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CA Labor Commissioner Reaches Landmark Settlement Against Janitorial Company

Los Angeles--For the first time in the history of the Labor Commissioner's Office, a settlement was reached over charges that a contractor did not provide adequate funds to a subcontractor resulting in employees being deprived of contributions to social security, disability and unemployment insurance. Tidy Building Services, Inc., based in New Orleans, has agreed to pay the state of California \$100,000 on behalf of employees who worked in janitorial services in San Diego County and the Los Angeles area. California Labor Commissioner Angela Bradstreet filed the complaint in San Diego County Superior Court in March, 2008.

This is the state's first lawsuit to enforce Labor Code section 2810, which makes it illegal to subcontract janitorial and other services without providing sufficient funding to allow the subcontractor to comply with all laws or regulations. Employees who are affected by the unlawful practice are entitled to recover damages.

"This settlement sends a strong message that my office will aggressively pursue contractors who seek to gain an unfair advantage by underfunding subcontracts," said Bradstreet, "The subcontractors get squeezed, the workers don't get paid, and law-abiding contractors lose out as well through unfair competition."

More than 200 employees will receive between \$100 and \$2,000 each in compensation as part of the settlement. The settlement provides that payment will be made by the end of this month.

Labor Code section 2810 became law in 2004 to address the particular problems faced by low wage workers in the janitorial, construction, security guard, farm labor and garment industries where the violation of wage and hour laws is more prevalent because of the widespread utilization of immigrant workers. Those workers are often more vulnerable to being exploited because of language barriers and immigration status. Labor Code 2810 was designed to spread the responsibility for systemic violations of minimum labor standards by making those entering

service contracts responsible for fully and accurately estimating service contract performance. The cost of labor law compliance must be incorporated into the contract price paid.

The California Labor Commissioner's Office, also known as the Division of Labor Standards Enforcement, is a division of the California Department of Industrial Relations. The division adjudicates wage claims, investigates discrimination and public works complaints, and enforces state labor law. To learn more about the functions of the California Labor Commissioner's Office, visit our website at www.dir.ca.gov/dlse. Employees with work-related questions or complaints may call the California Workers' Information Hotline at (866) 924-9757.