

Office of the Los Angeles City Attorney
Hydee Feldstein Soto

REPORT NO. **R 25 - 0 2 4 2**
MAY 13 2025

REPORT RE:

**ANALYSIS OF ASSEMBLY BILL (AB) 594 RELATIVE TO
INVESTIGATING ALLEGATIONS OF WAGE THEFT AND OTHER LABOR
VIOLATIONS, BRINGING CIVIL OR CRIMINAL ENFORCEMENT ACTIONS WHERE
APPROPRIATE, AND ADDITIONAL RESOURCES AND PERSONNEL NEEDED TO
ADMINISTER AB 594**

The Honorable City Council
of the City of Los Angeles
Room 395, City Hall
200 North Spring Street
Los Angeles, California 90012

Honorable Members:

On April 12, 2024, the City Council requested a report from the City Attorney with an analysis of AB 594, particular to how AB 594 will be implemented and the additional resources and personnel needed to administer AB 594.

BACKGROUND ON AB 594

Wage theft, which disproportionately impacts low-wage workers and immigrants, is a persistent problem in California. A 2022 report to the Legislature on the state's wage claim adjudication process (Report) listed nearly 19,000 wage claims filed in 2021, with a total of \$335 million owed to workers.¹ According to the Report, only a fraction of the millions in awards or settlements through the wage claim adjudication unit

¹ See Concurrence in Senate Amendments, AB 594, September 8, 2023, (citing Wage Claims Adjudication Unit Annual Report Pursuant to Labor Code Section 96.1, Calendar Year 2021, California Labor Commissioner's Office at 15).

of the Division of Labor Standards Enforcement (DLSE) was paid to impacted workers due to challenges in staffing, resources, and a growing backlog of cases.² Wage enforcement agencies like the DLSE, the Department of Industrial Relations (DIR), and the Office of the Labor Commissioner (LC) were reportedly overburdened by the number of enforcement actions awaiting adjudication. For example, while existing law requires the LC to hear wage claims within 120 days and issue a decision within 15 days, the Report indicates that the average wait time for a wage claim in 2021 was 335 days. Concern over wait times eventually reached the California legislature, where some called for an audit of the Labor Commissioner's wage theft unit.

In October 2023, the California legislature adopted AB 594, codified at Cal. Lab. Code § 180 to address the backlog of labor violations awaiting enforcement. AB 594 expands the authority of public prosecutors to enforce provisions of the Labor Code beyond those previously permitted by statute and authorizes local prosecutors, including district attorneys, city attorneys, and county counsels to enforce relevant provisions of the Labor Code independently, without specific direction from the applicable DIR division, and to seek injunctive relief (in addition to the then existing remedies for damages and penalties). AB 594 also specified that money recovered by public prosecutors must first go to affected workers, that all civil penalties recovered under the law will be paid to the State's General Fund, and that the court "shall award" reasonable fees and costs to a successful plaintiff.

AB 594 also authorizes the Labor Commissioner to issue citations against employers for worker misclassification, triggering the recovery of civil penalties (enforced pursuant to existing administrative investigative procedures or a civil suit) and makes clear that mandatory arbitration clauses in employment agreements are irrelevant to a prosecutor's enforcement action.

CURRENT WAGE THEFT EFFORTS

As discussed above, there are various state agencies tasked with bringing administrative and civil complaints against employers committing wage theft. At the local level, even prior to the enactment of AB 594, cities were enforcing laws to address wage theft. Our Office regularly investigates and pursues claims against employers for worker misclassification and wage theft.

This Office's Public Rights Branch was created in 2023 in order to focus on affirmative litigation including civil enforcement actions, typically in the name of the People of the State of California under its Unfair Competition Law (Business & Professions Code § 17200). This work over the last two years has included seeking redress for workers who were misclassified as independent contractors, who suffered from wage theft, or who were harmed by other unlawful or unfair labor practices.

² Ibid.

AB 594 has a less dramatic effect on our office than on other local prosecutors because the Los Angeles City Attorney's Office already was authorized to enforce the State Labor Code through the Unfair Competition Law. However, AB 594 adds penalty authority and attorneys fees to the remedies we can seek. On July 29, 2024, the Public Right Branch filed its first action under AB 594 and the State Unfair Competition Law to stop alleged systemic wage theft and other labor violations that affected janitorial workers.

The City Attorney's Office has also brought criminal prosecutions where appropriate through the Office's Criminal Branch. For example, the Criminal Branch filed criminal charges against an assisted living facility for, among other things, failure to pay proper wages, and failure to secure workers' compensation insurance. It also filed criminal charges against an individual for witness intimidation and harassment concerning a former employee who made a wage theft claim against them. This work is not new to the Office since the City Attorney's Office has filed over 50 cases involving various other charges including for violations of Labor Code §§ 2675, 2676, 3550, and 3700.5 in the last 25 years.

Presently, this Office's Criminal Branch is a participating member of the Wage Theft Task Force created by the Los Angeles District Attorney Office's Economic Justice and Notario Fraud Unit (EJNFU). On July 15, 2022, EJNFU established this task force, which currently has participation from numerous interested local, state, and federal agencies, as well as community-based organizations. The task force meets semi-monthly to identify industries and specific businesses engaged in wage theft and share intelligence on trends observed within those industries. It is the consensus opinion of this task force that the prevalence of wage theft and human trafficking in Los Angeles County and elsewhere in California is overwhelming and that there are currently inadequate enforcement resources to address the full extent of the problem.

California's Department of Industrial Relations (DIR) is the principal agency handling wage theft and related crimes at the state and local levels. The agency has two investigators statewide, split by region, one each assigned to handle northern and southern California. The only other agency that focuses on wage theft is the Los Angeles County Sheriff's Office. The Los Angeles Police Department does not presently investigate these cases. Therefore, a key goal in prosecuting wage theft locally will be further participation and coordination with law enforcement partners.

IMPACT OF AB 594 ON THE CITY'S PROSECUTION OF WAGE THEFT

As noted above, the Public Rights Branch of the City Attorney's Office has been investigating and bringing cases involving systemic wage theft under California's Unfair Competition Law — whose remedies include damages, injunctive relief, and penalties. AB 594 allows the City Attorney's Office to pursue some additional remedies not

available under the Unfair Competition Law, but otherwise AB 594 will not have a significant impact on the Branch's ability to vindicate workers' rights.

Likewise, the Criminal Branch can help address the current need to combat the growing incidents of wage thefts and is already working with the District Attorney's Office to coordinate local prosecution efforts. AB 594 in its current form does not adversely impact those efforts. However, it does expand further demand for additional resources, in particular staffing.

**ADDITIONAL PERSONNEL AND RESOURCES NEEDED TO
MORE FULLY IMPLEMENT AB 594**

The City Attorney's Office has been and remains active in combatting wage theft. The Office would like to do even more work in this area and earlier this year, the Office applied to the State of California for a Workers' Rights Enforcement Grant to facilitate that expansion. The Office requested \$750,000 in funds in order to hire additional attorneys and support staff for the Public Rights and Criminal branches. The Office was successful in pursuing the grant but only received \$317,543 in funding, less than half of what we had requested as necessary for the project.

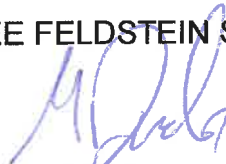
The Office is reapplying to the grant for the upcoming year but if not granted, the Office would need an additional \$432,457 in funding for wage theft work, to make up the difference between what it requested, and what it was awarded. These additional funds will allow the Public Rights Branch to expand the work that it is presently doing, and allow the Criminal Branch to hire sufficient staffing to support a more robust and effective criminal enforcement program.

If you have any questions regarding this matter, please contact Senior Assistant City Attorney Michael Bostrom (Public Rights Branch) at (213) 978-1867, or Deputy City Attorney Dennis Kong (Criminal Branch) at (213) 978-1870. A member of this Office will be available when you consider this matter to answer questions you may have.

Sincerely,

HYDEE FELDSTEIN SOTO, City Attorney

By



MICHAEL J. DUNDAS
Senior Assistant City Attorney

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