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September 17, 2025

<u>VIA ELECTRONIC SUBMISSION</u>
California Labor and Workforce
Development Agency
Attn: PAGA Administrator
800 Capitol Mall, Suite 5000
Sacramento, CA 95814

<u>VIA CERTIFIED MAIL</u>
Starbucks Corporation
2401 Utah Avenue S MS:S-LA1 Suite 800
Seattle, WA 98134

c/o Agent for Service of Process
1505 Corporation
Corporation Service Company dba CSC – Lawyers Incorporating Service
Koy Saechao
2710 Gateway Oaks Drive
Sacramento, CA 95833

Re: PAGA Notice Pursuant to California Labor Code §2699.3

Dear PAGA Administrator,

The law firms of Altshuler Berzon LLP and James & Hoffman, P.C. represent Serrana Cypret, who is and has been an employee of Starbucks Corporation ("Starbucks" or "Employer") in California since 2021. Pursuant to California Labor Code §2699.3(a) and (c), this letter shall serve as notice of Starbucks' violations of IWC Wage Order 5-2001 §9(A) and California Labor Code §§1198 and 2802 arising from Starbucks' employment of Ms. Cypret and other hourly in-store employees (i.e. baristas and shift supervisors) throughout its California stores. These violations give rise to civil penalties under California Labor Code §2698 *et seq.*, which the Labor and Workforce Development Agency ("LWDA") may pursue. If the LWDA elects not to pursue its own action, Ms. Cypret, on behalf of herself and/or other aggrieved employees, intends to file a civil action to seek redress against Starbucks under the California Private Attorneys General Act ("PAGA").

Facts, Theories, and Alleged Violations

Starbucks is a Washington corporation that operates a chain of fast-food establishments engaged in the sale of coffee and other beverages and food. Starbucks operates thousands of store locations throughout California and employs tens of thousands of hourly in-store workers in California in the positions of barista and shift supervisor.

Ms. Cypret has been employed by Starbucks as a barista and barista trainer since she began working in 2021 at the Starbucks store located at 260 Mt. Herman Road in Scotts Valley, California. Ms. Cypret, like all other baristas, barista trainers, and shift supervisors working for Starbucks in California, is an hourly, non-exempt employee. Ms. Cypret's hourly wage is $21.79. Ms. Cypret typically works five days per week and 30-35 hours per week at this Starbucks location.

1. <u>Failure to Provide or Reimburse the Cost of Uniforms, in Violation of IWC Wage Order 5-2001 §9(A) and California Labor Code §§1198 and 2802</u>

In April 2025, Starbucks announced new uniform requirements ("2025 Dress Code" or "Dress Code") for all Starbucks hourly in-store employees in the job titles of barista and shift supervisor in all stores, including all California locations. Under the 2025 Dress Code, Starbucks baristas and shift supervisors are no longer allowed to wear many of the apparel items previously permitted under Starbucks' prior dress code policy. Instead, under the 2025 Dress Code, which Starbucks strictly enforces, baristas and shift supervisors are required to wear a uniform consisting of the following:

(1) <u>Tops</u>: Tops must be solid black with no patterns, prints, graphics, typography (except specified Starbucks-branded shirts), or raw hems, in one of the following styles: crewneck, collared, or button-up shirt; lightweight jacket; or crew neck sweatshirt. Tops must cover workers' shoulders, armpits, chest area, and mid-section, including when arms are raised. Prohibited styles and designs include solid black tank tops and camisoles, blouses with necklines other than crewneck or collared necklines, and "[g]ym or workout apparel."

(2) <u>Bottoms</u>: Bottoms must be black, khaki, or black or blue denim, with no patterns, prints, graphics, typography, or raw hems. Overalls, jumpsuits, and dresses must be solid black and no more than 4" above the knee. Prohibited styles and designs include black leggings and tights (unless worn under other approved apparel), pants or skirts with raw hems, ripped or distressed jeans, sweatpants or joggers, yoga pants, and other pants "made of stretch material" (unless as part of an approved accommodation, such as a pregnancy accommodation).

(3) Footwear: Footwear must be shoes or boots that "[c]over[] all parts of the top of the foot with a closed heel and toe." Shoes or boots must be black, grey, navy blue, brown, tan, or white with no more than a small amount of accent color, and must be made of "[l]eather, faux leather, suede, rubber or similar waterproof material." Prohibited styles and designs include shoes that expose toes, heels, or any part of the op or sides of the feet, shoes made of canvas or other non-waterproof material, and shoes with a raised heel of any height.

(4) Tattoos, Jewelry, and Piercings: Workers are prohibited from having more than one facial piercing and are prohibited from having tattoos on their face (defined as "the forehead to chin, and ear to ear"). Among other restrictions, workers are also prohibited from having certain other piercings and adornments, including tongue piercings and tooth gems.

Starbucks informed its employees that it would begin strictly enforcing the new mandatory 2025 Dress Code effective May 12, 2025. According to the written policy, workers who are not in compliance with the new dress code "will not be permitted to start their shifts." In addition, Starbucks informed workers that noncompliance with the new dress code would result in discipline, including but not limited to being counseled, warned, or terminated under its progressive discipline policy.

Prior to implementing its mandatory 2025 Dress Code, Starbucks had maintained a far more relaxed dress code that was only loosely enforced. For example, acceptable tops under the old dress code included solid-colored shirts of virtually any color or design and shirts with small prints, graphics, or typography; acceptable bottoms included pants of any dark color, including earth tones, as well as light-colored jeans; and acceptable shoes did not need to be waterproof and included shoes of virtually any color provided they were slip-resistant. Many of the clothes employees previously wore to work at Starbucks are no longer acceptable under the new 2025 Dress Code and would subject them to discipline and/or cause them to be sent home without pay. This has been the experience of Ms. Cypret, whose store manager informed her that many of the clothes she used to wear to work no longer comply with the new Dress Code. For example, Ms. Cypret's store manager told her that she was no longer permitted to wear a pair of light-washed jeans that she had previously routinely worn to work, and that if she wore them to work she would need to go home and change into compliant clothes before being allowed to return to work. Since May 12, 2025, Starbucks has been strictly enforcing its new 2025 Dress Code and has sent employees home without pay and/or written up employees for noncompliance, including employees at Ms. Cypret's store.

Starbucks did not provide workers with shoes or apparel that satisfied its new mandatory 2025 Dress Code. Starbucks informed Ms. Cypret and other employees that they would be provided two Dress Code-compliant shirts, but nothing more, and employees were expected to purchase compliant shoes and other apparel on their own and without reimbursement. Two shirts is insufficient for Ms. Cypret and many other workers who similarly work more than two days per week. In addition, Ms. Cypret and many employees did not receive the two Starbucks-branded shirts until after Starbucks began strictly enforcing the 2025 Dress Code, and thus were forced to incur costs associated with purchasing enough compliant tops to get through the entire workweek or else be subject to discipline or loss of pay.

Moreover, Starbucks knows that many employees are unable to meet the requirements of the new 2025 Dress Code with clothes and shoes already in their possession and thus are required to purchase new compliant apparel and shoes, yet Starbucks maintains a policy and practice of not reimbursing workers for those necessary business expenditures. Such expenses that workers have incurred include but are not limited to: (1) the cost of purchasing a sufficient number of compliant solid black tops; (2) the cost of purchasing a sufficient number of compliant bottoms; (3) the cost of purchasing compliant shoes; and (4) the cost of removing tooth gems, facial piercings, and tattoos that do not comply with the 2025 Dress Code.

As a result of Starbucks' new, far more stringent 2025 Dress Code, Ms. Cypret has incurred approximately $297 in necessary business expenses, which includes approximately $125 purchasing several packs of black shirts and approximately $72 purchasing two dark-colored jeans. Starbucks has not reimbursed Ms. Cypret for these necessary business expenses. Ms. Cypret's store manager has made clear to employees at her store that Starbucks will not reimburse employees for Dress Code-related expenses.

The expenses Ms. Cypret and other employees have incurred were necessary because she did not have sufficient numbers of Dress Code-compliant shirts and pants and/or did not have Dress Code-compliant shoes, and because Starbucks did not provide employees with the necessary uniform. Such expenses were reasonable for the items Ms. Cypret needed to purchase to comply with Starbucks' new 2025 Dress Code.

Starbucks' failure to reimburse Ms. Cypret and others employed as baristas and shift supervisors in its California stores for costs incurred complying with Starbucks' new uniform requirements under the 2025 Dress Code violates IWC Wage Order 5-2001 §9(A) and Labor Code §§1198 and 2802.

Labor Code §1198 requires employers to comply with the minimum standard conditions of labor for employees set forth in the IWC Wage Orders. Section 9(A) of IWC Wage Order 5-2001, in turn, provides that, "When uniforms are required by the employer to be worn by the employee as a condition of employment, such uniforms shall be provided and maintained by the employer," and specifies that "[t]he term 'uniform' includes wearing apparel and accessories of distinctive design or color." 8 C.C.R. §11050(9)(A) (2025). The apparel and accessories required under Starbucks' 2025 Dress Code are of "distinctive design or color" and are not "'usual and generally usable in the occupation.'" *Becerra v. RadioShack Corp.*, No. 4:11-cv-03586 YGR, 2012 WL 6115627, at *4 (N.D. Cal. Dec. 10, 2012) (quoting 1980 IWC Wage Order Statement of Basis); *see id.* at *5. Thus, they qualify as a "uniform" under Wage Order 5-2001, which Starbucks was required to provide to its workers, but which it failed to do.

Labor Code §2802(a) further provides that "[a]n employer shall indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer." Here, as a direct result of Starbucks' failure to provide workers with the mandated uniforms, Ms. Cypret and other aggrieved employees were forced to make reasonable and necessary expenditures and incur losses purchasing shoes and apparel (and in some cases paying for procedures to remove face piercings, tattoos, and tooth gems) in order to comply with Starbucks' mandatory 2025 Dress Code, which Starbucks imposed as a condition of their employment. Starbucks knew or had reason to know that Ms. Cypret and other employees subject to its mandatory 2025 Dress Code incurred such expenses, yet Starbucks maintained a policy and practice of not reimbursing workers for expenditures incurred to comply with its mandatory 2025 Dress Code.

2. Failure to Reimburse Work-Required Use of Personal Cell Phones, in Violation of Labor Code §2802

At around the same time as announcing the 2025 Dress Code Policy, Starbucks required baristas and shift supervisors to download on their personal cellular phones a Scheduling App, called SBUXPartnerHrs, to learn their schedules, swap shifts with coworkers, and obtain additional shifts at other stores in their area. As a barista trainer, Ms. Cypret trains new baristas, and one of her responsibilities is making sure new baristas download the app and training them on how to use the app to access their schedule, swap shifts, and perform other work-related tasks. Going over the app is part of the official training module, and Ms. Cypret's managers have underscored to her the importance of training new baristas on how to use the app.

Even prior to the rollout of the Scheduling App, for years and continuing to the present, Starbucks has required baristas and shift supervisors to use their own personal cellular phones for work-related activities, including learning of their schedule or shift changes from the store manager, swapping shifts with coworkers, or picking up additional shifts, without being reimbursed or indemnified by Starbucks for a reasonable percentage of their cellular plan or the daily cost associated with the use of their personal cellular phones.

Starbucks store managers regularly contact employees on their personal cell phones via text message. For example, Ms. Cypret's current store manager texts her approximately once every month, and her prior store manager (from approximately July 2023 until February 2025) used to text her approximately twice each week about scheduling and other work-related matters.

As a result, in the course of employment with Starbucks, Ms. Cypret and other employees incurred unreimbursed business expenses related to the use of their personal cellular phones, to Starbucks' benefit. Such expenses were necessary because employees need a personal device with a data plan to download and use the Scheduling App and a cellular plan to respond to manager text messages. Under California law, such expenses must be reimbursed even where employees have unlimited cellular plans to avoid a windfall to Starbucks for passing operating expenses on to employees.

The California Court of Appeal has held that employers are required, under Labor Code §2802(a), to "reimburse an employee for the reasonable expense of the mandatory use of a personal cell phone," even when the employee did not incur an "extra expense" for the usage because they had a cellular phone plan with unlimited minutes. *Cochran v. Schwan's Home Serv.,* *Inc.*, 228 Cal. App. 4th 1137, 1144 (2014) (requiring employer to "pay some reasonable percentage of the employee's cell phone bill" because "[o]therwise, the employer would receive a windfall because it would be passing its operating expenses on to the employee"); *accord Bowerman v. Field Asset Servs., Inc.*, 60 F.4th 459, 466, n. 4 (9th Cir. 2023); *Herrera v. Zumiez, Inc.*, 953 F.3d 1063, 1078 n.10 (9th Cir. 2020) (explaining employer mandating employees use a particular app on personal devices "often requires personal expenses associated with internet service and a phone [], for which a ruling consistent with *Cochran* might require reimbursement of a portion of the bills" even when the employee has an unlimited phone plan). Federal courts have certified classes of employees who have communicated with supervisors on their personal cell phones when the employer did not provide a way for the employee to respond on employer-provided equipment. *See, e.g.*, *Castro v. ABM Indus., Inc.*, 325 F.R.D. 332, 334 (N.D. Cal. 2018).

Here, as a direct result of Starbucks' failure to provide workers with any reimbursement—let alone a reasonable percentage of employees' cell phone bills—for mandated use of the workers' personal cellular phones, Ms. Cypret and other aggrieved employees were forced to make reasonable and necessary expenditures and incur losses or otherwise had Starbuck's operating expenses passed on to them when downloading and using the mandated Scheduling App and/or responding to text messages from store managers and other supervisors. Starbucks knew or had reason to know that Ms. Cypret and other employees subject to its mandatory Scheduling App incurred such expenses or were covering Starbucks' operating expenses, and yet Starbucks maintained a policy and practice of not reimbursing workers for expenditures incurred to comply with its mandatory Scheduling App or responding to the store manager's text messages.

Conclusion

Should the LWDA decline to proceed in this matter, Ms. Cypret intends to seek civil penalties, interest, and attorneys' fees and costs on behalf of all Starbucks employees in California aggrieved by the violations described herein, as permitted under the Labor Code. Should the Agency have any questions or require any further information, please do not hesitate to contact us.

Respectfully,

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