



MATERN LAW GROUP, PC

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January 9, 2025

Via Online Submission

California Labor & Workforce
Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

**Via Certified U.S. Mail – Return
Receipt Requested**

ITH Adventure Vacations LLC
325 W. Washington St., Suite 2 PMB 636
San Diego, CA 92103

Dream Traveler Inns, Inc.
26 Pier Ave
Hermosa Beach, CA 90254

ITH Surf City Hostel
26 Pier Ave
Hermosa Beach, CA 90254

International Travelers House, Inc.
1658 Front Street
San Diego, CA 92101

ITH Big Bear Mountain Lodge LLC
1286 University Avenue, Unit 746
San Diego, CA 92103

ITH Mission Beach CoLive LLC
707 Reed Avenue
San Diego, CA 92109

ITH Tap House, LLC
3755 Sixth Avenue
San Diego, CA 92103

Re: Notice Pursuant to California Labor Code § 2699.3

Employee: Breanna Watson

Employers: ITH Adventure Vacations LLC, Dream Traveler Inns, Inc., ITH Surf City Hostel, International Travelers House, Inc., ITH Big Bear Mountain Lodge LLC, ITH Mission Beach CoLive LLC, ITH Tap House, LLC

To Whom It May Concern:

This office represents Breanna Watson, who was employed by ITH Adventure Vacations

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LLC, Dream Traveler Inns Inc., ITH Surf City Hostel, International Travelers House, Inc., ITH Big Bear Mountain Lodge LLC, ITH Mission Beach CoLive LLC, and ITH Tap House, LLC (collectively, “Employers”). Pursuant to the California Labor Code Private Attorneys General Act of 2004 (“PAGA”), Labor Code § 2698, *et seq.*, this letter sets forth the specific provisions of the Labor Code and Industrial Welfare Commission (“IWC”) Wage Order No. 5-2001, which Ms. Watson alleges Employers have violated, including the facts and theories to support the alleged violations. Please be advised that this letter constitutes written notice required by Labor Code § 2699.3, subdivisions (a)(1)(A) and (c)(1)(A) and may lead to immediate action against Employers in a court of law and/or administrative proceedings, as well as the imposition of substantial penalties and other remedies against Employers. Concurrently herewith, our office is transmitting payment in the amount of \$75.00 for the requisite filing fee, pursuant to Labor Code § 2699.3, subdivisions (a)(1)(B) and (c)(1)(B).

This letter also serves as notice of Ms. Watson’s demand for preservation and non-spoliation of evidence, requesting that all relevant documents and data be saved and that all electronic files and hard-copy documents that are related to Ms. Watson’s employment and potential claims must be preserved, even without a court order. Spoliation of evidence may result in legal claims for damages and monetary and evidentiary sanctions, including “adverse inference” jury instructions. Furthermore, intentional spoliation of evidence may carry criminal consequences pursuant to California Penal Code § 135.

We are investigating a potential class and representative action on behalf of Employers’ current and former non-exempt employees in the State of California regarding, among other things, the following violations: failure to provide meal and rest periods to employees in violation of Labor Code §§ 226.7 and 512 and Wage Order No. 5-2001, §§ 11-12; failure to pay one additional hour of compensation at the employee’s regular rate of compensation for each workday that a meal or rest period is not provided in violation of Labor Code § 226.7 and Wage Order No. 5-2001, §§ 11(B) and 12(B); failure to pay employees minimum wages for all hours worked in violation of Labor Code §§ 1194, 1197 and 1197.1 and Wage Order No. 5-2001, § 4; failure to pay employees overtime wages in violation of Labor Code §§ 510 and 1194 and Wage Order No. 5-2001, § 3; failure to timely pay employees all wages earned in violation of Labor Code § 204; willful failure to pay all wages due to discharged and quitting employees in violation of Labor Code §§ 201-203; failure to furnish accurate itemized wage statements to employees in violation of Labor Code § 226; failure to maintain required records pursuant to Labor Code §§ 226, 1174 and 1174.5 and Wage Order No. 5-2001, § 7; unlawful deductions and withholdings from employees’ wages in violation of Labor Code §§ 221, 223 and 224; failure to provide written notice of material terms of employment in violation of Labor Code § 2810.5(a)(1)(A)-(C); and failure to provide sick pay in violation of Labor Code §§ 246-248.5 and 233-234.

The allegations made by Ms. Watson on behalf of herself and all other similarly-situated current and former non-exempt employees of Employers in the State of California during the four years preceding the date of this notice are based on the following facts and theories: meal periods were less than thirty minutes, late (first meal periods starting after the fifth hour of work and/or second meal periods starting after the tenth hour), not given at all (including second meal periods after ten hours of work), or interrupted; rest periods were less than ten minutes, not provided,

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interrupted, and/or late; employees were not provided one hour of pay for each workday a meal period was not provided; employees were not provided one hour of pay for each workday a rest break was not authorized and permitted; and employees were not paid proper minimum and overtime wages for all hours worked as required by California law. Given the overtime, meal period and rest period violations and Employers' failure to compensate their employees fully, as set forth above, employees' wage statements were inaccurate and failed to comply with California law. In short, Employers' unlawful employment practices and policies have deprived their employees of earned wages and other compensation.

Failure to Provide Meal Periods

Pursuant to Labor Code §§ 226.7 and 512 and Wage Order No. 5-2001, § 11, an employer is required to provide meal periods to its employees. An employer must provide a meal period to any employee who works a shift of more than five (5) hours and a second meal period to any employee who works a shift of more than ten (10) hours. Furthermore, an employer must pay one extra hour of compensation for each workday a meal period is not provided.

If an employee is not relieved of all duty during a meal period, the meal period shall be considered an "on duty" meal period and counted as time worked. A paid "on duty" meal period is permitted only when 1) the nature of the work prevents an employee from being relieved of all duty and 2) the parties have agreed in writing to on duty meal periods.

Ms. Watson and other aggrieved employees are non-exempt employees and are entitled to the protections of California Labor Code §§ 226.7 and 512 and Wage Order No. 5-2001, § 11. Employers failed to provide their employees timely and uninterrupted thirty-minute meal breaks. Ms. Watson's and other aggrieved employees' meal periods were short (less than thirty minutes), late (first meal periods after the fifth hour of work and second meal periods after the tenth hour), interrupted and/or missed. Employers consistently failed to provide Ms. Watson and other aggrieved employees meal breaks because Ms. Watson and other aggrieved employees were given too much work to perform to take meal breaks. Ms. Watson and other aggrieved employees were also interrupted by residents or other staff members and asked to perform work-related tasks during their meal breaks.

Employers further violated Labor Code § 226.7 and Wage Order No. 5-2001 by failing to compensate Ms. Watson and other aggrieved employees who were not provided with meal periods in accordance with California law one additional hour of pay at each employee's regular rate of compensation for each workday a meal period was not provided.

Failure to Authorize and Permit Rest Periods

Pursuant to Labor Code § 226.7 and Wage Order No. 5-2001, § 12, an employer is required to provide rest periods to its employees. An employer must provide a ten (10) minute rest period for every four (4) hours worked or major action thereof which insofar as practicable shall be in the middle of each work period. Furthermore, an employer must pay one extra hour of compensation for each workday a rest period is not authorized and permitted.

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Ms. Watson and other aggrieved employees were and are non-exempt employees and are entitled to the protections of Labor Code § 226.7 and Wage Order No. 5-2001. Employers failed to authorize and permit their employees to take required rest periods. Employers failed to advise Ms. Watson and other aggrieved employees that they were entitled to rest breaks and did not authorize and permit Ms. Watson and other aggrieved employees to take rest breaks. Accordingly, Ms. Watson and other aggrieved employees rarely, if ever, took rest breaks.

Employers further violated Labor Code § 226.7 and Wage Order No. 5-2001, § 12 by failing to pay Ms. Watson and other aggrieved employees one additional hour of pay at each employee's regular rate of compensation for each workday a rest period was not authorized and permitted.

Failure to Pay Minimum Wages

Pursuant to Labor Code §§ 1194 and 1197 and Wage Order No. 5-2001, § 4, payment to an employee of less than the applicable minimum wage for all hours worked in a payroll period is unlawful.

Ms. Watson and other aggrieved employees are current and former non-exempt employees and are entitled to the protections of Labor Code §§ 1194 and 1197 and Wage Order No. 5-2001, § 4. Employers failed to pay Ms. Watson and other aggrieved employees minimum wages for all hours worked by, among other things: paying Ms. Watson and other aggrieved employees a weekly "salary," which was less than the minimum wage for the number of hours worked; failing to record the time Ms. Watson and other aggrieved employees worked and failing to pay Ms. Watson and other aggrieved employees for all hours worked; and other methods to be discovered.

Employers' conduct violates Labor Code §§ 1194 and 1197 and Wage Order No. 5-2001, § 4.

Failure to Pay Overtime Wages

Pursuant to California Labor Code §§ 510 and 1194 and Wage Order No. 5-2001, § 3, an employer must compensate its employees for all overtime, which is calculated at one and one-half (1 ½) times the regular rate of pay for hours worked in excess of eight (8) hours per day and/or forty (40) hours per week, and for the first eight (8) hours on the seventh consecutive work day, with double time for all hours worked in excess of eight (8) hours on the seventh day of any workweek, or after twelve (12) hours in any workday.

Ms. Watson and other aggrieved employees are current and former non-exempt employees and are entitled to the protections of Labor Code §§ 510 and 1194 and Wage Order No. 5-2001. Employers failed to compensate Ms. Watson and other aggrieved employees for all overtime hours worked as required under the foregoing provisions of the Labor Code and IWC Wage Order by, among other things: paying Ms. Watson and other aggrieved employees a weekly "salary," which failed to account for any overtime worked; failing to record the time Ms. Watson and other

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aggrieved employees worked and failing to pay Ms. Watson and other aggrieved employees for all hours worked, including any overtime hours; failing to pay overtime at one and one-half (1 ½) times or double the regular rate of pay as provided by Labor Code §§ 510 and 1194 and Wage Order No. 5-2001, § 3; and other methods to be discovered.

In violation of California law, Employers have refused to perform their obligations to compensate Ms. Watson and other aggrieved employees for all wages earned and all hours worked. Employers' conduct violates Labor Code §§ 510 and 1194 and Wage Order No. 5-2001, § 3.

Failure to Timely Pay All Wages Earned

Pursuant to Labor Code § 204, an employer must pay its employees at least twice a month for all wages earned during the preceding pay period. Labor Code § 204 provides that labor performed between the 1st and 15th days, inclusive, of any calendar month shall be paid for between the 16th and the 26th day of the month during which the labor was performed, and labor performed between the 16th and the last day, inclusive, of any calendar month, shall be paid for between the 1st and 10th day of the following month. An employer using an alternate payday schedule must pay wages within seven calendar days of the end of the payroll period in which the wages were earned.

Employers failed to pay Ms. Watson and other aggrieved employees on their regularly scheduled payday for all work performed during the preceding pay period. Employers failed to record the time worked by Ms. Watson and other employees and failed to compensate them for all hours worked. Employers paid Ms. Watson and other aggrieved employees a weekly "salary" that was less than the minimum wage for the number of hours worked and failed to account for overtime worked and did not pay minimum and overtime wages to "cultural exchange members." Additionally, Employers failed to pay Ms. Watson and other aggrieved employees premium wages owed for each workday a meal period was not provided and each workday a rest period was not authorized and permitted.

Employers also failed to pay Ms. Watson and other aggrieved employees for the overtime wages they earned in violation of Labor Code § 204. Labor Code § 204 requires an employer to pay overtime wages no later than the payday for the next regular payroll period following the payroll period in which the overtime wages were earned. Employers were required to pay overtime wages, yet failed to pay Ms. Watson and other aggrieved employees overtime wages on any payday.

Failure to Pay All Wages Due Upon Separation

Pursuant to Labor Code §§ 201, 202 and 203, an employer is required to pay all earned and unpaid wages to an employee upon separation. Labor Code § 201 mandates that if an employer discharges an employee, the employee's wages accrued and unpaid at the time of discharge are due and payable immediately. Pursuant to Labor Code § 202, an employer is required to pay all accrued wages due to an employee no later than 72 hours after the employee quits his or her employment, unless the employee provided 72 hours previous notice of his or her intention to quit,

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in which case the employee is entitled to his or her wages at the time of quitting.

Labor Code § 203 provides that if an employer willfully fails to pay, in accordance with Labor Code §§ 201 and 202, any wages of an employee who is discharged or who quits, the employer is liable for waiting time penalties in the form of continued compensation to the employee at the same rate for up to thirty (30) days.

Employers willfully failed to pay accrued wages and other compensation to Ms. Watson and other aggrieved employees in accordance with Labor Code §§ 201 and 202. Employers failed to record the time worked by Ms. Watson and other employees and failed to compensate them for all hours worked. Employers paid Ms. Watson and other aggrieved employees a weekly “salary” that was less than the minimum wage for the number of hours worked and failed to account for overtime worked and did not pay regular and overtime wages to “cultural exchange members.” Additionally, Employers failed to pay Ms. Watson and other aggrieved employees the premium wages for all meal periods which were not provided and all rest periods which were not authorized or permitted. Thus, Employers failed and continue to fail to pay the full earned and unpaid wages due to Ms. Watson and other aggrieved employees upon separation.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226 requires every employer to furnish each of its employees an accurate itemized wage statement in writing showing (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and only the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

Employers failed to provide Ms. Watson and other aggrieved employees with timely and accurate itemized wage statements in writing showing each employee’s gross wages earned, total hours worked, all deductions made, net wages earned, the inclusive dates of the period for which the employee is paid, the name and address of the legal entity or entities employing Ms. Watson and other aggrieved employees, sick pay taken and accrued, and all applicable hourly rates in effect during each pay period and the corresponding number of hours worked at each hourly rate, in violation of Labor Code § 226 and Wage Order No. 5-2001, § 7.

Ms. Watson’s and other aggrieved employees’ wage statements did not accurately list the total hours worked, but instead listed the same number of hours each pay period regardless of the number of hours actually worked. As a result, Ms. Watson’s and other aggrieved employees’ wage statements also did not accurately list the gross and net wages earned and all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate. Additionally, Employers failed to include in the wage statements the extra hour of compensation owed for each workday a meal break was not provided and each workday a rest break was not authorized and permitted.

Failure to Maintain Required Records

Employers failed to maintain records as required under Labor Code §§ 226 and 1174 and Wage Order No. 5-2001, § 7, including but not limited to the following records: total daily hours worked by each employee; applicable rates of pay; all deductions; meal periods; time records showing when each employee begins and ends each work period; and accurate itemized statements.

Employers did not require Ms. Watson and other aggrieved employees to record when they began and ended each work period, including any meal breaks. Instead, Ms. Watson's and other aggrieved employees' wage statements listed the same number of hours each pay period regardless of the number of hours actually worked. Additionally, Employers failed to include in the wage statements the extra hour of compensation owed for each workday a meal break was not provided and each workday a rest break was not authorized and permitted.

Failure to Indemnify Employees for Necessary Expenditures Incurred in Discharge of Duties

Labor Code § 2802(a) requires an employer to indemnify an employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of her his or her duties, or of his or her obedience to the directions of the employer. Employers failed to indemnify Ms. Watson and other aggrieved employees for all business expenses and/or losses incurred in direct consequence of the discharge of their duties while working under the direction of Employers, including but not limited to expenses for cell phones, travel-related expenses, and other employment-related expenses, in violation of Labor Code § 2802.

Failure to Provide Written Notice of Material Terms of Employment

California's Wage Theft Prevention Act was enacted to ensure that employers provide employees with basic information material to their employment relationship at the time of hiring, and to ensure that employees are given written and timely notice of any changes to basic information material to their employment. Labor Code § 2810.5 provides that at the time of hiring, an employer must provide written notice to employees containing basic and material payroll information, including, among other things, the rate(s) of pay and basis thereof, whether paid by the hour, shift, day, week, salary, piece, commission, or otherwise, including any rates for overtime, the regular payday designated by the employer, and any allowances claims as part of the minimum wage, including meal or lodging allowances. Employers failed to provide Ms. Watson and other aggrieved employees written notice that lists all the requisite information set forth in Labor Code § 2810.5(a)(1)(A)-(C), including but not limited to, the rate or rates of overtime pay, the regular payday designated by the employer, and meal and lodging allowances.

Failure to Pay Sick Pay

Employers violated California's paid sick leave laws including, Labor Code §§ 246-248.5 and 233-234. Employers either failed to provide sick leave pay to Ms. Watson and other aggrieved

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employees or failed to properly accrue paid sick leave due to Employers' failure to account for actual hours worked. Employers failed to maintain accurate records of used sick leave and the balance of paid sick leave left to the employees, which affected Ms. Watson and other aggrieved employees' intelligent exercise of their paid sick leave. Employers failed to maintain accurate records documenting the hours worked and paid sick days accrued and used by employees in violation of Labor Code § 247.5, permitting the presumption that Ms. Watson and other aggrieved employees were entitled to the maximum number of hours accruable under this article at the time of their respective separations of employment.

Employers also failed to comply with Labor Code § 246 by failing to provide Ms. Watson and other aggrieved employees with a Labor Code § 226 wage statement or separate writing containing the amount of paid sick leave available, or paid time off leave an employer provides in lieu of sick leave, at the time it pays wages.

This notice is hereby given to Employers and any and all related and/or alter ego companies, corporations, partnerships, and/or business entities, as well as against any and all officers, owners, directors, managers, managing agents, or entities who are or may be liable under California law for any of the violations alleged herein as to any locations or employees who worked at any time in the State of California.

This notice is made on behalf of all persons who are, were, or will be non-exempt employees of Employers, or any related or alter-ego company, corporation, partnership, and/or business entity at any time on or after a date four years prior to the date of this letter in the State of California.

This notice shall be construed as extending without limitation to any past, present, future, or continuing violation of the Labor Code, the applicable IWC Wage Order, or any applicable regulation which might be discovered as a result of a reasonable and diligent investigation made pursuant to this notice.

This notice shall further represent Ms. Watson's reasonable attempt to settle her dispute with Employers prior to litigation. Pursuant to *Graham v. DaimlerChrysler Corp.*, 34 Cal. 4th 553 (2004), this notice serves to apprise Employers of Ms. Watson's aforementioned grievances and the proposed remedies as detailed below, while affording Employers reasonable opportunity to meet Ms. Watson's demands.

Demand is hereby made that Employer shall agree, in writing received at this office no later than 30 calendar days from the postmark date of this notice, as follows:

1. Employers shall pay Ms. Watson and all other similarly-situated persons employed by Employers at any time during the past 48 months back pay and compensation for the above-referenced violations.

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2. Employers shall comply with all California labor laws and ensure that their non-exempt employees are paid proper overtime compensation and given required meal and rest periods.

3. Employers shall conduct a survey or interview all current and former non-exempt employees in California during the past 48 months to obtain information from them regarding the number of meal breaks which were not provided, the number of rest breaks which were not authorized and permitted, the number of regular and overtime hours for which employees were not compensated, and the amounts paid for cell phones and travel-related expenses or other expenditures in the discharge of their duties, with the investigation to be completed within 60 days.

4. Employers shall pay each employee one hour of pay for each workday he or she was not authorized and permitted one or more rest periods, as required by Labor Code § 226.7. Employers also shall pay each employee one hour of pay for each workday he or she was not provided one or more meal periods, as required by Labor Code § 226.7.

5. Employers shall pay for all regular and overtime hours for which employees were not compensated.

6. Employers shall reimburse those employees who were forced to pay for any business expenses incurred for Employers' benefit, including but not limited to cell phones and travel-related expenses

7. Employers shall pay waiting time penalties, equal to thirty days of pay, to each former employee who was not paid all wages due as described herein.

8. Employers shall pay accrued interest to all employees at the rate of ten percent per annum for said unpaid wages.

9. Employers shall pay all penalties arising from the violations of the Labor Code and IWC Wage Order sections referenced above and pursuant to PAGA, Labor Code § 2698 *et seq.*, including but not limited to penalties under Labor Code §§ 206.5, 210, 225.5, 226.3, 558, 1174.5, 1182.12, 1197.1, 1198, 1199 and 2699 and Wage Order No. 5-2001, § 20.

If the Labor and Workforce Development Agency intends to investigate the allegations set forth herein, please notify this office of that decision by certified mail addressed to Matern Law Group, PC, 2101 E. El Segundo Blvd., Suite 403, El Segundo, California 90245. Additionally, please advise us if the Agency or Employers require additional information regarding Ms. Watson's complaints.

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Thank you for your prompt attention to this matter.

Very truly yours,

MATERN LAW GROUP, PC

A handwritten signature in blue ink, reading "Ellie Goralnick". The signature is written in a cursive, flowing style.

Ellie D. Goralnick, Esq.