

July 2, 2025

JOINT REQUEST FOR APPROVAL OF SETTLEMENT

VIA LWDA E-FILE

California Labor and Workforce Development
Agency

Re: Clark v. Woodland Veterinary Hospital
LWDA Case No.: LWDA-CM-1084200-25

Gentlepersons:

Claimant Rachel Clark and Respondent Woodland Veterinary Hospital write to request approval of a settlement reached between Rachael Clark and Woodland Veterinary Hospital in reference to the PAGA notice served by Ms. Clark in LWDA-CM-10084200-25.

The case has resolved between the parties for a total payment of \$5,000 (five thousand dollars), all of which will be paid to the aggrieved employees and the LWDA. Plaintiff has reviewed this letter and consents to Woodland Veterinary Hospital's request for dismissal.

The basis for the settlement is that the primary violation was discovered and voluntarily cured by Woodland Veterinary Hospital as to everyone but Rachael Clark, nearly a year before the PAGA notice was sent, such that only a few weeks of penalties would be recoverable. The other violations are disputed by Woodland Veterinary Hospital, and most are unique to Rachael Clark—the only nonexempt employee permitted to work from home at times—who regularly did not clock in and out as other employees did.

1. Alleged missed meal and rest break premiums/Failure to keep accurate wage statements

California Labor Code § 226.7 prohibits employers from making non-exempt employees work during meal breaks. "An employer's duty with respect to meal breaks...is an obligation to provide a meal period to its employees. The employer satisfies this obligation if it relieves its employees of all duty, relinquishes control over their activities and permits them a reasonable uninterrupted 30-minute break, and does not impede or discourage them from doing so." *Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal.4th 1004, 1040. "[A]n employer is not obligated to police meal breaks and ensure no work thereafter is performed." *Brinker*, 53 Cal.4th at 1040. Indeed, "[p]roof an employer had knowledge of employees working through meal

periods will not alone subject the employer to liability for premium pay; employees cannot manipulate the flexibility granted to them by employer to use their breaks as they see fit to generate such liability.” *Id.*

Woodland Veterinary Hospital discovered in April 2024 that its subsequently terminated office manager had taken it upon herself to remove missed meal premiums which were automatically generated from payroll whenever a non-exempt employee took a meal break 5 or more hours after beginning work, or for less than a full 30 minutes. Although, payment of a meal break premium is not automatic in such circumstances, upon discovering this error, Woodland Veterinary Hospital immediately corrected it by conducting an audit of all payroll records and voluntarily paying all past and former employees, with the exception of Rachel Clark, meal premiums for all periods which showed up on the payroll, whether those late or missed meal periods were voluntary or not.

Woodland did pay Ms. Clark for meal period premiums on days when Ms. Clark was clocked in and out at the clinic and late or short meal periods appeared to have occurred, but there a dispute remained regarding whether Ms. Clark was entitled to meal premiums for days on which Ms. Clark worked from home, and did not clock in and out. The disputed claims have since been resolved with Ms. Clark through an individual settlement.

At the same time the past violations were cured, Woodland Veterinary Hospital set up a payroll system which automatically generated payment of all late, missed or short meal periods, so that meal premiums are now automatically added to payroll and paid, thus curing the historical violations and ensuring they do not reoccur.

The total number of paychecks issued during the PAGA period, commencing March 4, 2024, during which meal period premiums were not paid is 127. If the case were to proceed to litigation, Woodland Veterinary would inquire regarding whether the later or short meal periods were voluntary or caused by the press of business, and not all paychecks would necessarily have meal premium violations. Additionally, Woodland contends that the total penalty would be reduced if the action proceeded to trial under California Labor Code section 2699(e) because Woodland Veterinary Hospital made a good faith attempt to comply with the law, and voluntarily did so as soon as the error was discovered. See *Carrington v. Starbucks Corp.* (2018) 30 Cal.App.5th 504, 529 [affirming 90% reduction of PAGA penalties based on employer’s good faith attempt to comply].

2. Unlawful failure to pay overtime

The alleged failure to pay overtime is disputed by Woodland Veterinary Hospital, which contended that it required all nonexempt workers to clock in and out and automatically paid overtime wages as required by law when overtime was incurred. However, an employer can only pay for “off the clock” work that it knows about. *Morillion v. Royal Packing Co.* (2000) 22

Cal.4th 575, 585; *see Gaines v. K-Five Const. Corp.* (7th Cir. 2014) 742 F.3d 256, 270 ["While an employer cannot slyly sit back in order to reap extra work without pay, it has no obligation to pay for work it did not know about and had no reason to know about"].

A dispute arose between Rachel Clark and Woodland Veterinary Hospital regarding whether she was entitled to overtime pay for days when she worked from home and did not formally clock in and out. Woodland contended that it was not required to pay overtime for time that was not reported by Ms. Clark, and further contended that Ms. Clark was required to and did verify her hours worked through emails with the office manager. This dispute has been resolved through an individual settlement and does not involve other workers.

3. Alleged failure to track and identify accurate hours worked

Here, Woodland contends that its paycheck stubs included all hours worked as identified through time clocks, and in the case of some hours worked by Rachel Clark, employee self-reported hours worked. An employer is only required to present the regular and overtime hours worked in the pay period which are the basis for the compensation paid, so the employee can determine whether they have been compensated properly. *Soto v. Motel 6 Operating, L.P.* (2016) 4. Cal.App.5th 385, 390. This dispute has been resolved through an individual settlement and does not involve other workers.

4. Alleged failure to pay waiting time penalties

Woodland has contended that Ms. Clark, a current employee who is on a leave of absence, is not an aggrieved employee and thus does not have standing to raise this issue. In any event, Woodland contends that there are no other employees within the PAGA class who would have been owed waiting time penalties, as all former employees within the PAGA class were paid for all break meal premiums arguably owed upon discovery of the error.

The Settlement is Reasonable Under the Circumstances

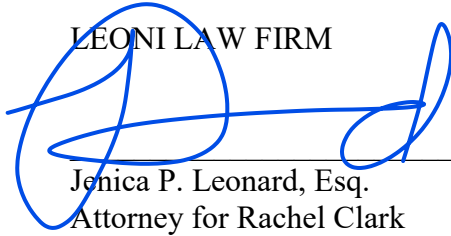
Based on the foregoing, Rachel Clark and Woodland Veterinary Hospital believe that the foregoing settlement of \$5,000, all of which will be split between the LWDA and aggrieved employees is reasonable under the circumstances. The primary issue over meal period premiums was voluntarily resolved by Woodland nearly a year before the PAGA notice was filed and served. There are a small amount of paychecks at issue (127) and Woodland would be entitled to dispute whether missed meal periods were voluntary for each paycheck. In any event, the court would be likely to reduce the penalties given Woodland's good faith in voluntarily paying the meal premiums immediately upon discovering the errors. The rest of claims primarily involve an issue unique to Ms. Clark, the sole non-exempt employee to work from home at times. Those issues are in dispute, and have been separately settled.

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Please let us know if you have any questions regarding this settlement.

Signed this 2nd Day of July by:

LEONI LAW FIRM



Jenica P. Leonard, Esq.
Attorney for Rachel Clark

KLINEDINST PC

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Attorney for Woodland Veterinary Clinic