

DEPARTMENT OF INDUSTRIAL RELATIONS

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**Julie A. Su***California Labor Commissioner**Division of Labor Standards Enforcement***2014-2015 FISCAL YEAR REPORT ON THE EFFECTIVENESS  
OF THE BUREAU OF FIELD ENFORCEMENT**

Labor Code 90.5(d) requires the Labor Commissioner to report annually to the Legislature concerning the effectiveness of the Bureau of Field Enforcement (the Bureau). This report should include: (1) the enforcement plan adopted by the Labor Commissioner and the rationale for the priorities, (2) the number of establishments investigated by the Bureau and the number and types of violations found, (3) the amount of wages found to be unlawfully withheld from workers and the amount of unpaid wages recovered for workers, and (4) the amount of penalties and unpaid wages transferred to the General Fund as a result of the Bureau's efforts.

The Labor Commissioner's Office (also known as the Division of Labor Standards Enforcement or DLSE) consists of several units working together to provide a wide array of essential services for California workers and employers, including adjudication of wage claims, inspections of workplaces, enforcement of prevailing wage rates and apprenticeship standards in public works projects, licensing and registration of businesses, investigations of retaliation complaints, criminal prosecution for wage theft and education of the public on labor laws. The mission of the California Labor Commissioner is to ensure a just day's pay in every workplace in the State and to promote economic justice through robust enforcement of labor laws. By combating wage theft, protecting workers from retaliation, and educating the public, the Division put earned wages into workers' pockets and help level the playing field for law-abiding employers.

One of the Division's key enforcement arms is the Bureau of Field Enforcement ("BOFE"). The Bureau investigates complaints and takes enforcement actions to ensure that employees are neither required nor permitted to work under unlawful conditions. Actions taken by Bureau investigators include the enforcement of minimum wage and overtime requirements and child labor laws and of employers' requirement to carry workers' compensation insurance; audits of payroll records, collection of unpaid wages, such as prevailing wages on public works jobs; issuing citations for violations of any applicable Labor Code sections; confiscating illegally manufactured garments; and seeking injunctive relief to prevent further violations of the law.

California has over 711,000 businesses which report employing 13.4 million California workers. This does not include nearly 3 million small California businesses who report no employees on payroll. Numerous studies put the incidence of wage theft at staggering levels. The U.S. Department of Labor reported in 2014 that the California minimum wage law is violated 372,000 times per week, and that

over 1 in 10 workers in California are paid less than the minimum wage. An oft-cited 2010 study by the UCLA Labor Center found that front-line workers in Los Angeles County lose \$26.2 million per week in stolen wages.

BOFE focuses on major underground economy industries in California where labor law violations are most rampant, including agriculture, garment, construction, car wash, and restaurant. In the last few years, the Division has increased focus in industries where wage theft has been particularly challenging to combat, such as janitorial and warehouse.

### **STRATEGIC ENFORCEMENT PLAN**

Over the past five years, the Bureau has reinforced the Labor Commissioner's core mission of collecting wages for California's wage earners and penalizing employers who participate in the underground economy. It is unacceptable for businesses that violate labor laws to gain a competitive advantage over law-abiding employers.

One of the key components of this Administration's enforcement plan is strategic targeting of law-breaking employers. In lieu of broad "sweeps" and random inspections, the Labor Commissioner has adopted an approach that utilizes active collaboration with key partners on the ground and improved data to target businesses that are intentionally cheating. Considerable resources have also been devoted to ensuring that every available tool is being used to prosecute these violators to the fullest extent of the law. This includes working in collaboration with sister State agencies, local law enforcement, and other government agencies as well as other stakeholders, from community-based organizations to industry associations. Those partnerships have resulted in better leads to uncover wage theft and strengthened the Division's ability to interview workers in a safe environment so that the nature of violations in the workplace are understood. Deputy Labor Commissioners in BOFE interview workers off-site and during non-regular business hours to maximize the ability to gain worker trust and participation. The Bureau does not rely solely on complaint-based investigations but also engages in proactive, strategic enforcement based on leads obtained by organizations, associations, and industry representatives.

In addition, legislative changes have given the Bureau more power to issue civil citations for certain violations that were once enforceable only through the Berman wage claim process or through private lawsuits. For example, the Bureau is now able to issue citations for liquidated damages when minimum wage violations occur and for waiting time penalties under Labor Code section 203. These changes do not expand liability for employers breaking the law, but streamline the Division's ability to crack down on perpetrators of underground economy violations, protecting honest employers and resulting in smarter use of government resources. Other changes expand liability, including the creation of a "client employer" definition which addresses violations created by entities who subcontract for labor by making those entities responsible for wage theft in certain circumstances.

As a key component in the renewed efforts to fight wage theft, BOFE investigators focus not only on civil penalties but conduct detailed audits for unpaid wages, in particular minimum and overtime wages owed to workers. BOFE's efforts help ensure that workers are paid their lawful wages and legitimate employers are not forced out of business by those operating illegally in the underground economy. Statewide trainings for deputies on wage auditing have been held and additional auditors hired for this purpose. The Labor Commissioner's office partners with other units within the Department of Industrial

Relations, community groups, and other departments in order to better enforce the laws. These enforcement efforts generate substantial revenue for the State when unlawful employers pay penalties for breaking the law. As a direct result of an enforcement plan that prizes quality over quantity and in-depth investigations over quick in-and-out inspections, the Division has performed fewer inspections overall in comparison to years prior to this Administration, but has found more wages owed to California workers than at any time in BOFE's history. However, notably, the ratio of citations to inspections has increased dramatically. In other words, better targeting results in fewer law-abiding employers being inspected, more unpaid wages found due, and more citations per employer so that those scofflaw employers who purposefully exploit workers and break the law are held accountable.

The Division has continued to offer training, particularly on conducting wage audits to determine the extent of wage theft and to put wages back into workers' pockets, as well as additional field enforcement training to give staff a better understanding of various schemes used by unscrupulous employers to avoid compliance with the law. This commitment to staff training has enabled the Bureau to conduct deeper, more substantive investigations.

This report focuses primarily on the activities of field enforcement pursuant to Labor Code 90.5(d).

**ENFORCEMENT RESULTS**

In fiscal year 2014-2015, the Bureau conducted 2,994 inspections, which led to the issuance of citations for 2,488 violations.<sup>1</sup> This Administration’s ongoing commitment to identifying and combating wage theft has resulted in more in-depth investigations to uncover underground labor violations. The largest single source of violations and citations continues to be the failure to carry workers’ compensation insurance: citations for this violation numbered 1,025, and a total of \$20,687,512 was assessed in penalties. The second-highest number of citations was for the failure to issue an itemized wage statement (562 violations), which also had the second-highest penalty assessment in its citation category, \$5,979,790. The following tables illustrate the Bureau’s performance, including its special programs, such as prevailing wage enforcement through the Public Works Unit and the collaborative efforts of the Labor Enforcement Task Force (LETF).

<b>BUREAU (including Public Works)</b>				
<b>FY 2014-2015 Results by Industry</b>				
			<b>Total Inspections</b>	<b>2,994</b>
			<b>Total Citations Issued</b>	<b>2,488</b>
<i>Industry</i>	<i>Inspections</i>	<i># of Citations</i>	<i>Penalties Assessed</i>	<i>Penalties Collected</i>
Agriculture	234	99	\$1,150,194.65	\$413,618.62
Auto Repair	234	256	\$3,343,571.37	\$631,125.58
Car wash	260	318	\$3,777,328.92	\$493,488.89
Construction	527	357	\$2,124,665.98	\$713,064.98
Garment	128	151	\$1,370,181.94	\$147,798.13
Restaurant	502	528	\$5,623,614.25	\$1,546,119.32
Retail	150	135	\$1,065,457.13	\$368,712.52
Other <sup>2</sup>	959	644	\$13,589,059.83	\$3,538,744.38
<i>Subtotals</i>	<i>2,994</i>	<i>2,488</i>	<i>\$32,044,074.07</i>	<i>\$7,852,672.42</i>
<i>LESS citations dismissed/modified</i> <sup>3</sup>			<\$13,016,351.36>	
<i>Subtotals</i>	<i>2,994</i>	<i>2,488</i>	<i>\$19,027,722.71</i>	<i>\$7,852,672.42</i>
<b>PLUS Public Works</b> <sup>4</sup>	2,006	479	\$20,052,916.27 <sup>5</sup>	\$4,247,453.74
<b>TOTALS</b>	<b>5,000</b>	<b>2,967</b>	<b>\$39,080,638.98</b>	<b>\$12,100,126.16</b>

<sup>1</sup> The total number of inspections and citations, and all statistics throughout this report formatted as a “total” statistic, encompass the performance of all Bureau programs, including those of the Public Works Unit and the LETF.  
<sup>2</sup> The “other” category includes janitorial, race tracks, pallet, and various other industries that do not fall into any of the other industries specified.  
<sup>3</sup> Citations may be dismissed or modified if the employer provides documentary evidence subsequent to the issuance of the citation or at an appeal hearing that it was in compliance at the time the citation was issued.  
<sup>4</sup> The Public Works Unit does not conduct inspections but, rather, measures performance based on cases opened for audit purposes. Thus the data in this table should be understood as 2,006 audits conducted, with 479 civil wage and penalty assessments (CWPAs) issued (rather than number of citations). These measurements are included here to provide a full picture of the Division’s performance.  
<sup>5</sup> Includes Labor Code 1777.7 penalty assessments.

<b>BUREAU (including Public Works)</b>			
<b>FY 2014-2015 Results by Citation Category</b>			
<i>Citation Category</i>	<i># of Citations</i>	<i>Penalties Assessed</i>	<i>Penalties Collected</i>
Workers' Compensation	1,025	\$20,687,511.93	\$4,034,951.05
Child Labor	67	\$136,000.00	\$67,665.48
Itemized Statement	562	\$5,979,790.00	\$2,627,934.63
Minimum Wage	170	\$958,485.00	\$147,390.43
Overtime	190	\$1,115,801.83	\$279,313.77
Garment	36	\$96,800.00	\$41,320.00
Unlicensed Construction Contractor	60	\$445,400.00	\$43,711.62
Nonregistration <sup>6</sup>	192	\$1,426,100.00	\$353,531.97
Rest and Meal Period	171	\$1,104,085.31	\$214,603.47
Misclassification	1	\$5,000.00	\$0.00
Unlicensed Farm Labor Contractor	11	\$76,700.00	\$40,500.00
Other	3	\$12,400.00	\$1,750.00
<i>Subtotals</i>	<i>2,488</i>	<i>\$32,044,074.07</i>	<i>\$7,852,672.42</i>
Public Works	479	\$20,052,916.27 <sup>7</sup>	\$4,247,453.74
<i>LESS citations dismissed/modified</i>		<i>&lt;\$13,016,351.36&gt;</i>	
<b>TOTALS</b>	<b>2,967</b>	<b>\$39,080,638.98</b>	<b>\$12,100,126.16</b>

<b>BUREAU (including Public Works)</b>		
<b>Total Wages Found Due</b>		<b>\$50,036,519.44</b>
<b>Total Wages Collected <sup>8</sup></b>		<b>\$13,647,243.18</b>
<i>Industry</i>	<i>Wages Found Due</i>	<i>Wages Collected</i>
Agriculture	\$318,085.36	\$150,124.01
Auto Repair	\$374,145.80	\$36,445.99
Car Wash	\$1,637,715.11	\$139,966.22
Construction	\$364,366.82	\$291,530.30
Garment	\$190,380.93	\$122,293.64
Restaurant	\$18,141,879.90	\$398,369.76
Retail	\$1,097,105.71	\$422,615.42
Other	\$9,603,369.80	\$2,417,128.57
<i>Subtotals</i>	<i>\$31,727,049.43</i>	<i>\$3,978,473.91</i>
Public Works	\$18,309,470.01	\$9,668,769.27
<b>TOTALS</b>	<b>\$50,036,519.44</b>	<b>\$13,647,243.18</b>

<sup>6</sup> "Nonregistration" includes penalties for nonregistration against car washes and garment manufacturers.

<sup>7</sup> Includes Labor Code 1777.7 penalty assessments.

<sup>8</sup> Wages collected fiscal year 2014-2015 may include collection of wages found due in earlier reporting periods. This statistic is also inclusive of wages collected as the result of Bureau-assisted employer self-audits as well as actions taken by the Division's Legal Unit, including litigation, settlements, and Legal Unit-assisted employer self-audits, all of which were initiated by the Bureau.

### **Audits Assessments by BOFE**

The Labor Commissioner's office has provided additional training to staff to uncover issues involving nonpayment of wages, which has resulted in more audits of employers' payroll records. The Division also initiated a program for employers to conduct self-initiated audits to augment the investigations conducted in response to specific complaints. If employers are unable or unwilling to complete the self-audit, the Division has stressed conducting a thorough investigation and conducting the audits to discover unpaid wages. A sampling of notable outcomes of payroll audits performed under the supervision and direction of Bureau staff, which resulted in the assessment of wages due to employees (shown in the statistics above), includes:

- \$16 million for multiple wage theft violations against ten buffet restaurants in Northern California
- More than \$3 million for multiple wage theft violations against the owners of four assisted-living providers in the San Francisco Bay Area
- \$963,000 in unpaid wages and premiums plus penalties against a janitorial company based in Los Angeles
- \$180,668 in unpaid wages and penalties for 20 employees against a grocery chain based in Los Angeles County
- \$185,055 in unpaid wages and penalties for 20 employees against a grocery chain based in San Diego County
- \$1.3 million for multiple wage theft violations against 35 unregistered car washes based in Los Angeles County
- \$329,000 in back wages were distributed to 24 employees of assisted-living facility in Fremont
- \$4 million in back wages were obtained in a settlement for 280 employees of assisted-living facility in San Francisco
- \$160,943 in unpaid wages were assessed for 8 car wash employees in Lomita
- \$121,168.00 in assessed wages for unpaid overtime against a farm in Arbutle

### **Unlawfully Uninsured Employers Enforcement Program**

As previously mentioned, the lack of workers' compensation insurance remains the violation most often identified in the Bureau's investigations. In 2008, as a result of the passage of Senate Bill 869 (Chapter 662), the Bureau began a new data-sharing partnership with the Employment Development Department (EDD), the Division of Workers' Compensation, and the Workers' Compensation Insurance Rating Bureau to proactively identify employers that are potentially uninsured unlawfully, beyond its normal complaint-driven investigations. The Bureau issued citations for 65 violations and assessed \$1,193,550 in penalties arising from these efforts. The process and the results of the Senate Bill 869 enforcement activities will be detailed in a separate report.

### **Car Washing and Polishing Businesses**

On January 1, 2007, the Bureau began a concerted enforcement effort to ensure compliance with the registration requirements of car washing and polishing businesses (Labor Code 2050-2067 and Title 8, California Code of Regulations, Division 1, Chapter 6, Subchapter 11, Sections 13680 through 13693).

There are 3,600 car wash businesses listed in California but only about 1,100 registered with the Labor Commissioner's office. Notwithstanding registration issues, staff are being trained so that they can better identify wage audit issues and acquire effective tools for uncovering wage theft, building on their

previous training in the car washing industry, to enable them to go beyond looking only at registration when suspicion arises that other labor laws are being violated. During the reporting period, 260 inspections were conducted and 318 citations were issued, which led to assessments of \$3,777,328.92 for violations of various labor laws, including nonregistration and penalties. In addition, the Division assessed \$1,637,715.11 in wages and collected \$139,966.22 on behalf of workers as wages due. The results of these inspections of car washing and polishing establishments, including re-inspections, are shown in the table below.

<b>FY 2014-2015 Results by Citation Category for Car Washing and Polishing Businesses<sup>9</sup></b>			
<i>Citation Category</i>	<i># of Citations</i>	<i>Penalties Assessed</i>	<i>Penalties Collected</i>
Workers' Compensation	80	\$1,316,668.92	\$33,667.97
Child Labor	3	\$1,500.00	\$1,500.00
Itemized Statement	39	\$656,800.00	\$90,910.14
Minimum Wage	19	\$268,160.00	\$1,400.00
Overtime	15	\$90,000.00	\$12,280.80
Nonregistration	152	\$1,322,500.00	\$347,466.35
Rest and Meal Period	10	\$121,700.00	\$6,213.63
Other	0	\$0.00	\$50.00
<b>TOTALS</b>	<b>318</b>	<b>\$3,777,328.92</b>	<b>\$493,488.89</b>

**UNITS WITHIN THE LABOR COMMISSIONER'S BUREAU OF FIELD ENFORCEMENT**

**Public Works**

The Bureau's Public Works Unit investigates complaints arising from violations of the state's prevailing wage and apprenticeship laws and conducts audits on behalf of workers for back wages owed. As a result of SB 1038 (Chapter 46, Statutes of 2012) on July 1, 2012, the Bureau began enforcing Labor Code 1777.5, which was previously enforced by the Division of Apprenticeship Standards. Labor Code 1777.7 assessments are now being issued by Bureau investigators for up to \$300 per calendar day when contractors violate apprenticeship law pursuant to Labor Code 1777.5.

<b>Public Works</b>	<b>FY 2014-2015</b>
Cases Opened	2,006
Cases Closed	1,321
Civil Wage Penalty Assessments Issued	479
Settlements	154
Wages Found Due	\$18,309,470.01
Wages Recovered (Wages recovered and penalties collected may include monies found due in earlier reporting periods)	\$9,668,769.27
Penalties Assessed	\$20,052,916.27 <sup>10</sup>
Penalties Collected	\$4,247,453.74 <sup>11</sup>

<sup>9</sup> The statistics reported here are included in the overall results of the Bureau summarized earlier in this report.

<sup>10</sup> Includes Labor Code 1777.7 penalties assessed.

<sup>11</sup> Includes Labor Code 1777.7 penalties collected.

In fiscal year 2014-2015, the Labor Commissioner signed orders of debarment for 27 construction companies and individuals. The maximum statutory debarment period is three years, rendering individuals and legal entities ineligible to bid on or be awarded public works contracts or to perform work on a public works project as a subcontractor or an employee. This is the highest debarment total on record. The debarment orders can be accessed at <http://www.dir.ca.gov/dlse/debar.html>.

The Public Works Unit has been active in public works criminal investigations. In fiscal year 2014-2015, public works staff worked closely with district attorney's offices around the state. Active public works criminal investigations are taking place in Alameda, Los Angeles, Orange, Riverside, San Bernardino, Ventura, Santa Barbara, and San Diego counties. In 2011, the Orange County District Attorney's Office established a Public Works Criminal White Collar Unit and has been working closely with the public works investigators. To date, the Labor Commissioner's office has referred 16 cases, which include wage restitution to workers testifying at legal proceedings as experts in grand jury trials.

### **Criminal Investigation Unit**

The Criminal Investigation Unit (CIU), made up of sworn peace officers, handles cases involving wage theft (which can be a felony or misdemeanor), extortion, felony arrest, misdemeanor arrest, misdemeanor citations, payment of wages with checks for which funds are insufficient, and kickbacks on public works projects. The CIU had 29 assigned cases and 13 closed cases in fiscal year 2014-2015. During the same fiscal year, the CIU increased its activities by filing:

- 16 felony and two misdemeanor charges of wage theft;
- One felony and 19 misdemeanor charges of workers' compensation;
- Five felony and four misdemeanor charges for forgery, intimidating or threatening witnesses, and extortion.

The CIU also submitted 27 cases containing 110 charges to the County District Attorney's Offices and the US Department of Justice as follows:

- 36 felony and 17 misdemeanor charges of wage theft;
- One felony and 25 misdemeanor charge of workers' compensation;
- 10 felony and 21 misdemeanor charges for forgery, intimidating or threatening witnesses, and extortion.

The CIU also made 2 felony arrests with 5 felony charges, and 8 misdemeanor arrests with 10 misdemeanor charges, issued 1 felony arrest warrant with 2 felony charges, and executed 2 search warrants.

The following are highlights of some high-profile cases on which the CIU worked in fiscal year 2014-2015:

- KB In & Out, Inc., dba Century Car Wash: Century Car Wash has approximately 20-30 employees. In 2011 the US Department of Labor investigated the business for having engaged in wage theft and achieved a settlement of \$40,000 to be disbursed to the employees. After the corporation filed for bankruptcy, its case was considered to have hit a "dead end." The case was referred to the CIU to pursue criminal charges against the individual owner for unpaid wages. After investigating the case, the CIU submitted it to the Los Angeles County District Attorney's Office for criminal prosecution, and that office filed charges against the owner for violations of



Penal Code 487(a), Labor Code 1199(b), 226.6, 206.5, and Unemployment Insurance Code 2117.5 and 2118.5.

- La Cita, Inc., dba La Cita Bar: The CIU investigated the case and submitted it to the Los Angeles County District Attorney's Office for criminal prosecution. The Los Angeles County District Attorney's Office filed charges against the owners for violations of Labor Code 3700.5, 487, 1197, 1308, 226, and Business & Professions Code 25658 and 25663. The case is pending for conviction and sentencing information from the Los Angeles County District Attorney's Office.
- Grace Suhui Han, an individual dba Grace S. Han, DMD, Inc.: The Bureau was denied access to conduct an onsite inspection at the dental office. The case was referred to the CIU to investigate the business for violations of Labor Code 90 and 91, including Penal Code 242. The CIU investigated the case and submitted it to the Los Angeles County District Attorney's Office for criminal prosecution. The Los Angeles County District Attorney's Office filed charges against the dentist for violations of Labor Code 90, 91, 3700.5, 3710.2, and Penal Code 242. The case is currently pending for trial.
- Mi So Trading, Inc.: While attempting to conduct an inspection, deputies for the Bureau were locked inside the factory by the employer and not allowed to leave with the confiscated garments. The CIU was contacted to resolve the matter and consider launching a criminal prosecution. The CIU submitted the case to the Los Angeles County District Attorney's Office for criminal prosecution based on violations of Labor Code 90, 91, 553, 1199, 2676, Penal Code 236, 487, 1303, and Unemployment Insurance Code 2118.5. Filing of the case is currently pending at the Los Angeles County District Attorney's Office.
- Unlimited Painting: An arrest warrant was issued for Josias Guevara, who is suspected of two counts of violating Penal Code 487 Felony Grand Theft.
- National Drywall: The CIU investigated the case and referred it to the Santa Barbara County District Attorney's Office. The employer pled guilty to 13 felony counts and was sentenced to 120 days in custody, three years of probation, and payment of \$98,415.94 in restitution.
- Brendler Janitorial: The employer submitted forged documents to a deputy of the Bureau during an inspection. The CIU investigated the case and referred it to the Paso Robles District Attorney's Office, which charged the owner with violations of Penal Code 470c, 472, and 470b, all felonies for forgery.
- Zihan Zhang: Bureau of Field Enforcement referred this case to the CIU for wage theft for 4 employees for a total of \$14,567.14 in wages and penalties. The case was referred to the San Diego District Attorney's Office whom prosecuted the employer on 3 Felony and 6 misdemeanor charges and obtained a conviction for all counts on May 13, 2016.

### **Judgment Enforcement Unit**

The Division's Judgment Enforcement Unit (previously called the Collections Unit) has continued to increase monies recovered for Bureau citations and unpaid wages unlawfully withheld from workers. The Judgment Enforcement Unit files Judgments for our Wage claim offices and BOFE and processed 2,394 judgments for fiscal year 2014-2015, with total recovery by the unit of \$4,754,846.

## **Legal Unit**

The Labor Commissioner's Legal Unit continued and enhanced its support for the Bureau's enforcement efforts in FY 2014-2015. The Unit continued its traditional work of representing the Division in Superior Court in defense of penalty citation awards in writ of administrative mandamus challenges, prosecution of public works civil wage penalty assessments (CWPA) in administrative hearings, enforcement of investigative subpoenas and conducting investigative depositions, obtaining tolling agreements, negotiating settlement agreements, and advising the Bureau in application of the law to its field investigation planning. The Unit also assumed responsibility for prosecution of some select citation appeals before hearing officers in cases with complex legal or factual components and cases with large wage restitution amounts associated with the expanded authority provided by the Legislature for the Bureau to assess minimum wages and liquidated damages through citations.<sup>12</sup>

- The Legal Unit assisted in the settlement of Bureau citations for violations of minimum wage, overtime, and wage statement laws against a house-cleaning business in San Francisco County. Recovery of \$247,615.79 in wage restitution and civil penalties of \$17,384.12 was achieved for five workers. Each worker received approximately \$50,000 in wage restitution.
- The Legal Unit successfully defended a citation award for \$328,000 in wage restitution and \$78,000 in civil penalties for failure to pay overtime and provide itemized wage statements to restaurant workers in a writ of mandamus proceeding in Los Angeles Superior Court.
- The Legal Unit assisted in settlement of a writ of administrative mandamus for \$654,000 in Los Angeles Superior Court. The writ challenged a \$803,000 citation appeal award for failure to pay minimum wage, overtime, and to provide meal and rest breaks on behalf of dozens of restaurant workers. The unit successfully defeated an ex parte application to compel compliance with a Public Records Act request, filed in conjunction with the writ.
- The Legal Unit successfully settled a set of citations appealed by two janitorial companies and four individuals for the full amount (\$1.776 million in wages and \$7,500 in penalties) against one company; and payments totaling \$137,800 in wages and \$4,000 in penalties against the remaining defendants, with the right to enforce judgments totaling \$833,000 in wages and \$16,500 in penalties against the remaining defendants in the case of default.
- The Legal Unit obtained a judgment totaling \$288,937.14 against the employer for 10 individual restaurant workers in Contra Costa County who were retaliated against after the Bureau conducted an investigation.
- The Legal Unit assisted in settlement of a writ of administrative mandate for \$162,758.51 in Santa Clara County Superior Court that challenged a \$135,000 citation appeal award unpaid minimum wages, liquidated damages, and civil penalties against an employer in the residential care industry. The settlement also included two retaliation claims that arose from the participation of two employees in the administrative proceedings before the Labor

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<sup>12</sup> It should be noted that the resulting penalties and/or wages collected are included in the Bureau statistics above, depending on the process used to achieve the end results.

Commissioner, as well as a federal claim made by several of the employees for unpaid wages, in which the employees were represented by private counsel.

- The Legal Unit successfully defended a citation award for \$271,887.64 in penalties for failure to maintain workers' compensation in a writ of administrative mandamus proceeding in Monterey County Superior Court.
- The Legal Unit successfully defended a citation award for \$30,750 in penalties for failure to provide itemized wage statements in a writ of administrative mandamus proceeding in Santa Clara County Superior Court.
- The Legal Unit successfully defended a citation award for \$51,500 in penalties in a writ of administrative mandamus proceeding in Santa Clara County Superior Court.
- The Legal Unit prosecuted minimum wage, overtime, and meal and rest period violation citations before an administrative hearing officer in a Los Angeles County case investigated and prepared jointly by the unit and the Bureau against a subcontractor at Los Angeles International Airport who employed workers as cabin cleaners. An award of wages and damages was assessed at \$941,506.53 and civil penalties of \$21,700.
- The Legal Unit assisted in the settlement of a citation for violations of Labor Code 3700 of \$240,000 against a Los Angeles restaurant that had failed to purchase workers' compensation insurance.
- The Legal Unit assisted in the settlement of a citation for violations of Labor Code 510 of \$45,000 against a Los Angeles garment manufacturer on behalf of 11 misclassified employees who were denied overtime.

## **OTHER PARTNERSHIPS**

### **Labor Enforcement Task Force (LETF)**

The LETF is a partnership of state and federal agencies, consisting mainly of the Employment Development Department (EDD), the Division of Occupational Safety and Health (DOSH), the Contractors State License Board (CSLB), the Board of Equalization (BOE), and the US Department of Labor. The DIR's approach to combating the underground economy shifted from randomly conducting inspections to conducting targeted inspections based on empirical data. The task force also reflects DLSE's new focus on improved targeting through better data and intelligence gathering and on assessing wages owed. LETF accomplishes its mission through targeted inspections for minimum wage and overtime violations, workers' compensation, child labor, illegally operating without the required licenses, and a focus on garment, agriculture, construction, auto body or repair, restaurants, and any industry in which labor law violations are prevalent. Although this report contains statistics only for DLSE, a separate legislative report is produced annually by LETF that includes DLSE statistics.

### **TRANSFERS TO THE GENERAL FUND**

In fiscal year 2014-2015, the Division deposited \$7,920,625 in fines and penalties collected into the General Fund. The specific breakdown is shown in the table below.

<b>Penalties collected and deposited into general funds FY 2014-2015</b>	<b>Amount deposited into general funds</b>
Public Works itemized statement penalties	\$0.00
Public Works prevailing wage penalties	\$1,703,116.53
various penalties	\$995,570.84
Itemized statement penalties	\$3,762,612.18
minimum wage penalties	\$502,596.22
overtime penalties	\$846,129.32
Child Labor penalties	\$110,600.00
Willful misclassification penalties	\$0.00
<b>TOTAL</b>	<b>\$7,920,625.09</b>

Respectfully submitted,



Julie A. Su  
Labor Commissioner