

## *Wage & Hour*

### **Warehouse Workers in Los Angeles File Suit Alleging Wage Violations by Various Firms**

**A** California-based drayage firm and three staffing agencies violated state and local labor laws by failing to pay a living wage to workers at a warehouse complex the company leases from the city of Los Angeles, five employees alleged in a potential class action filed Dec. 17 in Los Angeles County Superior Court (*Ayala v. Cal. Cartage Co.*, Cal. Super. Ct., No. BC566992, complaint filed, 12/17/14).

The lawsuit alleged that California Cartage Co., Staffing Systems Inc., SSI Staffing Inc. and AMR Staffing Inc. violated Los Angeles's living wage ordinance and California Industrial Welfare Commission Wage Order No. 9-2001.

"Cal Cartage has reaped substantial profits as one of the largest warehouse operators at the Port of Los Angeles," Julie Gutman Dickinson, one of the attorneys for the plaintiffs, said Dec. 18. "Rather than meet its obligations to pay workers in its facility a living wage, it instead subcontracted most of the jobs to a staffing company that pays barely more than the minimum wage. These workers are filing suit to put an end to this exploitation."

Representatives for California Cartage and the staffing companies did not respond Dec. 19 to requests for comment.

Dickinson told Bloomberg BNA Dec. 19 that under the ordinance, California Cartage must provide the five warehouse workers who filed the complaint and more than 500 other current and former employees at the facility with certain wages and benefits because the company runs the facility pursuant to a "proprietary lease" it had with the city from 1999 to 2013. The firm continues to operate the facility at the same location under a license agreement, she said.

The workers contended that the city's wage ordinance applies to lessees as well as licensees of the property. They also said the law extends the obligation to SSI Staffing, a subcontractor for California Cartage that directly employs more than 80 percent of workers at the warehouse complex.

The living wage ordinance stipulates that certain workers in Los Angeles currently must be paid wages of at least \$11.03 per hour, and medical benefits or additional wages valued at \$1.25 per hour or more. They also must receive at least 12 paid days off per year for sick leave, vacation or personal necessity.

The workers contended in the complaint that "although they work in leased warehouses that are subject to the [living wage ordinance], defendants have denied and continue to deny them the living wages, benefits and other advantages they are entitled to receive under the LWO." The complaint asserted that "the vast majority of the Plaintiff Class has been paid little more than the California minimum wage and has received no medical benefits or paid leave."

The complaint stated that the staffing companies and/or their predecessors also failed to comply with the California Labor Code and California Industrial Welfare Commission Wage Order No. 9-2001.

"Specifically, the Staffing Plaintiffs assert that defendants have systematically denied them minimum wages and/or overtime premiums due under the Labor Code and [the wage order] for all time worked by requiring them to report for work before clocking in, compelling them to work after the end of their shift without pay, and shaving or rounding down the time they logged on defendants' time clocks," the complaint said.

The warehouse workers also allege that the cartage company and the staffing agencies regularly required them to report at the beginning of an eight-hour shift but then sent them home without giving them work or paying them the reporting-time wages they are owed under the wage order.

"This case is part of a bigger problem of low-wage workers living on the margins who are victims of wage theft," Dickinson told Bloomberg BNA. She said the companies are liable for millions of dollars in unpaid wages from 1999, when the ordinance was amended, until a policy change occurs.

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