

## **California Labor Commissioner Wins \$4 million Settlement for Laid Off Title Company Workers**

SAN FRANCISCO--([BUSINESS WIRE](#))-- California Labor Commissioner Angela Bradstreet today (Dec. 10, 2009) announced that \$4.29 million will be paid to 633 California employees following the settlement of a suit filed against title companies operating in California who failed to properly pay laid off employees in 2008. The settlement was approved by U.S. Bankruptcy Court Judge Michael E. Romero in Colorado and applies to employees of companies operating under Denver based Mercury Companies.

Under the terms of the settlement, the employees will recover over 92% of the allowed priority wages, expenses, commissions, and other amounts owed to them, but not paid, when they were abruptly laid off. Under California labor law, all wages are due and payable upon termination.

"In this case a company closed without providing the proper notification and without paying final wages as required by law and was found to owe over \$4 million in back wages, which is why our efforts are so important," said Labor Commissioner Angela Bradstreet. "We pursued this case vigorously on behalf of these employees and are very pleased that our settlement will allow them to receive payments of their wages during the holidays."

Former employees of Denver-based Mercury Companies working at Financial Title Co., Lenders Choice Title Company and Lenders First Choice Agency, Inc., will receive in excess of \$3.6 million (before taxes) by year end.

At a later date, additional sums in excess of \$125,000 will be paid to these employees as restitution of 401(k) contributions that were deducted from their pay, but not transferred to the employees' accounts.

"The California Labor Commissioner's Office, as part of the Department of Industrial Relations, provides protections for employees across the state to ensure that they receive proper compensation for the work that they do," said Department of Industrial Relations Director John C. Duncan. "It is a top priority that we make every effort to recover wages earned but not paid to employees as required by law."

Labor Commissioner Bradstreet filed suit in Alameda County Superior Court against Mercury in February 2008 after Alliance Title, another Mercury affiliate, closed without notice and failed to pay employees vested vacation benefits, commissions, expenses, and notary fees.

In September of 2008, the case was expanded to include claims by Financial and Lenders employees. Alliance Title filed for bankruptcy in June of 2008, followed by Mercury and its other affiliates in October of 2008.

The claims were pursued on behalf of the employees in both the State Court action and in the Colorado Bankruptcy Court. Today's settlement resolves the cases for the Financial and Lenders employees, many of whom remain out of work due to the downturn in the housing market.

The settlement does not immediately resolve the wage claims of 594 Alliance Title employees. Labor Commissioner Bradstreet will continue to press the claims of the Alliance employees in the Alliance Bankruptcy case, which is being handled in California.

A major issue in the claims brought by the former employees of the Lenders companies was the failure of Lenders and Mercury to provide 60 days notice of the business closures to the employees at large Lenders facilities in Rocklin, near Sacramento, and Simi, near Los Angeles. In

most instances the California Worker Adjustment and Retraining Notification Act (“WARN” Act) requires such notice at facilities which have employed 75 or more workers in the prior year.

As part of the settlement, priority claims of over \$742,500 for WARN damages were allowed providing additional payment to workers at the covered establishments who suffered wage loss in the two-month period following the closures.

To learn more about the functions of the California Labor Commissioner, visit the Department of Industrial Relations web site at [www.dir.ca.gov/dlse](http://www.dir.ca.gov/dlse).

Source: Department of Industrial Relations