

## N E W S R E L E A S E

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### **Labor Commissioner's Office Issues Wage Theft Citations for Subcontractor's Failure to Pay 62 Construction Workers**

*General contractor also found responsible for unpaid wages under contractor liability law that went into effect in 2018*

**Los Angeles**—The Labor Commissioner's Office has issued citations totaling \$597,933 in unpaid wages and penalties to Universal Structural Building Corp. of Chatsworth after 62 construction workers were never paid for weeks of work on two projects in Hollywood and Ventura. J.H McCormick Inc., a general contractor for one project, was named jointly and severally responsible for \$68,657 of the citations pursuant to a [section of the labor code](#) added last year by [Assembly Bill 1701](#) that holds general contractors liable for their subcontractor's wage theft violations.

"Up-the-chain general contractors are now responsible for wage theft committed by their subcontractors on all construction projects in the state," said California Labor Secretary Julie A. Su. "General contractors who choose subcontractors that do not pay wages owed will pay a hefty price. The Labor Commissioner's Office will use all the tools at its disposal to return these stolen wages – including the placement of liens on these properties which will have a hold until the labor these workers poured into these projects is paid for in full."

Universal Structural Building is a subcontractor that provides concrete building services for residential and mixed-use developments at jobsites in Los Angeles and Ventura. J.H McCormick and Universal signed a contract in February 2018 for a residential and commercial project, the [Essex Hollywood](#). A large group of Universal's employees came to the Labor Commissioner's Office last November after working five to six days a week for eight to 14 hours a day without pay for the final weeks of that project. Investigators filed a mechanic's lien in December to secure \$110,000 for 39 of the 42 workers affected by the wage theft on this project.

Investigators also received reports of wage theft at the [Portside Ventura Harbor](#) project when another group of Universal's workers came to the Labor Commissioner's Office in January. Workers said when they asked for their final pay they were told the company had no money, and the general contractor was supposed to pay them. The Labor Commissioner's Office filed another mechanic's lien against Universal to secure

\$26,464 in wages for the 20 workers. The project's general contractor could not be held liable in the citations as the contract began prior to January 1, 2018.

The investigation into both projects determined that Universal Structural Building employees are owed \$477,533 in unpaid wages and penalties, with an additional \$49,220 for contract wages due. The citations issued include:

- \$62,207 in unpaid minimum wages and \$64,131 in liquidated damages for 62 employees
- \$4,900 in unpaid overtime for 37 employees
- \$15,950 for wage statement violations owed to 62 employees
- \$330,345 in waiting time penalties owed to 62 employees
- \$120,400 in civil penalties, including \$15,000 for misclassifying a foreman as an exempt employee

The Labor Commissioner's Office has filed a civil action with the Los Angeles Superior Court against J.H McCormick to help secure funds to pay back wages.

The mechanic's lien is an important collection tool for construction laborers who have suffered wage theft. [California's Constitution](#) has guaranteed the right of construction workers since 1879 to obtain a court-ordered sale of property that they have worked on in order to recover unpaid wages, even if hired by a subcontractor. Workers should exercise their mechanic's lien rights within 90 days of the work being completed or they may lose their right to file.

When workers are paid less than minimum wage, they are entitled to liquidated damages that equal the amount of underpaid wages plus interest. Waiting time penalties are imposed when the employer intentionally fails to pay all wages due to the employee at the time of separation. This penalty is calculated by taking the employee's daily rate of pay and multiplying it by the number of days the employee was not paid, up to a maximum of 30 days.

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 Department of Industrial Relations' Division of Labor Standards Enforcement, or the [California Labor Commissioner's Office](#), combats wage theft and conducts on-site inspections to investigate and enforce compliance with minimum wage and other California labor laws. Its wide-ranging responsibilities include retaliation complaint investigations, public works enforcement, licensing and registration, as well as multilingual labor law education and outreach for workers and employers.

In 2014, the Labor Commissioner's Office under Julie A. Su's leadership 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 Erika Monterroza or Frank Polizzi 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.