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### **Class Action Complaint Says LA's Second Biggest Hotel Violates Living Wage Ordinance, Evades Federal Employment Tax Law**

*Hilton LAX subcontracting scheme undermines one of nation's first private-sector living wage ordinances*

**LOS ANGELES** – A class action lawsuit filed in Los Angeles Superior Court today alleges that the city's second biggest hotel, the Hilton Los Angeles Airport, for two years has violated an ordinance requiring hotels pay their employees a living wage.

The complaint, filed on behalf of two housekeepers, explains how the Hilton LAX used an employment agency to hire and pay workers who worked under Hilton supervisors and alongside permanent employees. The suit argues the hotel and agency have acted as joint employers, and the Hilton knew or should have known it was not providing sufficient funding to comply with labor laws.

Through this agreement, agency employees earn far below the minimum wage required by law, and do not have access to health insurance or paid leave.

The law requires hotels in the LAX corridor to pay a living wage, which started at \$11.13 per hour, or \$9.88 per hour plus \$1.25 for healthcare. The figure is adjusted annually according to the Consumer Price Index.

The subcontracting scheme has also allowed the Hilton LAX and the employment agency, Norma's Corporation, to commit widespread workers' compensation fraud. The two defendants have evaded federal laws by refusing to make contributions for social security, unemployment and disability benefits.

Hotel workers are suing for unpaid wages, damages and appropriate penalties.

Los Angeles Mayor Antonio Villaraigosa signed the living wage law, known as the Airport Hospitality Enhancement Zone Ordinance, in 2007. At the time, it was one of the first private-sector living wage ordinances in the nation.

Because of their proximity to the airport, the Century Boulevard (LAX corridor) hotels enjoy some of the highest occupancy rates in the city, but paid some of the lowest wages in the county.

The council sought to clean up the poverty-stricken region that includes Inglewood, Lennox and Hawthorne, with the ordinance but the law was met with sharp

opposition from area hotels. The hotels tried to block it but the California Supreme Court denied their appeal, and the law went into effect in July of 2008.

“The passage of the living wage law was a historic win for the workers and the community,” said Los Angeles City Councilman Bill Rosendahl. “Hilton’s actions indicate they believe they are above the law, which couldn’t be farther from the truth.”

“The Century Boulevard corridor serves as the gateway to Los Angeles and should reflect the best of what our city has to offer,” Rosendahl continued. “But by skirting our federal employment laws and mocking our local ordinance, the Hilton seems to be dead set on reflecting the worst.”

Council members hoped the living wage law would be a way to invest in the economically deprived region where cash-strapped families often take on second jobs to make ends meet.

“This suit is about bringing attention to the ways that this hotel and employment agency have jointly reaped profits from the exploitation of low-wage workers,” said Marc Coleman, a lead attorney on the case. “Breaking the law to keep workers locked in poverty is harmful to them, their community, and when this lawsuit is finished, will prove detrimental to the hotel and agency as well.”

Copies of the lawsuit are available upon request. Please contact Virginia Keeny at (626) 585-9600.

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