



NEWS RELEASE

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Labor Commissioner's Office Files Suit Against Gig-Economy Car Wash Company for Misclassifying and Underpaying Workers

Los Angeles—The Labor Commissioner's Office has filed a lawsuit against a gig-economy car wash company in Southern California for violating labor laws by misclassifying employees as independent contractors. Mobile Wash, Inc. of Bellflower misclassified at least 100 workers, harming both the workers and law-abiding businesses in the car washing industry, the lawsuit says.

This is the first lawsuit filed by the Labor Commissioner's Office to enforce Assembly Bill 5, the 2019 law that requires the application of the "[ABC test](#)" to determine if workers in California are employees or independent contractors. Under the ABC test, a worker is considered an employee unless they are free from control from the hiring entity, perform work outside of the hiring entity's usual business, and engage in an accepted independent trade or occupation.

"Willful misclassification of workers harms not only workers but law-abiding employers and the public," said California Labor Commissioner Lilia García-Brower. "Under the ABC test, these workers are clearly employees and were entitled to basic labor protections. My office is committed to combatting this unlawful practice as a business model."

Mobile Wash uses a phone app to offer car washing and detailing services to customers throughout Southern California and a few locations in Northern California. The company requires its workers to use their own cars and buy their own uniforms, insurance, cleaning equipment, supplies and gas. Mobile Wash does not reimburse the workers for these business expenses or travel time in violation of the requirement to pay for all hours worked at no less than the minimum wage. It also unlawfully charges workers a \$2 "transaction fee" for every tip left on a credit card.

An analysis by the Labor Commissioner's Office found that a Mobile Wash employee working for 10 hours a day, 6 days a week is entitled to \$1,521 per week for unpaid wages including minimum wage and overtime violation, liquidated damages, rest period violations, reimbursements of business expenses and recovery of stolen tips, and other violations

including but not limited to failure to provide paid sick leave. Mobile Wash had over 100 car washers at any given time.

The lawsuit, filed in Los Angeles Superior Court, asks the court to order Mobile Wash, Inc. to stop misclassifying its employees and to halt its operations using employee labor until it meets California's car wash registration and bond requirements, as it has never been licensed with the Labor Commissioner's Office. The suit also seeks the recovery of unpaid wages, penalties and interest on behalf of workers going back to April of 2017 as well as civil penalties and any costs and reasonable attorneys' fees incurred by the Labor Commissioner's Office.

Also named in the lawsuit is Mobile Wash's president and CEO, Alfred Davtyan, who faces liability under provisions in the Labor Code that hold business owners, directors, officers, and managing agents jointly liable, along with the business entity, for the types of violations that were committed by Mobile Wash, as a consequence of the adoption of a business plan founded upon unlawful misclassification.

The Community Labor Environmental Action Network (CLEAN), a nonprofit that assists car wash workers, assisted the Labor Commissioner's Office with this case.

The Department of Industrial Relations' Division of Labor Standards Enforcement, or the [California Labor Commissioner's Office](#), combats wage theft and unfair competition by investigating allegations of illegal and unfair business practices.

The Labor Commissioner's Office launched an interdisciplinary outreach campaign, "Reaching Every Californian." The campaign amplifies basic protections and builds pathways to impacted populations so that workers and employers understand legal protections, obligations and how to defend them.

Employees with work-related questions or complaints may contact DIR's Call Center in English or Spanish at 844-LABOR-DIR (844-522-6734).

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The [California Department of Industrial Relations](#), established in 1927, protects and improves the health, safety, and economic well-being of over 18 million wage earners, and helps their employers comply with state labor laws. DIR is housed within the [Labor & Workforce Development Agency](#). For general inquiries, contact DIR's Communications Call Center at 844-LABOR-DIR (844-522-6734) for help in locating the appropriate [division or program](#) in our department.