

N E W S R E L E A S E

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Labor Commissioner Secures Over \$1.1 Million Settlement for Prevailing Wage Violations Affecting 103 Workers

Long Beach—Labor Commissioner Julie A. Su has secured over \$1.1 million in wages and penalties from a settlement for a prevailing wage assessment issued against San Diego-based general contractor TB Penick & Sons, Inc. and its subcontractor, Newport Beach-based Champion Construction, Inc.

Champion, a drywall and framing contractor hired by TB Penick for the Browning High School construction project in Long Beach, maintained false payroll records over a six-month period to cover up wage theft affecting 103 workers who were not paid prevailing wage and fringe benefits. California’s prevailing wage laws hold general contractor TB Penick jointly liable for the violations of its subcontractor Champion.

“Prevailing wages create a level playing field for all contractors bidding on public construction projects,” said Labor Commissioner Julie A. Su. “This case clearly demonstrates that general contractors who select contractors that don’t play by the rules will pay a heavy price. Under the law, they are responsible for the wage theft of their subcontractors.”

The Labor Commissioner’s Office opened its investigation after receiving a report of public works violations from the Carpenters Contractors Cooperation Committee (CCCC) in March 2016. The investigation included interviews with over thirty workers, site visits and an audit of pay records for the dozens of workers involved in the project.

The investigation led to civil wage and penalty assessments of \$1,735,784. Penick entered into a settlement agreement to pay \$1,187,078 of the penalties and wages owed. The group of 103 workers received \$744,533, or an average of \$7,228 each last week when the employer delivered its final



Labor Commissioner Julie Su, her staff and David Kersh of CCCC hand out checks to some of the workers owed wages

payment. The settlement also included \$8,080 for required apprenticeship training funds and \$434,465 in civil penalties.

Subcontractor Champion was also found at fault for [wage theft violations affecting 47 workers](#) on a project in El Segundo last year. Champion's state contractor license expired in July 2016 and public works contractor registration expired in 2017.

All workers employed on [public works projects](#) must be paid the prevailing wage determined by the Director of the Department of Industrial Relations (DIR), according to the type of work and location of the project. Failure to comply with public works requirements can result in civil penalties, criminal prosecution, or both.

Enforcement investigations typically include a payroll audit of the previous three years to determine minimum wage, overtime and other labor law violations, and calculate payments owed and penalties due. Civil penalties collected are transferred to the State's General Fund as required by law.

The Division of Labor Standards Enforcement, or the Labor Commissioner's Office, is the division within the Department of Industrial Relations (DIR) with wide-ranging enforcement responsibilities, including public works enforcement, adjudicating wage claims, inspecting workplaces for wage and hour violations, investigating retaliation complaints and educating the public on labor laws.

In 2014, Labor Commissioner Su launched the [Wage Theft is a Crime](#) multilingual public awareness campaign. The campaign defines wage theft and informs workers of their rights and the resources available to them to recover unpaid wages or report other labor law violations.

Employees with work-related questions or complaints may contact DIR's Call Center in English or Spanish at 844-LABOR-DIR (844-522-6734).

Members of the press may contact Peter Melton or Lucas Brown at (510) 286-1161, and are encouraged to [subscribe to get email alerts](#) on DIR's press releases or other departmental updates.

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The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR's Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.