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March 27, 2025

LWDA
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
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(***Via Online Submission***)

Little Caesar Enterprises, Inc.
c/o Stanford Berenbaum, Agent for Service of Process
2211 Woodward Avenue
Detroit, MI 48201
(***Via U.S. Certified Mail, Return Receipt Requested***)
#9489 0090 0027 6637 9644 38

Little Caesar Enterprises, Inc.
221 Woodward Avenue
Detroit, MI 48201
(***Via U.S. Certified Mail, Return Receipt Requested***)
#9489 0090 0027 6637 9644 21

Re: *Blair v. Little Caesars 3010 Royal Inc., et al.*
Notice of California Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Desiree Blair to pursue a California Labor Code Private Attorneys General Act ("PAGA") representative action (Cal. Lab. Code, §§ 2699, *et seq.*) against Ms. Blair's current employer, Little Caesar Enterprises, Inc. ("Little Caesars"). The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations which Little Caesars is alleged to have engaged in with respect to Ms. Blair and all other persons who worked for Little Caesars in California as a non-exempt or hourly-paid employee at any time within the applicable statutory period (the "Aggrieved Employees").

Ms. Blair wishes to pursue this action as an aggrieved employee, on behalf of the State of California, as well as on behalf of all other Aggrieved Employees.

Ms. Blair and the Aggrieved Employees suffered the California Labor Code violations described below.

Ms. Blair's Employment with Little Caesars

Little Caesars owns or owned and operates or operated an industry, business, and establishment within the State of California. Thus, and based upon all the facts and circumstances incident to Little Caesars business in California, Little Caesars is subject to the California Labor Code, Wage

Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business and Professions Code.

Ms. Blair worked for Little Caesars in California since on or around April 16, 2024 as an hourly-paid, non-exempt employee. During Ms. Blair's employment for Little Caesars, Little Caesars paid Ms. Blair an hourly wage and classified Ms. Blair as non-exempt from overtime. Little Caesars typically scheduled Ms. Blair to work at least five days in a workweek and at least eight hours per day, but Ms. Blair regularly worked more than eight hours in a workday and/or more than 40 hours in a workweek.

Throughout Ms. Blair's employment, Little Caesars: (1) failed to pay for all hours worked (including minimum, straight time, and overtime wages); (2) failed to provide Ms. Blair with legally compliant meal periods (and pay corresponding meal period premium wages at the correct rate of pay); (3) failed to authorize and permit Ms. Blair to take rest periods; (4) failed to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal and rest period premium pay; (5) failed to timely pay all final wages to Ms. Blair when Little Caesars terminated Ms. Blair's employment; (6) failed to furnish accurate wage statements to Ms. Blair; and (7) failed to indemnify Ms. Blair for expenditures. As discussed below, Ms. Blair's experience working for Little Caesars was typical and illustrative.

**Little Caesars Failed to Pay for All Hours Worked,
Including Minimum, Straight Time, and Overtime Wages**

Under California law, an employer must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

In addition, California Labor Code section 510 provides that employees in California shall not be employed more than eight hours in any workday or 40 hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

California Labor Code sections 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code section 1198 states that the employment of an employee for longer hours than those fixed by the IWC is unlawful.

Throughout the statutory period, Little Caesars maintained a policy and practice of not paying Ms. Blair and the Aggrieved Employees for all hours worked, including minimum, straight time, and overtime wages. Little Caesars required Ms. Blair and the Aggrieved Employees to work "off-the-clock," uncompensated, by, for example, requiring Ms. Blair and the Aggrieved Employees to perform work prior to clocking in for the workday, during unpaid meal periods, and after clocking out for the workday. Some of this unpaid work should have been paid at the overtime rate. In failing to pay for all hours worked, Little Caesars also failed to maintain accurate records of the hours Ms. Blair and the Aggrieved Employees worked.

The failure to pay for all hours worked also includes a system of time rounding and/or synthetic timekeeping that resulted in unpaid compensation for time worked pre-shift, post-shift, and when meal periods were supposedly recorded. If proven to be implemented by Little Caesars, this system resulted, over a period of time, in failing to compensate Ms. Blair and the Aggrieved Employees properly for all the time they have actually worked even though the realities of Little Caesars' operations are such that it is possible, practical, and feasible to count and pay for work time to the minute. Accordingly, this system frequently paid Ms. Blair and the Aggrieved Employees less than all their work time. Some of this unpaid work also should have been paid at the overtime rate. In failing to pay for all hours worked, again Little Caesars may have also failed to maintain accurate records of the hours Ms. Blair and the Aggrieved Employees worked.

As a result, Little Caesars is liable to Ms. Blair and the Aggrieved Employees for the civil penalties provided for in California Labor Code sections 210, 1197.1, and 2699, subdivision (f)(2) for failing to pay for all hours worked, including minimum, straight time, and overtime wages.

Failure to Provide Meal Periods

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the start of the sixth hour of work in a workday, and to allow employees to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal periods.

Despite these legal requirements, Little Caesars wrongfully failed to provide Ms. Blair and the Aggrieved Employees with legally compliant meal periods. Little Caesars regularly, but not always, required Ms. Blair and the Aggrieved Employees to work in excess of five consecutive hours a day without providing a 30-minute, uninterrupted, and duty-free meal period for every five hours of work, or without compensating Ms. Blair and the Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of work or tenth hour of work. Instead, Little Caesars continued to assert control over Ms. Blair and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal periods, or by denying Ms. Blair and the Aggrieved Employees permission to take a meal period. Little Caesars also never informed Ms. Blair of the right to, nor permitted Ms. Blair to take, a second meal period when Ms. Blair worked at least 10 hours in a workday. Accordingly, Little Caesars' policy and practice was not to provide meal periods to Ms. Blair and the Aggrieved Employees in compliance with California law.

Ms. Blair and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday they were not provided with all required meal periods. Little Caesars, however, regularly failed to pay Ms. Blair and the Aggrieved Employees the additional wages to which they were entitled for meal periods and that were not provided.

As a result, Little Caesars is liable to Ms. Blair and the Aggrieved Employees for the civil penalties provided for in California Labor Code sections 210 and 2699, subdivision (f)(2) for failing to provide meal periods and pay meal period premium wages.

Failure to Authorize and Permit Rest Periods

Employers are required by California law to authorize and permit breaks of 10 uninterrupted minutes for each four hours of work or major fraction of four hours (i.e. more than two hours). Thus, for example, if an employee's work time is six hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as so required is itself a violation of California's rest break laws.

Throughout the statutory period, Little Caesars has wrongfully failed to authorize and permit Ms. Blair and the Aggrieved Employees to take legally compliant rest periods. Little Caesars regularly required Ms. Blair and the Aggrieved Employees to work in excess of four consecutive hours a day without Little Caesars authorizing and permitting them to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Ms. Blair and the Aggrieved Employees for rest periods that were not authorized or permitted. Instead, Little Caesars continued to assert control over Ms. Blair and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Ms. Blair and the Aggrieved Employees permission to take a rest period. Accordingly, Little Caesars' policy and practice was to not authorize and permit Ms. Blair and the Aggrieved Employees to take rest periods in compliance with California law.

Ms. Blair and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday they were not authorized and permitted to take all required rest periods. Little Caesars, however, regularly failed to pay Ms. Blair and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

As a result, Little Caesars is liable to Ms. Blair and the Aggrieved Employees for the civil penalties provided for in California Labor Code sections 210 and 2699, subdivision (f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

Failure to Accurately Calculate Overtime Pay, Sick Pay, and Meal Period Premium Pay When Issuing Non-Discretionary Remuneration

Federal law defining and interpreting "regular rate" under the Fair Labor Standards Act ("FLSA") governs this case. (*Alonzo v. Maximus, Inc.* (C.D. Cal. 2011) 832 F.Supp.2d 1122, 1129.) This "construction is supported by California case law and the DLSE Manual, each of which looks to FLSA standards to interpret the 'regular rate of pay' under California law." (*Ibid.*) "Under the FLSA, the 'regular rate' of pay 'at which an employee is employed shall be deemed to include all remuneration for employment paid to, or on behalf of, the employee,' subject to certain enumerated exceptions." (*Id.* at pp. 1129–30, quoting 29 U.S.C. § 207, subd. (e)(3).) "The burden is on Little Caesars to establish that its bonus payments fall within one of the exceptions in § 207(e)." (*Ibid.*)

The Department of Labor has interpreted section 207 to permit an employer to exclude a "discretionary bonus," but not a "promised bonus" from the "regular rate" of pay:

> Bonuses which are announced to employees to induce them to work more steadily or more rapidly or more efficiently or to remain with the firm are regarded as part of the regular rate of pay. Attendance bonuses, individual or group production bonuses, bonuses for quality and accuracy of work, bonuses contingent upon the employee's continuing in employment until the time the payment is to be made and the like are in this category. They must be included in the regular rate of pay.

(29 C.F.R. § 778.211 (2011); *see also* DLSE Manual § 49.1.2.4, subd. (3), incorporating 29 C.F.R. § 778.211.)

Ms. Blair and/or the Aggrieved Employees received various forms of bonuses/commissions/incentive payments during pay periods where overtime was worked, but Little Caesars failed to *accurately* factor in the non-discretionary remuneration into their regular rate of pay.

As outlined by the California Supreme Court in *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858, 878, for purposes of paying sick pay and premiums, "the term 'regular rate of compensation' in section 226.7(c) has the same meaning as 'regular rate of pay' in section 510(a) and encompasses not only hourly wages but all nondiscretionary payments for work performed by the employee."

Little Caesars should have included all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay. Because it did not, Little Caesars is liable to Ms. Blair and/or the Aggrieved Employees for the civil penalties provided for in California Labor Code sections 210 and 2699, subdivision (f)(2).

Failure to Pay All Earned Wages Twice Per Month

Based on its failure to pay Ms. Blair and the Aggrieved Employees for all wages as discussed above, Little Caesars also violated California Labor Code section 204.

Section 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for overtime hours worked. However, during all such times, Little Caesars systematically failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal periods not provided by Little Caesars, all wages for all rest periods not authorized and permitted by Little Caesars, and all wages for all hours worked. As a result, Little Caesars owes employees the legally required wages for unpaid wages, and Ms. Blair and the Aggrieved Employees suffered damages in those amounts.

Moreover, Little Caesars is liable to Ms. Blair and the Aggrieved Employees for the civil penalties provided for in California Labor Code section 210 for failing to pay all earned wages twice per month.

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

Ms. Blair seeks penalties under California Labor Code section 1174, subdivision (d). Pursuant to California Labor Code section 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by California Labor Code section 1174 is subject to a penalty under section 1174.5. Pursuant to the applicable IWC Order section 7, subdivision (A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

Little Caesars, however, failed to maintain accurate records of hours worked and all meal periods taken or missed by Ms. Blair and the Aggrieved Employees.

Little Caesars' failure to provide and maintain records required by the California Labor Code and the applicable IWC Wage Orders deprived Ms. Blair and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Little Caesars' records. Therefore, Ms. Blair and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Little Caesars. As a direct result, Ms. Blair and the Aggrieved Employees have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking to compel Little Caesars to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Little Caesars' knowing failure to comply with the California Labor Code and applicable IWC Wage Orders, Ms. Blair and the Aggrieved Employees have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

Failure to Timely Pay All Wages at Termination

California Labor Code sections 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than 72 hours thereafter, unless the employee has given 72 hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

Within the applicable statute of limitations, the employment of Ms. Blair and many other Aggrieved Employees ended, i.e., was terminated by quitting or being discharged, and the employment of others will be terminated. However, during the relevant time period, Little Caesars failed, and continues to fail to pay Ms. Blair and terminated Aggrieved Employees, without abatement, all wages required to be paid by California Labor Code sections 201 and 202 either at the time of discharge, or within 72 hours of their leaving Little Caesars' employment. These unpaid wages include wages for unpaid work time (including minimum, straight time, and overtime wages), missed meal period premium wages, and missed rest period premium wages.

Little Caesars' conduct violates California Labor Code sections 201 and 202. California Labor Code section 203 provides that if an employer willfully fails to pay wages owed, in accordance with sections 201 and 202, then the wages of the employee shall continue as a penalty wage from the due date, and at the same rate until paid or until an action is commenced; but the wages shall not continue for more than 30 days.

Accordingly, Ms. Blair and the Aggrieved Employees are entitled to recover from Little Caesars their additionally accruing wages for each day they were not paid, at their regular hourly rate of pay, up to 30 days maximum pursuant to California Labor Code section 203.

Moreover, Little Caesars is liable to Ms. Blair and the Aggrieved Employees for the civil penalties provided for in California Labor Code section 2699, subdivision (f)(2) for failing to timely pay all wages at termination.

Failure to Furnish Accurate Itemized Wage Statements

California Labor Code section 226, subdivision (a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (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, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and 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. An employee is presumed to suffer an injury if this information is missing. (Cal. Lab. Code, § 226, subd. (e)(2)(B)(iii).)

The statute further provides: "An employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars ($50) for the initial pay period in which a violation occurs and one hundred dollars ($100) per employee for each violation in a subsequent pay period, not to exceed an aggregate penalty of four thousand dollars ($4,000), and is entitled to an award of costs and reasonable attorney's fees." (Cal. Lab. Code, § 226, subd. (e)(1).)

Throughout the statutory period, Little Caesars failed to furnish Ms. Blair and the Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law). Whether unpaid premiums for missed meal periods must be reported as "wages earned" and credited as "hours worked" in wage statements has been a settled issue since at least 2022.

Because Little Caesars violated California Labor Code section 226, Ms. Blair and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights. Accordingly, Ms. Blair and similarly Aggrieved Employees are entitled to recover from Little Caesars the greater of their actual damages caused by Little Caesars' failure to comply with California Labor Code section 226, subdivision (a), or an aggregate penalty not exceeding $4,000 per employee.

Moreover, Little Caesars is liable to Ms. Blair and the Aggrieved Employees for the civil penalties provided for in California Labor Code section 226.3 for failing to furnish accurate itemized wage statements.

Failure to Indemnify for Necessary Expenditures

California Labor Code section 2802, subdivision (a) provides that employers shall indemnify his or her employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of his or her duties. Throughout the statute of limitations period applicable to this cause of action, Little Caesars wrongfully required Ms. Blair and/or the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Little Caesars. Ms. Blair and/or the Aggrieved Employees paid out-of-pocket for necessary employment-related expenses (which is defined as including, without limitation, work attire, work equipment, personal protective equipment, use of personal cell phones, and/or use of personal vehicles). Ms. Blair and/or the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Little Caesars, but Little Caesars failed to indemnify Ms. Blair and/or the Aggrieved Employees for these employment-related expenses.

As a result, Little Caesars is liable to Ms. Blair and/or the Aggrieved Employees for the civil penalties provided for in California Labor Code sections 2802 and 2699, subdivisions (f)(2) for failing to indemnify Ms. Blair and/or the Aggrieved Employees for necessary business expenditures.

Action for Civil Penalties Under PAGA

In light of the above, Ms. Blair alleges that Little Caesars violated the following provisions of the California Labor Code with respect to the Aggrieved Employees:

1. California Labor Code sections 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;

2. California Labor Code section 226.7 and applicable Wage Orders by failing to provide meal periods;

3. California Labor Code section 226.7 and applicable Wage Orders by failing to authorize and permit rest periods;

4. California Labor Code sections 226.7, 246, 510, and applicable Wage Orders by failing to include all non-discretionary remuneration when calculating overtime pay, sick pay, and meal period premium pay;

5. California Labor Code section 204 by failing to pay all earned wages two times per month;

6. California Labor Code section 1174.5 and applicable Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;

7. California Labor Code sections 201 to 203 by willfully failing to pay all wages owed at termination;

8. California Labor Code section 226 by failing to provide accurate itemized wage statements; and

9. California Labor Code section 2802 by failing to indemnify for necessary expenditures.

Therefore, on behalf of all Aggrieved Employees, Ms. Blair seeks applicable penalties related to the violations alleged above pursuant to PAGA. These include, but are not limited to, penalties under California Labor Code sections 210, 226.3, 1174.5, 1197.1, and 2699, subdivision (f)(2).

Ms. Blair has placed Little Caesars on notice by mailing a certified copy of this correspondence, as indicated on the first page. Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

Sincerely,

Jesenia A. Martinez
jesenia.martinez@wilshirelawfirm.com
Wilshire Law Firm, PLC