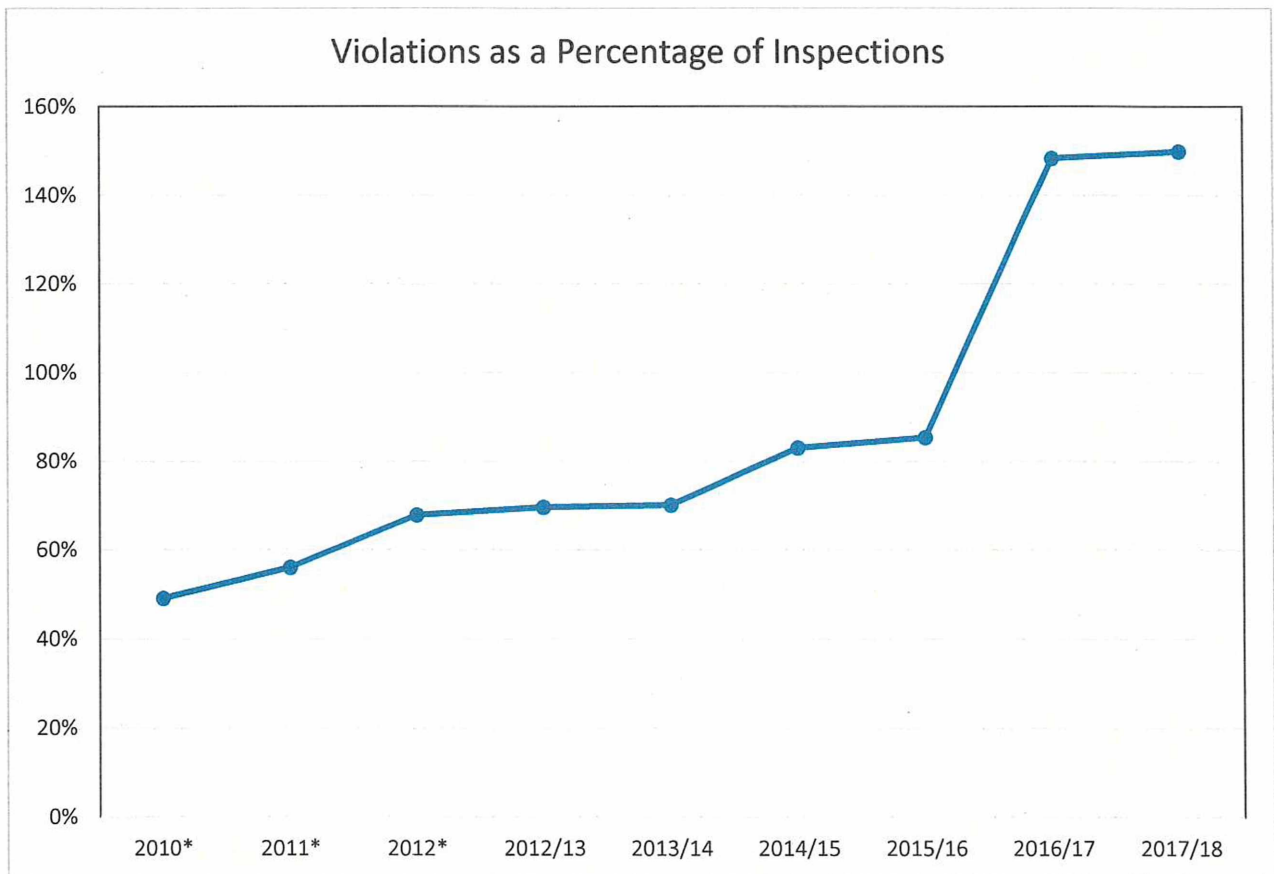
The Division’s Strategic Enforcement Plan has proven effective in proactively targeting the worst violators and deterring bad actors throughout California.

⁵ Dollars assessed are captured in both the “Residential Care” and “Other” categories displayed on the *Results by Industry* table.

The Division has entered into strategic partnerships with key stakeholders, including community organizations, associations, and industry representatives. Through these partnerships, the Bureau has been able to take on cases of far greater magnitude and impact in low-wage industries in California.

The Bureau conducts complex investigations involving client-employer liability, holding every member of the chain responsible for labor violations committed by a contractor, discouraging bad actors, and leveling the playing field for law-abiding, compliant employers.

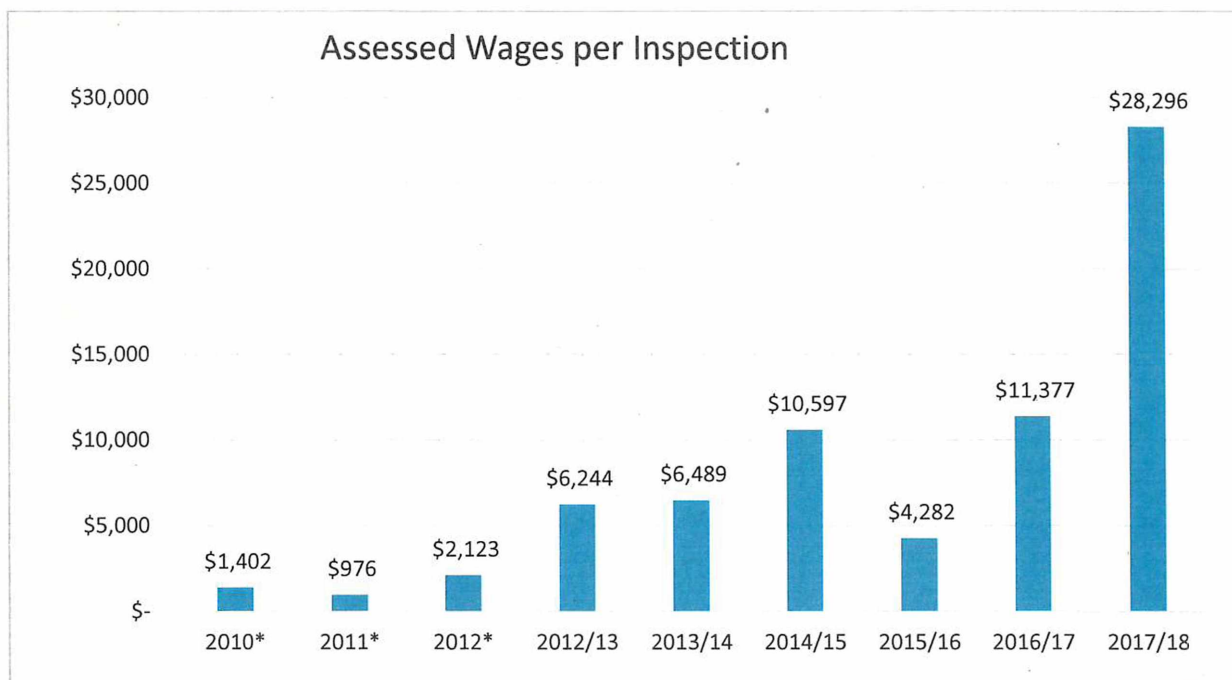
This new approach has been successful in producing high-quality, in-depth investigations that have uncovered more violations per investigation and assessed more wages owed to workers than at any other time in the history of the Division. Although the ratio of violations to inspections was just 49% in 2010, the shift to strategic enforcement has resulted in steady improvement in that metric over the past eight years. In fiscal year 2013-2014 it was 70%; in 2014-2015, 83%; in 2015-2016, 85%; 2016-2017, 148%; and in 2017-2018, 150% (see the following graph).⁶



* Prior to fiscal year 2012-2013, the DLSE collected and stated report data in calendar years.

⁶ Past reports on the effectiveness of the Bureau have included data related to Public Works in this graph. The Public Works unit investigates complaints arising from violations of prevailing wage and apprenticeship laws. For a clearer look at the impacts of strategic field enforcement, Public Works is being excluded from this display.

In addition, the assessed wages per inspection have similarly increased steadily and dramatically. In 2010, it was \$1,402. In 2015-2016, \$4,282; in 2016-2017, \$11,377; and in 2017-2018, \$28,296 (see the following graph).⁷



* Prior to fiscal year 2012-2013, the DLSE collected and stated report data in calendar years.

Enforcement Program Targets Unlawfully Uninsured Employers

As previously mentioned, the lack of workers’ compensation insurance remains the violation most often identified in the Bureau’s investigations. In 2008, as a result of the passage of Senate Bill 869 (Chapter 662), the Bureau began a new data-sharing partnership with the Employment Development Department (EDD), the Division of Workers’ Compensation, and the Workers’ Compensation Insurance Rating Bureau to proactively identify employers that might be uninsured unlawfully. In fiscal year 2017-2018, the Bureau issued citations for 102 violations and assessed \$4,466,958.46 in penalties arising from these efforts. The process and the results of the Senate Bill 869 enforcement activities are detailed in a separate report.

Car Washing and Polishing Businesses

On January 1, 2007, the Bureau began a concerted enforcement effort to ensure compliance with the registration requirements for car washing and polishing businesses (Labor Code sections 2050-2067 and California Code of Regulations, Title 8, division 1, chapter 6, subchapter 11, sections 13680–13693). Staff are being trained so that they can better identify wage-audit issues and acquire effective tools for uncovering wage theft, building on their previous training in the car washing industry, to enable them to go beyond looking only at registration when suspicion arises that other labor laws are being violated. In fiscal year 2017-2018, 131 inspections were conducted, and citations were issued for 210 violations, which led to assessments of \$2,146,849.09 for violations of various labor laws, including nonregistration and penalties. In addition, the Division assessed \$1,033,578.74 in

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wages and collected \$509,757.90 on behalf of workers as wages due. The results of inspections of car washing and polishing establishments, including re-inspections in the statistics above, are shown in the following table:

Car Washing and Polishing Businesses					
FY 2017-2018 Results by Citation Category *					
Citation Category	# of Violations	Penalties Assessed	Penalties Collected	Wages Assessed	Wages Collected
Workers' Compensation	65	\$929,149.09	\$107,014.03	\$0.00	\$0.00
Child Labor	7	\$8,000.00	\$4,000.00	\$0.00	\$0.00
Nonregistration	68	\$607,100.00	\$541,214.32	\$0.00	\$0.00
Itemized Statement	30	\$450,750.00	\$79,170.70	\$52,700.00	\$0.00
Meal Period	2	\$1,450.00	\$4,025.00	\$3,970.79	\$24,481.32
Minimum Wage	9	\$92,600.00	\$11,291.54	\$248,060.33	\$80,938.37
Waiting Time Penalties	6	\$0.00	\$0.00	\$231,967.50	\$75,835.42
Liquidated Damages	9	\$0.00	\$0.00	\$283,980.56	\$152,563.61
Overtime	6	\$34,750.00	\$5,639.56	\$86,951.86	\$106,083.96
Reimbursable Business Expenses	2	\$7,200.00	\$0.00	\$751.99	\$0.00
Reporting Time	1	\$100.00	\$1,500.00	\$39.37	\$2,836.09
Rest Period	3	\$14,250.00	\$1,689.48	\$120,014.85	\$46,897.43
Split Shift	2	\$1,500.00	\$12,251.48	\$5,141.49	\$20,121.70
TOTAL	210	\$2,146,849.09	\$767,796.11	\$1,033,578.74	\$509,757.90

* The statistics reported here are included in the overall results of the Bureau summarized earlier in this report.

Units within the Labor Commissioner's Bureau of Field Enforcement

Public Works

The Bureau's Public Works Unit investigates complaints arising from violations of the state's prevailing wage and apprenticeship laws and conducts audits on behalf of workers for back wages owed. As a result of SB 1038, on July 1, 2012, the Bureau began enforcing Labor Code section 1777.5, which was previously enforced by the Division of Apprenticeship Standards. Labor Code section 1777.7 assessments are now being issued by Bureau investigators for up to \$300 per calendar day when contractors violate apprenticeship law, pursuant to Labor Code section 1777.5.

Public Works, FY 2017-2018	
Cases Opened	2,108
Cases Closed	1,254
Civil Wage and Penalty Assessments (CWPA) Issued	757
Settlements	321
Wages Found Due	\$20,573,217.18
Wages Recovered	\$7,261,881.64 ^a
Penalties Assessed	\$29,385,945.06 ^b
Penalties Collected	\$6,593,795.32 ^c

^a Wages recovered may include monies found due in earlier reporting periods.

^b Includes Labor Code 1777.7 penalties assessed.

^c Includes Labor Code 1777.7 penalties collected. May include monies found due in earlier reporting periods.

In fiscal year 2017-2018, the Labor Commissioner signed orders of debarment for four construction companies and individuals. The maximum statutory debarment period is three years, rendering individuals and legal entities ineligible to bid on or be awarded public works contracts or to perform work on a public works project as a subcontractor or an employee. The debarment orders can be accessed at:

<http://www.dir.ca.gov/dlse/debar.html>.

Judgment Enforcement Unit

The Division’s Judgment Enforcement Unit (previously called the Collections Unit) continues to increase monies recovered for Bureau citations and unpaid wages unlawfully withheld from workers. The Division’s Judgment Enforcement Unit substantially increased the amount of money collected for BOFE citations and unpaid wage judgments, recovering a total of \$10,478,835 in fiscal year 2017-2018 (a 110% increase over the combined total in fiscal year 2016-2017).

The Judgment Enforcement Unit files judgments for BOFE and engages in various judgment enforcement activities to support other units in the Labor Commissioner’s Office. These activities include investigating, serving, and enforcing stop-work orders against businesses that fail to pay wage judgments; issuing levies, liens, and other judgment enforcement documents; seeking the suspension of various licenses held by businesses that fail to pay Labor Commissioner judgments; negotiating and arranging payment plans with employers; investigating and gathering evidence to support litigation against businesses that engage in the fraudulent transfer of assets and other schemes to evade liability for Labor Commissioner citations and judgments; and helping train and support BOFE deputies in asset investigation and other matters related to effective enforcement of claims against business debtors.

The Judgment Enforcement Unit processed 1,085 judgments and 2,433 levies in fiscal year 2017–2018. In addition, the unit conducted stop-work order investigations related to 166 different judgments and issued 26 stop orders to businesses that refused to comply with prior judgments.

Legal Unit

The Labor Commissioner’s Legal Unit continued and enhanced its support for the Bureau’s enforcement efforts in fiscal year 2017-2018. The unit continued its traditional work of representing the Division in Superior Court in defense of penalty citation awards in writ of administrative mandamus challenges, prosecution of public works CWPAs in administrative hearings, enforcement of investigative subpoenas, and conducting investigative depositions, obtaining tolling agreements, negotiating settlement agreements, and advising the Bureau in application of the law to its field investigation planning. The unit also assumed responsibility for prosecution of some select citation appeals before hearing officers in cases with complex legal or factual components and cases with large wage restitution amounts associated with the expanded authority provided by the Legislature for the Bureau to assess minimum wages and liquidated damages through citations.⁸ Some examples of the unit’s work in 2017-2018:

- **DLSE v. Central Coast Industries:** Led enforcement efforts, assisted in the settlement of Bureau citations for violations of minimum wage, overtime, and wage statement laws against a portable toilet transport business operating throughout California and Nevada with associated contracts with Cal Fire. Legal prepared the defense for hearing, and the case settled on the eve of hearing for \$375,000, benefiting 46 workers.
- **DLSE v. Auto Spa Express Wash, Inc., a California corporation:** Assisted in settling citations, resulting in \$95,000 in wages and penalties paid to 13 workers.
- **DLSE v. Emerald Mist Berry Farms, LLC; Celeste Berry Farms, LLC:** Worked with BOFE deputies to settle citations against an agricultural employer, resulting in \$50,000 in wages and penalties to be paid to workers.
- **Flor Oaxauena Restaurant:** Assisted BOFE in opposing counsel’s unsupported demand for a stay of a proceeding and developing a strategy to add defendants to the citation, ensuring that principals were found individually liable for citation amounts totaling \$154,062 affirmed at a hearing to pay seven workers minimum wages, overtime, and associated penalties.
- **Container Connection of Southern California Inc.:** The Legal Unit, working with the Judgment Enforcement Unit, collected \$319,208.39 after serving a Labor Code section 238 stop order at a defendant’s business. The defendant owed the monies to four truck drivers who had been misclassified as independent contractors.
- **Venture Recycling, Inc.:** The Legal Unit and the Judgment Enforcement Unit successfully recovered \$18,377.91 for a worker at a recycling company who was denied his rest periods because of the volume of work. The defendant and a successor entity initially appealed the Labor Code section 238 stop order, but later withdrew the appeal and paid the entire judgment to the worker.

⁸ The resulting penalties and/or wages collected are included in the Bureau statistics above, depending on the process used to achieve the end results.

- **Pacific 9 Transport:** After more than a year and a half of bankruptcy court litigation and negotiation, the Legal Unit (in conjunction with the Judgment Enforcement Unit and co-counsel, the Wage Justice Center) secured a bankruptcy reorganization plan from Pacific 9 Transportation that will result in the reclassification of the company's truck drivers from independent contractors to employees and the payment of \$6.47 million in back wages to drivers over the next seven years. The drivers received payment of the first \$750,000 in early January (of which \$226,644 was paid in trust to the Labor Commissioner for distribution to drivers who were not represented by private counsel).
- **Labor Commissioner v. Bonita Car wash:** Obtained payment of \$125,000 in wages and penalties due to employees at a carwash in San Diego County after it had been sold to a successor company.
- **Labor Commissioner v. Saenz Equipment:** The Legal Unit, working in conjunction with co-counsel at the Wage Justice Center, settled a long-litigated fraudulent transfer case against a commercial parking lot operator in Los Angeles County, recovering \$55,000 in back wages owed to a security guard.
- **Winford Reece v. Cargo Bay:** The Legal Unit, working in conjunction with the Judgment Enforcement Unit, obtained payment of \$21,882.92 in back wages and expense reimbursements for a truck driver who had worked to haul freight from the port of Oakland.
- **DLSE v. SDS Industries Inc.:** After an investigation triggered pursuant to the Private Attorney General Act, a lawsuit was filed and settled for \$900,000 in recovery of wages and penalties.
- **DLSE v. California TrusFrame LLC:** After an investigation triggered pursuant to the Private Attorney General Act, employer settled and paid \$750,000 in wages and penalties.

Other Partnerships

Labor Enforcement Task Force (LETF)

The LETF is a coalition of California State government enforcement agencies that work together and in partnership with local agencies to combat the underground economy. LETF partners include the Employment Development Department (EDD), the Division of Occupational Safety and Health (DOSH), the Contractors State License Board (CSLB), the California Department of Tax and Fee Administration (CDTFA), and the Bureau of Automotive Repair (BAR). Under the Brown administration, the LETF's approach to combating the underground economy shifted from randomly conducting inspections to targeted inspections based on empirical data. The task force also reflects the Labor Commissioner's Office's new focus on improved targeting through better data and intelligence gathering and on assessing wages owed. The LETF accomplishes its mission through targeted inspections for minimum wage and overtime violations, workers' compensation insurance coverage, child labor, illegal operations without the required licenses, and a focus on the garment, agriculture, construction, car wash, automotive repair, restaurant, and other industries in which labor law violations are prevalent. This report contains LETF statistics only for the Labor Commissioner's Office; a separate legislative report is produced biennially by the LETF that includes these statistics and those of other LETF partners.

Transfers to the General Fund

In fiscal year 2017-2018, the Division deposited \$18,248,213.30 in fines, penalties and wages collected to the General Fund. This amount includes a transfer from the Unpaid Wage Fund to the General Fund in accordance with provisional language in the annual Budget Act.