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March 25, 2025

VIA ONLINE SUBMISSION

California Labor & Workforce Development Agency
ATTN: PAGA Administrator
(https://dir.govfa.net/308)

Subject: *Natalie Soto v. Overeasy, Inc.*

Dear PAGA Administrator:

This office represents Natalie Soto in connection with her claims under the California Labor Code. Ms. Soto was an employee of OVEREASY, INC. ("OVEREASY").

The employer may be contacted directly at the address below:

OVEREASY, INC.
10681 FOOTHILL BLVD STE. 101
RANCHO CUCAMONGA, CA 91730

Ms. Soto intends to seek civil penalties, attorneys' fees, costs, and other available relief for violations of the California Labor Code, which are recoverable under sections 2698, *et seq.*, the Labor Code Private Attorneys General Act of 2004 ("PAGA"). Ms. Soto seeks relief on behalf of herself, the State of California, and other persons who are or were employed by OVEREASY as a non-exempt, hourly paid employee in California and who received at least one wage statement ("aggrieved employees"). This letter is sent in compliance with the notice and reporting requirements of California Labor Code section 2699.3.

OVEREASY employed Ms. Soto as an hourly paid, non-exempt employee from approximately September to November 2024. Ms. Soto worked for OVEREASY as a Cashier at OVEREASY's Corky's Kitchen & Bakery restaurant in Pomona, California. During her employment, Ms. Soto typically worked 3.5 to five (5) hours per day and two (2) to three (3) days per week. At the time her employment ended, Ms. Soto was compensated approximately $16.00 per hour. Her primary job duties included, without limitation, taking customers' orders, answering phone calls, serving food, and bussing and cleaning tables.

OVEREASY has committed each of the following Labor Code violations against Ms. Soto, the facts and theories of which follow, making her an "aggrieved employee" pursuant to California Labor Code section 2699(c)(1): [1]

OVEREASY's Company-Wide and Uniform Payroll and HR Practices

OVEREASY, INC. is a California corporation that owns a chain of 24-hour diner restaurants that operate under the name "Corky's Kitchen & Bakery," with approximately 12 restaurant locations in California. Upon information and belief, OVEREASY maintains a single, centralized Human Resources (HR) department at its corporate headquarters in Rancho Cucamonga, California, for all non-exempt, hourly paid employees working for OVEREASY in California, including Ms. Soto and other aggrieved employees. At all relevant times, OVEREASY issued and maintained uniform, standardized scheduling and timekeeping practices and procedures for all non-exempt, hourly paid employees in California, including Ms. Soto and other aggrieved employees, regardless of their location or position.

Upon information and belief, OVEREASY maintains a centralized Payroll department at its corporate headquarters in Rancho Cucamonga, California, which processes payroll for all non-exempt, hourly paid employees working for OVEREASY in California, including Ms. Soto and other aggrieved employees. Further, OVEREASY issues the same formatted wage statements in the same manner for all non-exempt, hourly paid employees working in California, including Ms. Soto and other aggrieved employees, irrespective of their location, position, or manner in which each employee's employment ended. In other words, OVEREASY utilized the same methods and formulas when calculating wages due to Ms. Soto and other aggrieved employees in California.

Violation of California Labor Code §§ 226.7, 516, and 1198 – Failure to Authorize and Permit Rest Periods

California Labor Code sections 226.7, 516, and 1198, and the applicable Industrial Welfare Commission ("IWC") Wage Order require employers to provide rest periods and to pay an employee one (1) additional hour of pay at the employee's regular rate for each work day that a meal or rest period is not provided. California Labor Code section 226.7 provides that no employer shall require an employee to work during any rest period mandated by an applicable order of the California IWC. The applicable IWC Wage Order provides that "[e]very employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period" and that the "rest period time shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof" unless the total daily work time is less than three and one-half (3 ½) hours.

To comply with its obligation to authorize and permit rest periods under California Labor Code section 226.7 and the applicable IWC Wage Order, an employer must "relinquish any control over

[1] These facts, theories, and claims are based on Ms. Soto's experience and counsel's review of those records currently available relating to Ms. Soto's employment. Discovery conducted in litigation of wage and hour claims such as these often reveals additional claims that the aggrieved employee was not initially aware of (because the aggrieved employee was not aware of the law's requirements, the employer misinformed its employee of the law's requirements, or because the employer effectively hid the violations). Thus, Ms. Soto reserves the right to supplement this letter with additional facts, theories, and claims if she becomes aware of them subsequent to the submission of this letter.

how employees spend their break time, and relieve their employees of all duties—including the obligation that an employee remain on call. A rest period, in short, must be a period of rest." *Augustus, et al. v. ABM Security Services, Inc*., 2 Cal. 5th 257, 273 (2016).

During the relevant time period, OVEREASY regularly failed to authorize and permit Ms. Soto and other aggrieved employees to take a ten (10) minute rest period per each four (4) hour period worked or major fraction thereof. OVEREASY had a company-wide policy or practice of failing to schedule rest periods at all. OVEREASY also had a company-wide policy and/or practice understaffing their locations such there were too few employees on duty to handle the workload and attend to customers. Because OVEREASY did not employ or staff a sufficient number of employees to meet customer demand, there was no one available to relieve employees needing rest period coverage, and Ms. Soto and/or other aggrieved employees were not always afforded uninterrupted 10-minute rest periods during shifts when they were entitled to receive rest periods. OVEREASY's failure to schedule rest periods entirely, coupled with OVEREASY's failure to provide adequate rest period coverage, led to Ms. Soto and other aggrieved employees not being authorized and permitted to take rest periods.

Furthermore, upon information and belief, during the relevant time period, OVEREASY maintained and implemented a company-wide on-premises rest period policy, which effectively required that Ms. Soto and other aggrieved employees remain on the work premises during their rest periods. Because Ms. Soto and other aggrieved employees were restricted from leaving the premises during rest periods, they were denied the ability to use their rest periods freely for their own purposes, such as running personal errands. Thus, OVEREASY effectively maintained control over Ms. Soto and other aggrieved employees during rest periods.

As a result of OVEREASY's practices and policies, Ms. Soto and other aggrieved employees worked shifts in excess of 3.5 hours, in excess of 6 hours, and/or in excess of 10 hours without receiving all uninterrupted 10-minute rest periods to which they were entitled. For example, Ms. Soto had to forgo her rest periods entirely due to the lack of coverage.

OVEREASY has also engaged in a company-wide practice and/or policy of not paying all rest period premiums owed when compliant rest periods are not authorized and permitted. Because of this practice and/or policy, Ms. Soto and other aggrieved employees have not received premium pay for all missed rest periods.

Accordingly, OVEREASY failed to authorize and permit all rest periods in violation of California Labor Code sections 226.7, 516, and 1198. Ms. Soto and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring OVEREASY into compliance with the applicable IWC Wage Order and Labor Code sections 226.7, 516, and 1198, pursuant to Labor Code sections 558 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 226(a), 1174(d), and 1198 – Non-Compliant Wage Statements and Failure to Maintain Accurate Payroll Records

California Labor Code section 226(a) requires employers to make, keep and provide true, accurate, and complete employment records. OVEREASY has not provided Ms. Soto and other aggrieved employees with properly itemized wage statements. Labor Code section 226(e) provides that if an employer fails to comply with providing an employee with properly itemized wage statements as set forth in 226(a), then the employee is entitled to recover the greater of all actual damages or $50 for the initial pay period in which a violation occurs and $100 per employee for each violation in a subsequent pay period, not to exceed $4,000. Further, Labor Code section 226.3 provides that any employer who violates section 226(a) shall be subject to a civil penalty in the amount of $250 per employee per violation in an initial citation and $1,000 per employee for each violation in a subsequent citation, for which the employer fails to provide the employee a wage statement or fails to keep the required records pursuant to Section 226(a).

During the relevant time period, OVEREASY has knowingly and intentionally provided Ms. Soto and other aggrieved employees with uniform, incomplete, and inaccurate wage statements. For example, OVEREASY issued uniform wage statements to Ms. Soto and other aggrieved employees that fail to correctly list: gross wages earned; net wages earned; and all applicable hourly rates in effect during the pay period, including rates of pay for rest period premium wages, and the corresponding number of hours worked at each hourly rate. Specifically, OVEREASY violated sections 226(a)(1), 226(a)(5), and 226(a)(9).

Because OVEREASY did not pay Ms. Soto and other aggrieved employees rest period premium wages for noncompliant rest periods, OVEREASY did not list the correct amount of gross wages and net wages earned by Ms. Soto and other aggrieved employees, in compliance with section 226(a)(1) and section 226(a)(5), respectively. For the same reason, OVEREASY failed to list the applicable hourly rates of pay in effect during the pay period, namely, the rates of pay for rest period premium wages, in violation of section 226(a)(9).

The wage statement deficiencies also include, without limitation, failing to list the total hours worked by the employee; failing to list the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis; failing to list all deductions; failing to list the inclusive dates of the period for which aggrieved employees were paid; failing to list 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; and/or failing to list the name and address of the legal entity that is the employer.

California Labor Code section 1174(d) provides that "[e]very person employing labor in this state shall . . . [k]eep a record showing the names and addresses of all employees employed and the ages of all minors" and "[k]eep, at a central location in the state or at the plants or establishments at which employees are employed, payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments . . . ." Labor Code section 1174.5 provides that employers are subject to a $500 civil penalty if they fail to maintain accurate and complete records as required by section 1174(d). During the relevant time period, and in violation of Labor Code section 1174(d), OVEREASY willfully failed to maintain accurate payroll records for Ms. Soto and/or other aggrieved employees showing the all the wages paid to them as a result of failing to record all wages owed, including rest period premium wages.

California Labor Code section 1198 provides that the maximum hours of work and the standard conditions of labor shall be those fixed by the Labor Commissioner and as set forth in the applicable IWC Wage Order. Section 1198 further provides that "[t]he employment of any employees for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful." Pursuant to the applicable IWC Wage Order, employers are required to keep accurate records showing the total wages paid each payroll period. During the relevant time period, OVEREASY engaged in company-wide practices and/or policies of failing to keep accurate records of total wages paid each payroll period as a result of failing to record all wages owed, including rest period premium wages for Ms. Soto and/or other aggrieved employees, in violation of section 1198.

Because OVEREASY failed to provide the correct net and gross wages earned, applicable rates of pay, and number of total hours worked on wage statements, Ms. Soto and other aggrieved employees have been prevented from verifying, solely from information on the wage statements themselves, that they were paid correctly and in full. Instead, Ms. Soto and other aggrieved employees have had to look to sources outside of the wage statements themselves and reconstruct time records to determine whether in fact they were paid correctly and the extent of underpayment, thereby causing them injury.

Ms. Soto and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring OVEREASY into compliance with the applicable IWC Wage Order and Labor Code sections 226(a), 1174(d), and 1198, pursuant to Labor Code sections 226.3, 1174.5, and/or 2699(a), (f), and (k).

Violation of California Labor Code § 204 – Failure to Timely Pay Wages During Employment

California Labor Code section 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following month. California Labor Code section 204 also requires that all wages earned for labor in excess of the normal work period shall be paid no later than the payday for the next regular payroll period. Alternatively, California Labor Code section 204 provides that the requirements of this section are deemed satisfied by the payment of wages for weekly, biweekly, or semimonthly payroll if the wages are paid not more than seven (7) calendar days following the close of the payroll period.

During the relevant time period, OVEREASY willfully failed to pay Ms. Soto and other aggrieved employees all wages due including, but not limited to, rest period premium wages and/or reporting time pay within the time periods specified by California Labor Code section 204.

Ms. Soto and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring OVEREASY into compliance with Labor Code section 204, pursuant to Labor Code sections 210 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 201 and 202 – Failure to Timely Pay Final Wages Upon 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 seventy-two (72) hours thereafter, unless the employee has given seventy-two (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.

OVEREASY willfully failed to pay Ms. Soto and other aggrieved employees who are no longer employed by OVEREASY the earned and unpaid wages set forth above, including but not limited to, rest period premium wages and/or reporting time pay, either at the time of discharge, or within seventy-two (72) hours of their leaving OVEREASY's employ.

Ms. Soto and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring OVEREASY into compliance with Labor Code sections 201 and 202, pursuant to Labor Code sections 256 and/or 2699(a), (f), and (k).

<u>Violation of California Labor Code § 1198 and California Code of Regulations Title 8, Section 11050 Subdivision 5(A) – Failure to Pay Reporting Time Pay</u>

California Labor Code section 1198 dictates that no employer may employ an employee under conditions of labor that are prohibited by the applicable IWC wage order. California Labor Code section 1198 further requires that ". . . the standard conditions of labor fixed by the commission shall be the . . . standard conditions of labor for employees. The employment of any employee . . . under conditions of labor prohibited by the order is unlawful."

California Code of Regulations, Title 8, section 11050(5)(A) provides that "[e]ach workday an employee is required to report for work and does report, but is not put to work or is furnished less than half said employee's usual or scheduled day's work, the employee shall be paid for half the usual or scheduled day's work, but in no event for less than two (2) hours nor more than four (4) hours, at the employee's regular rate of pay, which shall not be less than the minimum wage." The "primary purpose of the reporting time regulation" is "to guarantee at least partial compensation for employees who report to work expecting to work a specified number of hours, and who are deprived of that amount because of inadequate scheduling or lack of proper notice by the employer." *Aleman v. AirTouch Cellular*, 209 Cal. App. 4th 556 (2012).

During the relevant time period, OVEREASY violated California Labor Code section 1198 and California Code of Regulations, Title 8, section 11050(5)(A), because OVEREASY failed to pay Ms. Soto and other aggrieved employees reporting time pay when they reported to work for their usual or scheduled shift but were put to work for less than half of their usual or scheduled day's work.

On information and belief, OVEREASY had a company-wide practice of sending Ms. Soto and other aggrieved employees home early from their shifts, including before they had worked at least half of their usual or scheduled shift, but would not pay Ms. Soto and other aggrieved employees for half of their usual or scheduled shift. For example, on at least four (4) occasions, when Ms. Soto was scheduled to work a shift of 3.5 to five (5) hours, OVEREASY's managers sent Ms. Soto home about one (1) hour after the start of her shift because business was slow. However, on information and belief, Ms. Soto was only paid for the time she had worked. Although Ms. Soto and other aggrieved employees would report to work based on the schedule that OVEREASY provided to them, OVEREASY would send them home before they had worked at least half of their usual or scheduled shifts. When this occurred, OVEREASY did not pay Ms. Soto and other aggrieved employees for at least half of their scheduled day's work or the minimum reporting time pay.

Accordingly, Ms. Soto and other aggrieved employees were not properly compensated with reporting time pay in violation of California Labor Code section 1198 and California Code of Regulations, Title 8, section 11050(5A). Ms. Soto and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring OVEREASY into compliance with the applicable IWC Wage Order and Labor Code section 1198, pursuant to Labor Code sections 2699(a), (f), and (k).

<u>California Labor Code § 558(a)</u>

California Labor Code section 558(a) provides "[a]ny employer or other person acting on behalf of an employer who violates, or causes to be violated, a section of this chapter or any provision regulating hours and days of work in any order of the Industrial Welfare Commission shall be subject to a civil penalty as follows: (1) For any initial violation, fifty dollars ($50) for each underpaid employee for each pay period for which the employee was underpaid . . . . (2) For each subsequent violation, one hundred dollars ($100) for each underpaid employee for each pay period for which the employee was underpaid . . . ." Labor Code section 558(c) provides that "[t]he civil penalties provided for in this section are in addition to any other civil or criminal penalty provided by law." OVEREASY, at all relevant times, was an employer or person acting on behalf of an employer(s) who violated Ms. Soto's and other aggrieved employees' rights by violating various sections of the California Labor Code.

Accordingly, Ms. Soto seeks the remedies set forth in Labor Code section 558 for herself, the State of California, and all other aggrieved employees. Specifically, pursuant to PAGA, and in particular California Labor Code sections 1194.5, 2699(a), 2699(k), 2699.3(a), 2699.3(c), 2699.5, and 558, Ms. Soto, acting in the public interest as a private attorney general, seeks assessment and collection of civil penalties and injunctive relief for herself, all other aggrieved employees, and the State of California against OVEREASY for violations of California Labor Code sections 201, 202, 204, 226(a), 226.7, 512(a), 516, 1174(d), and 1198.

Therefore, on behalf of all aggrieved employees, Ms. Soto seeks all applicable civil penalties related to these violations of the California Labor Code pursuant to PAGA.

Thank you for your attention to this matter. If you have any questions, please contact me at the phone number or address below:

Sairah Budhwani
Capstone Law APC
1875 Century Park East, Suite 1000
Los Angeles, CA 90067
(310) 556-4811

Best Regards,

Sairah Budhwani

Copy: OVEREASY, INC. (via U.S. Certified Mail)

Capstone Law, APC
1875 Century Park, East, 1000
Los Angeles, CA. 90067

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