

N E W S R E L E A S E

Release Number: 2019-83

November 5, 2019

California Labor Commissioner’s Office Cites Inventory Company, Grocers More Than \$1.6 Million for Wage Theft Violations

Santa Ana—The Labor Commissioner’s Office has cited Anaheim-based Inventory Professionals Inc. \$1,651,627 for wage theft violations affecting 64 workers. The citations also hold Trader Joe’s and Grocery Outlet each liable for \$825,813 as client employers.

Inventory Professionals Inc. workers are due \$1,608,727 in minimum wages, overtime, liquidated damages and waiting time penalties. The company has also been fined \$42,900 in civil penalties. All three employers have appealed the citations.

“State law prohibits employers from entering into a contract that does not include sufficient funds to pay required wages,” said Labor Commissioner Lilia García-Brower. “Entities who contract with the lowest bidder should be aware that they will be held liable if that vendor cuts corners by committing wage theft.”

Investigators found the 64 workers, who went aisle by aisle and counted all items in more than 300 Grocery Outlet and Trader Joe’s stores statewide, worked approximately 65 hours a week during a three-year period ending in August 2018 and were not paid the minimum or overtime wages due. The investigation also found that two minors, aged 14 and 17, worked until 2 a.m. in violation of California’s child labor laws.

Inventory Professionals Inc. owner Arun D. Gandhi is held jointly and severally liable for the full citation amount due, which includes \$550,033 in unpaid minimum wages, \$262,871 in unpaid overtime, \$645,937 in liquidated damages and \$149,885 in waiting time penalties. Inventory Professionals Inc. was also fined \$1,500 for its failure to secure minors’ work permits or maintain records on the minors as required by law.

Trader Joe’s and Grocery Outlet are responsible per California’s [client-employer liability law](#), in effect since 2015. The law holds client employers that obtain labor from a subcontractor liable for their workplace violations. A client employer may have to pay for the subcontractor’s owed wages, damages and penalties, as well as workers’ compensation violations.

The investigation was initiated after workers filed labor law violation reports with the Labor Commissioner’s Office.

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.

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.

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 unfair competition by investigating allegations of illegal and unfair business practices.

The Labor Commissioner's Office in 2014 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).

Contact: Paola Laverde / Peter Melton, Communications@dir.ca.gov, (510) 286-1161

###

Follow or Subscribe to DIR



[Facebook](#)



[Twitter](#)



[Instagram](#)



[YouTube](#)



[Email alerts](#)

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 Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.