

## N E W S   R E L E A S E

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### **Labor Commissioner Secures Unpaid Wages for 15 Workers After \$450,000 Settlement with Residential Care Business**

**Santa Rosa**—Labor Commissioner Julie A. Su has secured a settlement to recover more than \$450,000 in wages, penalties and interest for 15 residential care workers who suffered overtime and other wage theft violations. L'Chaim House agreed to make the payments after the Labor Commissioner's Office sued to block the San Rafael-based residential care business from transferring ownership of its real estate to evade penalties. A lien against the real estate will ensure the payments are made.

"Employers who steal wages from their workers will be held accountable, meaning we will not just investigate and cite those who break the law, we will use the tools we have been given to ensure workers get their money," said Labor Commissioner Julie A. Su. "In this case we were able to show that the transfers were intended to hide the assets and evade legal responsibility."

The Labor Commissioner's Office opened an investigation in December 2015 after workers at L'Chaim House's two locations reported labor law violations. Investigators audited 36 months of the employer's payroll records and found caregivers frequently worked more than 12 hours a day without overtime pay. Citations totaling \$486,399 were issued in February 2016 for minimum wage, overtime, meal period and wage statement violations. L'Chaim House appealed the fines, which were upheld in both an administrative hearing and in a decision by the Sonoma County Superior Court on September 20, 2017.

Shortly after the citations were issued, the owner of L'Chaim House placed its real estate in a trust to avoid legal liability for the wage citations. The Labor Commissioner filed a lawsuit on September 29, 2017 in Marin County for civil fraudulent transfer. As a result of the lawsuit, L'Chaim House agreed to pay more than \$450,000 of the penalties and wages owed. L'Chaim House also committed to full compliance with employment and labor laws going forward as part of the settlement.

The 15 workers will receive settlement payments ranging from \$49 to \$77,807, with an average payout of \$25,008 each. The settlement payment also included \$74,900 in civil penalties payable to the state. In addition, part of the amount owed—\$89,080 for meal

period penalties—remains in dispute before an appellate court. If upheld, \$77,430 of those penalties would also go to the workers with the remainder to the state.

In 2016, Governor Edmund G. Brown Jr. signed into law [Senate Bill 588 \(de León\)](#), which gave the Labor Commissioner's Office more tools to collect citations and wage payment orders. The law added [sections to the labor code](#) allowing the Labor Commissioner to levy the bank accounts and receivables of employers that fail to comply with judgments for unpaid wages. Since the law went into effect, the Labor Commissioner has issued more than 4,848 levies. These levies have resulted in more than \$3.4 million in payments and payment agreements for workers.

The law also enabled the Labor Commissioner's Office to issue stop orders against scofflaw employers until they pay their workers. The Labor Commissioner has investigated potential actions related to 166 different judgments, and issued 29 stop orders. Over the last year, these investigations and stop orders led to the recovery of more than \$1,099,800 in payments and payment plans for wages owed to workers.

"The power to issue stop orders tells employers who have broken the law that paying wages to workers is not optional. If you want to do business in California, you have to pay your employees," said Labor Commissioner Su.

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.