

N E W S R E L E A S E

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California Labor Commissioner Cites Sacramento Landscaping Company over \$650,000 for Wage Theft Violations

Sacramento – California Labor Commissioner Julie A. Su has cited a Sacramento landscaping company \$664,764 for wage theft violations affecting up to 43 workers from August 9, 2010 through August 8, 2013.

The sanctions against Michael Mello, owner of Green Valley Landscaping Services, included minimum wage violations of \$338,176 for over 40 employees, \$169,088 in unpaid overtime, and \$157,500 for failure to provide itemized wage statements as required under California law.

On May 2, 2012, the Labor Commissioner's Office opened an investigation of Green Valley Landscaping after receiving a complaint as well as individual claims for underpayment of wages to employees and potential misclassification of employees as independent contractors.

A joint enforcement inspection conducted on May 2nd by California's Labor Enforcement Task Force (LETF), a multi-agency group formed to combat the underground economy, revealed that Green Valley landscaping was using a work force of up to 43 employees while reporting less than 10 employees on its payroll. The wage theft investigation subsequently uncovered evidence that the rest of the workforce was misclassified as independent contractors. In California, businesses must meet certain criteria to legally classify their workers as independent contractors.

"This wage theft investigation is another example of California's commitment to combat the underground economy, so that workers are paid the wages they deserve and legitimate businesses are not undercut by those who skirt the law," said Christine Baker, Director of the Department of Industrial Relations (DIR). The Division of Labor Standards Enforcement (DLSE), also known as the Labor Commissioner's office, is a division within the DIR.

"Misclassification of employees as independent contractors harms legitimate businesses and cheats the hardworking men and women of California who are entitled to a just day's pay for a hard day's work," said Labor Commissioner Julie A. Su. "This is a tactic by unscrupulous employers to deny workers' pay for every regular hour worked and overtime. Misclassification is also used to cut costs and to underbid projects, making it extremely difficult for legitimate contractors to compete."

The Labor Commissioner's Office adjudicates wage claims, investigates discrimination and public works complaints and enforces state labor law. In a recent report entitled "[State of the Division of Labor Standards Enforcement](#)," released in May, the Labor Commissioner's office reported that in 2012 the Division assessed the highest amount on record of overtime and minimum wages. For more information on the independent contractor classification, refer to the [Frequently Asked Questions](#) on the topic. Additional information about the Labor Commissioner's Office is also available [online](#).

LETf is a multiple agency collaborative effort to combat the underground economy and improve the state's business environment. It includes investigators with the Department of Industrial Relations' Labor Commissioner's Office and Cal/OSHA, as well as the Employment Development Department, Contractors State License Board, the Board of Equalization, Alcohol and Beverage Control and the Bureau of Automotive Repair.

Businesses operating underground generally violate those laws that are designed to protect workers and California's economy. Skirting income taxes, not carrying workers' compensation insurance, failing to provide required workplace safeguards and paying employees less than what they are owed are common practices of underground businesses. These underground operations subsequently require lower overhead, giving an unfair advantage to the illegal businesses over legitimate, law-abiding employers.

California workers and employers can contact the LETf hotline at 855-297-5322 to report documented complaints and enforcement tips. Complaints will be screened and prioritized in order to catch the most egregious offenders.

More information on the [task force](#) as well as employer and worker rights and responsibilities is available [online](#), as well as on [Facebook](#) and [Twitter](#).

Employees with work-related questions may call the California Workers' Information Hotline at (866) 924-9757 for recorded information in Spanish and English on a variety of work related topics.

For media inquiries, contact Erika Monterroza at (510) 286-1164 or Peter Melton at (510) 286-7046.

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