

## DEPARTMENT OF INDUSTRIAL RELATIONS

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**Julie A. Su***California Labor Commissioner**Division of Labor Standards Enforcement***2015–2016 FISCAL YEAR REPORT ON THE EFFECTIVENESS  
OF THE BUREAU OF FIELD ENFORCEMENT**

Labor Code section 90.5(d) requires the Labor Commissioner to report annually to the Legislature concerning the effectiveness of the Bureau of Field Enforcement (the Bureau or BOFE). 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 puts earned wages into workers' pockets and helps level the playing field for law-abiding employers.

One of the Division's key enforcement arms is the Bureau of Field Enforcement. 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 businesses in California that report no payroll employees.

Numerous studies put the incidence of wage theft at staggering levels. The US Department of Labor reported in 2014 that the minimum wage law is violated in California 372,000 times per week and that over 1 in 10 workers in California is paid less than the minimum wage. An often-cited 2010 study by the UCLA Labor Center found that frontline 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 the most rampant, including agriculture, garment work, construction, car washing, and restaurants. In the past few years, the Division has increased its focus in industries where wage theft has been particularly challenging to combat, such as janitorial work and warehousing.

### **Strategic Enforcement Plan**

In 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 that 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. We have also devoted considerable resources to ensuring that we are using every tool at our disposal to prosecute these violators to the full 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 we can understand the nature of violations in the workplace. Deputy Labor Commissioners in BOFE interview workers off-site and outside regular business hours to maximize our ability to gain worker trust and participation. The Bureau does not solely rely 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 a smarter use of government resources. Other changes expand liability, including the creation of a “client employer” definition that addresses violations created by entities that subcontract for labor by making those entities responsible for wage theft under certain circumstances.

As a key component of our renewed effort to fight wage theft, BOFE investigators not only focus 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. We have hired more auditors for this purpose and have also held statewide training for deputies on wage

auditing. 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. Our enforcement efforts generate substantial revenue for the State in the form of penalties paid by employers that are caught 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 compared to the years before this administration but has found more wages owed to workers in California than at any time in BOFE’s history. However, notably, the ratio of citations to inspections has increased dramatically. In other words, better targeting leads fewer law-abiding employers to be inspected, more unpaid wages to be found due, and more citations to be issued per employer, so that 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 section 90.5(d).

## **Enforcement Results**

In fiscal year 2015–2016, the Bureau conducted 2,424 inspections, which led to the issuance of citations for 2,072 violations.<sup>1</sup> This administration’s ongoing commitment to identifying and combating wage theft has resulted in more in-depth investigation 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 859, and a total of \$19,278,262.45 was assessed in penalties. The second-highest number of citations was for the failure to issue an itemized wage statement (449 violations), which also had the second-highest penalty assessment in its citation category, \$4,229,225. 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).

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<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 Labor Enforcement Task Force.

<b>BUREAU (including Public Works)</b>				
<b>FY 2015–2016, Results by Industry</b>				
		<b>Total Inspections</b>		<b>2,424</b>
		<b>Total Citations Issued</b>		<b>2,072</b>
<i>Industry</i>	<i>Inspections</i>	<i># of Citations</i>	<i>Penalties Assessed</i>	<i>Penalties Collected</i>
Agriculture	112	63	\$729,906.20	\$266,640.09
Auto repair	146	158	\$2,249,886.42	\$504,293.34
Car wash	141	246	\$2,178,321.93	\$562,264.28
Construction	436	279	\$2,229,096.15	\$619,205.75
Garment	99	137	\$765,300.00	\$133,644.55
Restaurant	470	469	\$5,200,947.90	\$1,344,852.50
Retail	118	92	\$1,191,811.36	\$329,402.68
Other <sup>a</sup>	902	628	\$12,071,527.61	\$2,650,314.47
<i>Subtotals</i>	<i>2,424</i>	<i>2,072</i>	<i>\$26,616,797.57</i>	<i>\$6,410,617.66</i>
<i>LESS citations dismissed/modified <sup>b</sup></i>			<\$8,354,480.28>	
<i>Subtotals</i>	<i>2,424</i>	<i>2,072</i>	<i>\$18,262,317.29</i>	<i>\$6,410,617.66</i>
<b>PLUS Public Works <sup>c</sup></b>	1,565	636	\$25,078,769.39 <sup>d</sup>	\$5,344,425.93
<b>TOTALS</b>	<b>3,989</b>	<b>2,708</b>	<b>\$43,341,086.68</b>	<b>\$11,755,043.59</b>

<sup>a</sup> The “other” category includes janitorial, racetracks, pallet, and various other industries that do not fall into any of the other industries specified.

<sup>b</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>c</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>d</sup> Includes Labor Code section 1777.7 penalty assessments.

<b>BUREAU (including Public Works)</b>			
<b>FY 2015-2016, Results by Citation Category</b>			
<i>Citation Category</i>	<i># of Citations</i>	<i>Penalties Assessed</i>	<i>Penalties Collected</i>
Workers' Compensation	859	\$19,278,262.45	\$3,563,390.49
Child Labor	59	\$84,000.00	\$68,150.00
Itemized Statement	449	\$4,229,225.00	\$2,013,974.91
Minimum Wage	180	\$520,178.11	\$71,437.68
Overtime	192	\$678,107.01	\$127,479.79
Garment	37	\$87,500.00	\$13,982.89
Unlicensed Construction Contractor	39	\$283,200.00	\$46,566.26
Nonregistration <sup>a</sup>	141	\$1,058,400.00	\$402,738.56
Rest and Meal Period	103	\$297,375.00	\$80,252.50
Misclassification	2	\$17,000.00	\$0.00
Unlicensed Farm Labor Contractor	5	\$42,600.00	\$12,600.00
Other	6	\$40,950.00	\$10,044.58
<i>Subtotals</i>	<i>2,072</i>	<i>\$26,616,797.57</i>	<i>\$6,410,617.66</i>
Public Works	636	\$25,078,769.39 <sup>b</sup>	\$5,344,425.93
<i>LESS citations dismissed/modified</i>		<i>&lt;\$8,354,480.28&gt;</i>	
<b>TOTALS</b>	<b>2,708</b>	<b>\$43,341,086.68</b>	<b>\$11,755,043.59</b>

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

<sup>b</sup> Includes Labor Code section 1777.7 penalty assessments.

<b>BUREAU (including Public Works)</b>		
<b>Total Wages Found Due</b>	<b>\$37,837,869.35</b>	
<b>Total Wages Collected <sup>a</sup></b>	<b>\$11,907,258.49</b>	
<i>Industry</i>	<i>Wages Found Due</i>	<i>Wages Collected</i>
Agriculture	\$499,990.15	\$378,627.52
Auto Repair	\$449,010.12	\$24,466.31
Car Wash	\$941,662.97	\$132,758.76
Construction	\$281,094.35	\$48,666.16
Garment	\$229,661.67	\$3,746.49
Restaurant	\$1,372,303.86	\$275,409.44
Retail	\$225,726.05	\$179,851.14
Other	\$6,379,156.37	\$1,628,645.16
<i>Subtotals</i>	<i>\$10,378,605.54</i>	<i>\$2,672,170.98</i>
Public Works	\$27,459,263.81	\$9,235,087.51
<b>TOTALS</b>	<b>\$37,837,869.35</b>	<b>\$11,907,258.49</b>

<sup>a</sup> Wages collected in fiscal year 2015–2016 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 such as litigation, settlements, and Legal Unit–assisted employer self-audits, all of which were initiated by the Bureau.

***Audits***

DLSE 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:

- \$220,457 for multiple wage theft violations for illegally misclassifying drivers as independent contractors in San Francisco
- \$443,460 for multiple wage theft violations by the operator of five adult-care facilities in San Jose
- \$60,000 in unpaid wages for 21 construction workers in Berkeley
- \$459,573 assessed for a janitorial employer after an investigation uncovered wage theft violations affecting 12 workers in North Highlands

- \$2.2 million in citations issued for owners of three residential care facilities in San Diego County
- \$180,668 in wages and penalties for multiple wage theft violations by a grocery chain in Los Angeles

### ***Strategic Enforcement Outcomes***

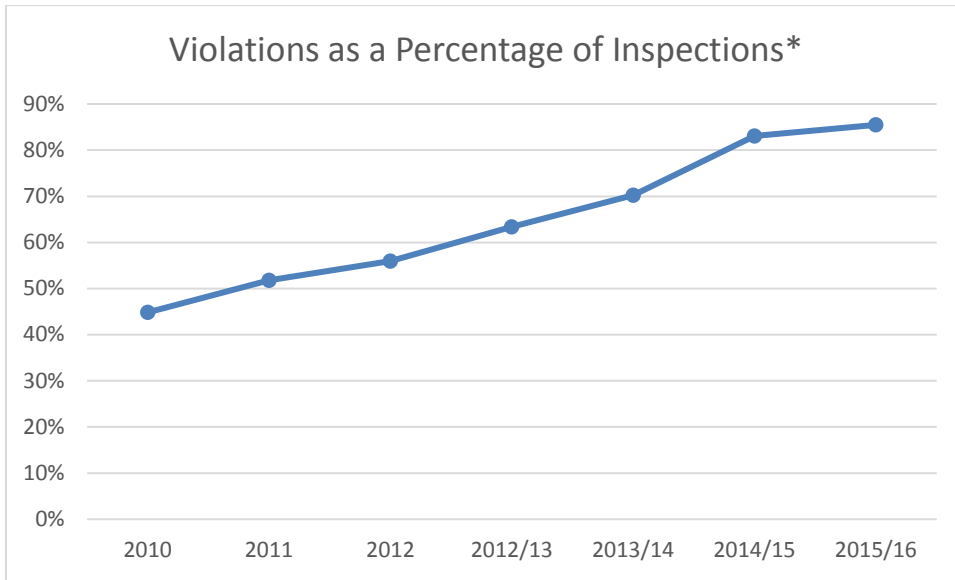
The Division’s Strategic Enforcement Plan has proven effective in proactively targeting the worst violators and deterring bad actors throughout California.

The Division has entered into strategic partnerships with key stakeholders, including community organizations, associations, and industry representatives. Through these partnerships, the Bureau has been able to take on cases of far greater magnitude and impact in low-wage industries in California.

Examples of active investigations include:

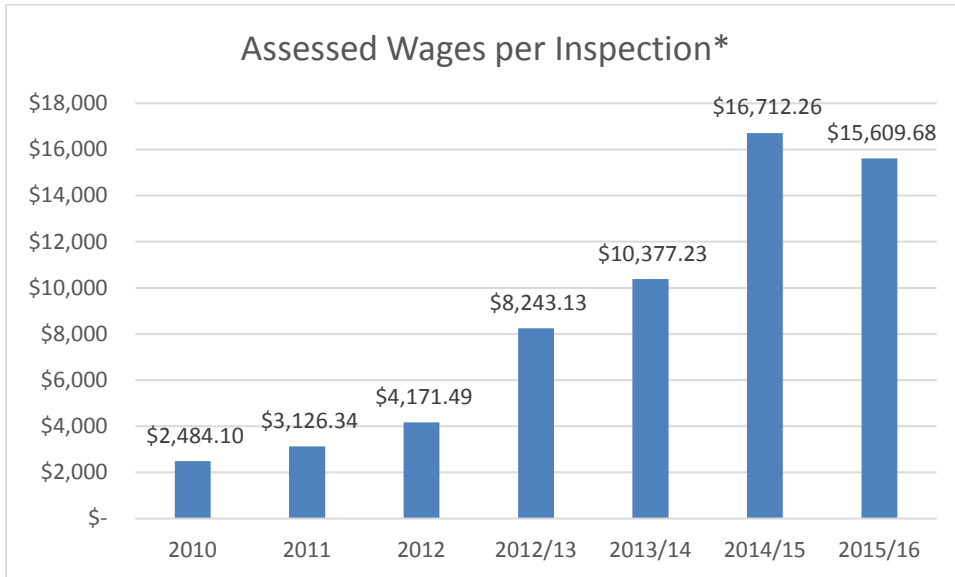
- The Bureau is conducting an investigation of a chain of restaurants with a District Attorney’s Office and other State agencies having determined that over \$2 million in unpaid wages is owed to at least 55 workers.
- The Bureau is conducting an investigation of a farm labor contractor with over 700 workers who may be owed unpaid minimum wages and penalties.
- With the assistance of a community organization, the Bureau is conducting an investigation of a janitorial contractor, involving over 100 workers who may be owed significant unpaid minimum wages, overtime, and penalties.
- The Bureau is conducting complex investigations involving client-employer liability, holding every member of the chain responsible for labor violations committed by a contractor, discouraging bad actors, and leveling the playing field for law-abiding, compliant employers.

This new approach has been successful in producing high-quality, in-depth investigations that have uncovered both more violations per investigation and assessed more wages owed to workers than at any other time in the history of the Division. Although the ratio of citations to inspections was just 45% in 2010, the shift to strategic enforcement has resulted in steady improvement in that metric over the past six years. In fiscal year 2013-2014, it was 70%, in 2014-2015, 83%, and in 2015-2016, 85% (see the following graph).



\* Prior to fiscal year 2012-2013, the Division of Labor Standards Enforcement collected and reported report data in calendar year.

In addition, the assessed wages per inspection have similarly increased steadily and dramatically. In 2010, it was \$2,484.10. For 2014-2015, it was \$16,712.26, and in 2015-2016, \$15,609.68 (see the following graph).



\* Prior to fiscal year 2012-2013, the Division of Labor Standards Enforcement collected and reported report data in calendar year.

The Bureau’s overall efficiency has improved significantly due to the focus on targeted, strategic investigations of likely bad actors, rather than “sweeps” or random inspections. This is illustrated by the Division’s dramatic improvement in the ratio of citations to inspections and in the tremendous strides made to combat wage theft in California.



***Enforcement Program Targets Unlawfully Uninsured Employers***

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. In fiscal year 2015-2016, the Bureau issued citations for 81 violations and assessed \$1,957,662 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 sections 2050-2067 and California Code of Regulations, Title 8, division 1, chapter 6, subchapter 11, sections 13680–13693). 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; 141 inspections were conducted, and 246 citations were issued, which led to assessments of \$2,178,322 for violations of various labor laws, including nonregistration and penalties. In addition, the Division assessed \$941,663 in wages and collected \$132,758 on behalf of workers as wages due. The results of inspections of car washing and polishing establishments, including re-inspections in the statistics above, are shown in the table below.

<b>FY 2015–2016, Results by Citation Category for Car Washing and Polishing Businesses <sup>a</sup></b>			
<i>Citation Category</i>	<i># of Citations</i>	<i>Penalties Assessed</i>	<i>Penalties Collected</i>
Workers’ Compensation	42	\$812,271.93	\$72,990.18
Child Labor	6	\$8,500.00	\$9,500.00
Itemized Statement	23	\$162,000.00	\$77,368.50
Minimum Wage	25	\$85,650.00	\$1,880.54
Overtime	19	\$47,950.00	\$8,411.50
Nonregistration	105	\$958,600.00	\$379,938.56
Rest and Meal Period	22	\$87,200.00	\$12,175.00
Other	4	\$16,150.00	\$0.00
<b><i>TOTALS</i></b>	<b><i>246</i></b>	<b><i>\$2,178,321.93</i></b>	<b><i>\$562,264.28</i></b>

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

**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, on July 1, 2012, the Bureau began enforcing Labor Code section 1777.5, which was previously enforced by the Division of Apprenticeship Standards. Labor Code section 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 section 1777.5.

<b>Public Works</b>	<b>FY 2015-2016</b>
Cases Opened	1,565
Cases Closed	1,398
Civil Wage and Penalty Assessments (CWPA) Issued	636
Settlements	205
Wages Found Due	\$27,459,263.81
Wages Recovered (wages recovered and penalties collected may include monies found due in earlier reporting periods)	\$9,235,087.51
Penalties Assessed	\$25,078,769 <sup>a</sup>
Penalties Collected	\$5,344,425.93 <sup>b</sup>

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

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

In fiscal year 2015–2016, the Labor Commissioner signed orders of debarment for 12 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. The debarment orders can be accessed at <http://www.dir.ca.gov/dlse/debar.html>.

***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 36 assigned cases and 28 closed cases in fiscal year 2015–2016. During the same fiscal year, the CIU filed 8 cases in court through county District Attorney’s Offices, including 7 felony charges of wage theft and 6 misdemeanor charges for lacking workers’ compensation. The CIU also submitted 10 cases to the county District Attorney’s Offices and the Los Angeles City Attorney’s Office,

including 9 felony charges of wage theft; 6 misdemeanor charges for lacking workers' compensation; and 1 felony charge for forgery. Two cases were rejected by the county District Attorney's Office, and 1 case was rejected by the Los Angeles City Attorney's Office. The CIU issued 3 arrest warrants for 2 felony charges of wage theft and 2 misdemeanor charges for lacking workers' compensation. The CIU also executed two search warrants for felony charges of wage theft, license fraud, and identity theft.

The following are highlights of some successful criminal prosecution cases, in which the CIU participated in fiscal year 2015–2016:

- Couleurs LLC, dba Antique Thai Cuisine: The CIU investigated the case and submitted it to the San Diego County District Attorney's Office for criminal prosecution. The San Diego County District Attorney's Office filed charges against the owner for violations of Penal Code 487 Felony Grand Theft. On December 2, 2016, Zihan Zhang was sentenced to two years in local custody after being convicted by a jury of 9 counts, including 2 counts of Grand Theft of Labor and 1 count of Grand Theft of Gratuities under a False Pretenses theory. The court further ordered Zhang to pay six of her former employees approximately \$20,000 in restitution for unpaid wages and tips that Zhang unlawfully withheld from them.
- Joseph Briseno, dba Taqueria Johnny: The CIU investigated the case and submitted it to the Fresno County District Attorney's Office for criminal prosecution. The Fresno County District Attorney's Office filed charges against the owner for violations of Labor Code sections 3700.5 and 3710.2 and Penal Codes 487(a) and 667.5(b). On May 23, 2016, the employer was convicted on PC 487(a) felony charges and sentenced to pay \$1,000 in restitution and a \$350 fine and spend 10 days in jail and 24 months on probation.
- Steven Gary Zabarsky, dba 5th Wheel Truck Stop: The CIU investigated the case and submitted it to the Fresno County District Attorney's Office for criminal prosecution. The Fresno County District Attorney's Office filed charges against the owner for violations of Labor Code section 3700.5. On January 26, 2016, the employer was convicted on Labor Code section 3700.5 misdemeanor charges and was sentenced to pay \$500 in restitution and spend 12 months on probation.
- Marie Lazara Zapata, dba Security Pros: The CIU investigated the case and submitted it to the Fresno County District Attorney's Office for criminal prosecution. The Fresno County District Attorney's Office filed charges against the owner for violations of Labor Code 3700.5. On May 16, 2016, the employer was convicted on Labor Code section 3700.5 misdemeanor charges and was sentenced to pay \$500 in restitution and spend six months on probation.

### ***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 1,213 judgments for fiscal year 2015–2016, with total recovery by the unit of \$3,732,722.

### ***Legal Unit***

The Labor Commissioner’s Legal Unit continued and enhanced its support for the Bureau’s enforcement efforts in FY 2015–2016. 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 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>2</sup>

- The Legal Unit, working in conjunction with a San Francisco–based community partner, the Asian Law Caucus (ALC), successfully defended a group of citations issued against a Fresno residential care facility and one individual for failure to pay overtime wages and properly issue itemized wage statements to eleven workers; the citations were ultimately affirmed for \$571,169.67 in wages and \$102,500 in penalties.
- The Legal Unit successfully prosecuted citations for minimum wage, overtime, and meal and rest period violations 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 obtained a settlement of a lawsuit filed in Humboldt County Superior Court in the amount of \$236,686 with a general contractor for wages owed to construction workers that went unpaid by an unlicensed subcontractor in Eureka, California. This sum is in addition to \$138,204 (total recovery of \$374,891 for 40 workers) previously recovered from the property owner on a mechanic’s lien claim.
- The Legal Unit obtained a judgment against a restaurant to recover unpaid wages, liquidated damages, interest, civil penalties, statutory penalties, and attorneys’ fees and costs in the amount of \$240,632. The unit obtained a judgment in the amount of \$40,000 against an individual restaurant owner who caused the minimum wage violations.
- The Legal Unit successfully defended a citation award for \$24,000 in penalties issued against a massage parlor for failing to provide itemized wage statements in a writ of mandamus proceeding in San Diego Superior Court.
- The Legal Unit successfully defended a writ of administrative mandamus for \$62,592 in Tulare County Superior Court filed by the employer, a local dairy. The employer’s writ challenged a citation appeal award that affirmed that the dairy had failed to pay meal period premiums for its failure to provide meal periods to 25 of its workers. Following an entry of judgment, the dairy paid the amounts found due by the Labor Commissioner in full.
- The Legal Unit successfully defended a citation award for \$65,750 in penalties issued against a nail salon for failing to provide workers’ compensation insurance coverage and failing to provide itemized wage statements in a writ of mandamus proceeding in San Diego Superior Court.

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<sup>2</sup> The resulting penalties and/or wages collected are included in the Bureau statistics above, depending on the process used to achieve the end results.

- The Legal Unit successfully defended a citation award for \$17,000 in penalties and \$23,000 in wages for security guards in a writ of mandamus proceeding in San Diego Superior Court.
- The Legal Unit successfully defended a citation award against a residential care home and individual owner of the business for \$263,347 in wages and penalties in a writ of mandamus proceeding in San Diego Superior Court.
- The Legal Unit successfully defended a citation award against a motel for \$152,747 in penalties and \$360,554 in wages and liquidated damages in a writ of mandamus proceeding in Orange County Superior Court.
- The Legal Unit settled writ of administrative mandamus for \$139,000 in San Diego Superior Court. The writ challenged a \$330,500 citation award against a “house flipper” for failing to issue itemized wage statements and contracting with unlicensed contractors.
- The Legal Unit successfully defended against a complaint for injunctive relief against the Labor Commissioner and an application for attorneys’ fees against the state in excess of \$500,000 in San Diego Superior Court and the Fourth District Court of Appeals.
- The Legal Unit successfully defended against an appeal filed in the Second District Court of Appeals asserting that the Division’s subpoena for time and payroll records violated the Fourth Amendment protections against unreasonable searches and seizures and violated the Fifth Amendment protection against self-incrimination.
- The Legal Unit filed motions to amend judgments in two cases to add the successor car wash to judgments obtained against the predecessor car wash for wages due to employees, resulting in full payment of wages due to employees from the successor car wash entities.
- The Legal Unit settled a lawsuit against a fire suppression company for \$225,000 for unpaid travel time for 22 workers in Riverside, California.

## **Other Partnerships**

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

The LETF is a coalition of California State government enforcement agencies that work together and in partnership with local agencies to combat the underground economy. LETF partners include: 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 Bureau of Automotive Repair (BAR). With the creation of the LETF by this administration, 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 insurance coverage, child labor, illegal operation without the required licenses, and a focus on the garment, agriculture, construction, car wash, automotive repair, restaurant, and any other industry in which labor law violations are prevalent. Although this report contains statistics only for DLSE, a separate legislative report is produced biennially by LETF that includes DLSE statistics.

***Transfers to the General Fund***

In fiscal year 2015–2016, the Division deposited \$7,715,765.39 in fines and penalties collected into the General Fund.

<b>Penalties collected, FY 2015–2016</b>	<b>Amount deposited into the General Fund</b>
Public Works Prevailing Wage penalties <sup>1</sup>	\$5,344,425.93
Public Works Itemized Statement penalties	\$35,423.68
Itemized Statement penalties	\$1,978,551.23
Minimum Wage penalties	\$71,437.68
Overtime penalties	\$127,479.79
Child Labor penalties	\$68,150.00
Willful Misclassification penalties	\$0.00
Various penalties	\$90,297.08
<b><i>TOTAL</i></b>	<b><i>\$7,715,765.39</i></b>

<sup>1</sup> Includes Public Works Prevailing Wage Penalties (\$3,072,309.58) and Apprenticeship Penalties-LC 1777.7 (\$2,272,116.35)

Respectfully submitted,



Julie A. Su  
Labor Commissioner