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Controller Joins Fight Against Wage Theft

Pilot Program Results in Lawsuits Against Fresno and Los Angeles Businesses for Hundreds of Thousands in Unpaid Wages

SACRAMENTO – State Controller John Chiang today announced a new pilot program -- called "Operation Pay-Up" -- to aid victims of wage theft committed by employers. Working in conjunction with the state Labor Commissioner's Office and non-profit The Wage Justice Center, the Controller's pilot project addresses the growing number of low-income workers who are owed millions of dollars in back wages unlawfully withheld by exploitive businesses. Between 2008 and 2011 alone, the magnitude of the problem was an estimated \$390 million.

Operation Pay-Up is an offshoot of Controller Chiang's innovative use of the state's unclaimed property laws to force 19 of the nation's largest life insurance providers to recently [pay more than \\$2.4 billion of unpaid death benefits](#) owed to the thousands of surviving beneficiaries, nationwide, including \$267 million for Californians alone. The unclaimed property law was originally designed to ensure that businesses in possession of client's lost or forgotten property -- such as savings accounts, security deposits, uncashed checks, and safe deposit box contents -- would make every effort to return the items or transfer them to the State for safekeeping until claimed by the rightful owner or heir.

"Since becoming Controller in 2007, I have used old laws in new ways to protect working families. Today, we're using a 55-year old statute to compel immediate payment from unscrupulous businesses that have fleeced their employees of earned wages for years," said Chiang. "These exploited workers often face retaliation from their employers when attempting recovery of wages and, too often, still wind up with nothing after a difficult and lengthy legal process to prove their claim. By adding my office's resources to the fight, I hope to boost the efforts of those seeking the pay and the justice that they are owed."

Working in collaboration with California Labor Commissioner Julie A. Su, the Controller identified a geographically diverse sample of six companies that, following due process review, were found by the Labor Commissioner's Office and the courts to owe wages. They included:

- 1 All American Pet Company, Inc. (Los Angeles) owing \$15,600 in unpaid wages.
- 1 Fresno Protein Processors, Inc. / Apple Valley Farms, Inc./ Valley Protein, Inc. (Fresno) owing \$247, 594.
- 1 Far East Café LLC /Chop Suey Café (Los Angeles) owing \$41,114.
- 1 Elk Grove Ford (Elk Grove) owing \$72,141.
- 1 Gary Mario Bertolatti / Irish O'Sullivan's (Fresno) owing \$48,042.
- 1 Stoneridge Motor, Inc. / Stoneridge Chrysler Jeep Dodge (Dublin) owing \$54,309.

The latter three companies were found to have been sold to new owners, with no legal transfer of liabilities, including the unpaid wages. According to a 2013 report published by the National Employment Law Project and the UCLA Labor Center entitled "[Hollow Victories: The Crisis in Collecting Unpaid Wages for California's Workers](#)," workers recovered only 42 percent of the \$390 million in total wages owed. Operation Pay-Up only confirmed the report's conclusion that a very high percentage of unscrupulous employers "forfeit, cancel, suspend, or dissolve their business licenses" to avoid payment.

However, the first three were found to still be doing business.

Because the amounts identified remain unpaid for longer than the one year provided in the state's Unclaimed Property Law, those wages are now due and payable to the State Controller's Office, where they are then available to be claimed by the employees who earned them. The businesses were given up to 10 days to respond to the Controller's inquiries and were notified that if they failed to pay the unpaid wages, they would face hefty interest payments that would start from the issue date of the judgment and up to \$50,000 in fines for willful refusal to pay.

In 2010, a court ruled Fresno Protein Processors, Inc., failed to pay wages to 59 employees and owes a total of \$247,593.84 in wages. After the company ignored a September 2, 2014, letter from the Controller's Office demanding payment, the Controller today filed a complaint to recover the wages in Sacramento Superior Court.

"It was hard and unfair that they let me go without paying me or giving me an explanation – I earned that pay and the company took advantage of many of us," said Noemi Carreño, who worked for five years deboning chicken at the Fresno Protein Processors company and is still owed \$5,500. "I am very happy to hear that more is being done to get the company to pay us. This gives me more hope that there are more organizations fighting for us, because now, more than ever, I cannot lose hope."

"When employers like Fresno Protein Processors cheat workers, it undermines our entire economy," said California Labor Federation Executive Secretary-Treasurer Art Pulaski. "Wage theft hurts not just workers, but responsible businesses that are playing by the rules. It hurts our middle class. It's an affront to justice. We're very fortunate to have strong, creative leaders like Controller Chiang who are willing to go the extra mile to help workers in need and hold unscrupulous companies to account."

"Employees who file wage claims and prove what they're owed have already been denied their fundamental right to be paid a just day's pay for a hard day's work," said Labor Commissioner Julie A. Su. "Controller Chiang's Operation Pay-Up is exactly the kind of creative approach to cracking down on scofflaws and getting wages into workers' pockets that we need. My office is proud to be his partner in the fight against wage theft."

"We were very intrigued when the Controller first approached us about using the unclaimed property law to help victims of wage theft and have been impressed by the creativity and commitment that we witnessed while working with his staff," said Matthew Sirolly, Directing Attorney at The Wage Justice Center. "It is heartening to have the Controller join us in the fight to ensure that California's wage protections have real teeth. Over the last seven years, The Wage Justice Center has sought to develop creative strategies that enable California workers to break through fraudulent schemes used by unscrupulous businesses to evade payment of wage judgments -- such tricks as re-incorporating, altering the names on their business licenses, or fraudulent 'sales' of business assets to affiliated companies. We are glad that the Controller is also seeking creative approaches to stopping wage theft and are excited to continue working with the Controller."

"The State Controller's Office is sending a bold and important message that employers need to comply with labor law. This is just the beginning of addressing the deep crisis of wage theft in California," said Tia Koonse, author of the Hollow Victories report. "Our research shows that for every successful case, four more workers hold court orders who won't see a dime. If you don't make your car payments, the bank can tow your car. The state needs simpler remedies to ensure workers receive every dollar they've earned."

The All-American Pet Company, Inc., which owes \$15,600.08 to one employee, accepted responsibility and initially agreed to transfer the full amount owed to the Controller's Office in three installments. The company did not send the first scheduled payment due on August 29th, and has since ignored communications with the Controller's Office. A separate civil complaint against this company was filed today with the Sacramento Superior Court.

In the case of the Far East Café, one employee was owed \$41,113.73. After the Controller's Office contacted the company, the owner remitted the due wages to the Controller's Office, which issued a check to the employee in September.

A copy of the Controller's lawsuit against Fresno's Protein Processors is available [here](#). The lawsuit against All-American Pet Company lawsuit is available [here](#).

For more news, please follow the Controller on Twitter at [@CACController](#), and on Facebook at [California State Controller's Office](#). Also, to learn more about the Controller's unclaimed property site please visit [www.claimit.ca.gov](#).

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