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May 30, 2025

Via Online Submission

California Labor & Workforce Development Agency
Attn: PAGA Administrator
455 Golden Gate Avenue, 9th Floor
San Francisco, CA 94102

Via U.S. Certified Mail

Sullivan Automotive Group, LLC
ATTN: Legal Dept.
1501 Santa Monica Blvd.
Santa Monica, CA 90404

Registered Agent for Sullivan Automotive Group, LLC
Corporation Service Company
2710 Gateway Oaks Drive
Sacramento, CA 95833

**Re: *Younes Younes v. SAG Automotive Group, Inc.*
California Labor Code section 2699.3 Notice of Labor Code Violations**

Dear LDWA PAGA Administrator:

We represent Younes Younes in his potential Private Attorney General Act ("PAGA") action pursuant to California Labor Code section 2699, *et seq.* (Mr. Younes is hereinafter referred to here as "Claimant", unless separate treatment is indicated.) Mr. Younes brings this action against Sullivan Automotive Group, LLC. (hereinafter, "SAG"). This letter constitutes Claimant's written notice of Defendants' California Labor Code violations pursuant to California Labor Code section 2699.3 and notice of his intent to recover penalties on behalf of himself and others similarly situated under PAGA.

A copy of this letter is also being sent to Defendant.

A. FACTUAL STATEMENT

SAG is an automotive retailer. Headquartered in Santa Monica, California, SAG operates 12 dealerships across the Los Angeles area. SAG employed Claimant as a finance sales representative from approximately September 2020 to August 2024. Claimant worked at SAG's Honda and Subaru location in Lancaster, California.

While SAG maintains the fiction of separate legal entities for each of its dealerships, Claimant is informed and believes that SAG owns its California dealerships (all 12 of them). Claimant is informed and believes that SAG centrally determines the policies for paying employees across its California locations, including at the dealership where Claimant worked. On information and belief, SAG controls employment terms and conditions, payroll functions, and employment policies, including each of the wage/hour policies and procedures giving rise to the violations alleged herein. As such, as it relates to the allegations in this complaint, SAG functions as a single enterprise and its separate dealerships are distinguishable in name only.

In California, SAG employs thousands of car salespeople and finance sales representatives across its retail locations. These employees are all subject to the same wage/hour policies that are the subject of this letter, which are provided by SAG to its California dealerships.

SAG underpays its sales employees by failing to pay them minimum wages for all hours worked – including time in corresponding with customers and supervisors during their time off. SAG's car salespeople and finance sales representatives are expected to routinely work off-the-clock, including at home and during their uncompensated "meal breaks."

Throughout its dealerships, SAG classifies its California sales employees and finance sales representatives as exempt from overtime under the inside sales exemption. However, in many workweeks these sales employees do not qualify for this exemption because they earn less in commissions than hourly pay (see, e.g., Wage Order 7-2001 (3)(D)), and are not otherwise exempt. During these workweeks, SAG is obligated to pay overtime for hours worked in excess of 8 hours in a day or 40 hours in a week but fails to do so.

SAG also fails to provide all of the meal and rest breaks that the employees are entitled to under California law. SAG regularly requires non-exempt sales employees to skip meal and/or rest breaks to attend to customers, or to take short or late meal periods. SAG managers then edit employees' time records to falsely indicate a compliant meal period.

Furthermore, SAG fails to reimburse employees for business expenses—specifically, cell phone expenses—despite requiring these employees to use their cell phones to communicate with customers and other SAG employees for work-related purposes. Indeed, SAG covers only a small portion of each employee's cell phone bill (a mere

\$30/month), a small fraction of the cell phone expenses actually incurred in working for SAG.

Finally, on information and belief, Defendant maintained a compensation structure that paid sales representatives -- including Claimant and the aggrieved employees -- through commissions and/or draws against future commissions. Under this system, Defendant would issue a “draw” during a given pay period and later deduct the draw from future commissions once earned. However, when sales representatives failed to generate sufficient commissions to exceed the draw amount, Defendant unlawfully recouped the difference by deducting prior advances from future pay periods or resetting the draw in a way that resulted in a clawback of wages already earned and paid.

Collectively, SAG has violated and is liable pursuant to, among other laws and regulations, California Labor Code sections 201-204, 210, 221, 225.5, 226, 226.3, 226.7, 510, 512, 558, 1174, 1174.5, 1194, 1197, 1198, 2802 and 2698 *et seq.* with respect to Claimants’ and all other aggrieved employees.

Failure to Pay for All Hours Worked (Including Failure to Pay Minimum Wages).

SAG failed to pay Claimant and all aggrieved employees for all hours worked at the lawful regular or overtime rate, as applicable. Additionally, at all times, SAG was required to pay minimum wages to Claimants and other aggrieved employees pursuant to California Labor Code sections 1194, 1997, and the applicable Wage Order. Claimants and other aggrieved employees were required to routinely work “off-the-clock” and were thereby denied minimum wage for this time.

Failure to Pay Overtime Premium.

SAG classifies its California sales employees as exempt from overtime under the inside sales exemption. However, these employees frequently work workweeks in which they do not qualify for the inside sales exemption and are not otherwise exempt from California law requiring employers to pay overtime for hours worked in excess of 8 hours in a day or 40 hours in a week because they do not meet the pay thresholds required for the exemption. ((See, e.g., Wage Order 7-2001 (3)(D).) Yet SAG systematically underpays these salespeople by failing to pay overtime in these workweeks, in violation of California Labor Code sections 510 and 1994, and the applicable Wage Order.

Meal Period Violations.

SAG failed to provide meal periods within the first five hours of work to Claimant and other aggrieved employees as required by Labor Code section 512 and section 11 of the applicable Wage Order. Claimant's actual meal periods were often late, short, interrupted, or missed due to SAG's policies, practices, and opportunities for employees to take meal periods and effectively required employees to skip or work through them. In further violation of Labor Code section 512 and section 11 of the applicable Wage Order, SAG failed to provide compliant second meal periods when aggrieved employees worked in excess of 10 hours in a workday. Although SAG provided some meal periods to Claimant, Claimant alleges that he did not receive all required meal period premiums when he did not receive a compliant first or second meal period in a workday in violation of Labor Code section 266.7 and section 11 of the applicable Wage Order.

Rest Period Violations.

SAG failed to authorize or permit Claimant and the aggrieved employees ten-minute rest periods for every four hours of work or major fraction thereof as required by Labor Code section 266.7 and section 12 of the applicable Wage Order, including first, second, and third rest periods. On certain occasions, SAG required Claimant and other aggrieved employees to work through their rest periods and otherwise did not authorize rest periods at appropriate time intervals due to SAG's failure to provide adequate rest periods in violation of Labor Code section 266.7 and section 12 of the applicable Wage Order. On those occasions, where Claimant and the aggrieved employees were denied their rest periods, they did not receive a rest period premium.

Failure to Timely Pay Wages Owed Each Payday.

Because SAG failed to pay all wages and premiums due to Claimant and other aggrieved employees each pay period, it has violated Labor Code sections 204 and 204b by failing to pay all wages due on regularly scheduled paydays. SAG routinely underpaid Claimant and other aggrieved employees. As a result, SAG is separately liable to Claimant and other aggrieved employees for not paying the full amount owed to Claimant and other aggrieved employees each payday.

Failure to Pay Amounts Due Upon Separation.

Because SAG has failed to pay all wages and premiums owed to Claimant and other aggrieved employees, SAG has further violated Labor Code sections 201 through 203, which govern the timely payment of wages owed upon separation of employment. SAG violated Labor Code sections 201 and 202 by failing to timely pay all amounts due and owing to Claimant and other aggrieved employees upon discharge of employment. SAG owed wages and premiums to Claimant and other aggrieved employees, as discussed in this notice, yet SAG failed to pay those amounts at any time following each aggrieved

employee's last day of work. As a result, SAG is liable for waiting time penalties under Labor Code section 203.

Failure to Provide Accurate and Complete Itemized Wage Statements.

SAG failed to provide accurate and complete itemized wage statements in violation of Labor Code sections 226 and 246.

Because of the foregoing Labor Code violations—including SAG's failure to pay all minimum wages, overtime wages and failure to pay meal and rest period premiums—among other reasons, SAG has inaccurately stated, each pay period, gross wages earned, total hours worked, net wages earned, and all applicable hourly rates in effect and the corresponding number of hours worked at each hourly rate on each wage statement. Specifically, as a result of the routine underpayment and undercalculation of wages paid to Claimant and other aggrieved employees, SAG's wage statements are inaccurate.

These wage statement violations are significant because they sowed confusion among Claimant and other aggrieved employees with respect to what amounts were owed and when those amounts were due.

Failure to Maintain Accurate Payroll Records.

Because of the wage and wage statement violations set forth in this Notice, including (without limitation) SAG's failure to pay for all hours worked at the appropriate rates, SAG violated Labor Code section 1174. SAG violated this recordkeeping requirement because SAG failed to maintain accurate payroll records showing the hours worked daily and the wages paid to each employee. As a result, SAG is liable for a civil penalty of \$500 per employee under Labor Code section 1174.5 for Claimant and each other aggrieved employee.

Failure to Reimburse Business Expenses

At all relevant times, SAG knew and encouraged Claimant and the aggrieved employees to use their personal cell phones to conduct business on behalf of SAG, thereby incurring necessary business expenditures. However, SAG failed to reimburse these employees for these expenses, in violation California Labor Code section 2802.

Unlawful Clawback of Commissions

SAG maintained a compensation structure that paid sales representatives draws against future commissions. Under this system, SAG would issue a "draw" during a given pay period and later deduct the draw from future commissions once earned. However, when sales representatives failed to generate sufficient commissions to exceed the draw amount, SAG unlawfully recouped the difference by deducting prior advances from future pay periods or resetting the draw in a way that resulted in a clawback of wages already earned and paid, in violation of California Labor Code section 221.

B. LABOR CODE VIOLATIONS

Claimant and other similarly situated are “aggrieved employees” within the meaning of California Labor Code section 2698 *et seq.* Defendants are liable to Claimant, other aggrieved employees, and the State of California in an amount according to proof pursuant to California Labor Code sections 558 and 2699(a) and (f), including, but not limited to:

- (1) \$100 for each initial violation for each initial violation for each failure to pay each employee and \$200 for each subsequent violation or willful or intentional violation pursuant to Labor Code section 210 for each failure to pay each employee, plus 25% of the amount unlawfully withheld;
- (2) \$100 for each initial failure to pay each employee and \$200 for each subsequent violation or any intentional violation pursuant to Labor Code section 225.5, plus 25% of the amount unlawfully withheld.
- (3) \$50 for each initial willful violation per pay period per employee and \$100 for each subsequent violation pursuant to Labor Code section 226;
- (4) \$250 for each initial violation and \$1,000.00 for each subsequent violation pursuant to Labor Code section 226.3 per employee per pay period;
- (5) \$50 for each initial violation and \$100 for each subsequent violation pursuant to Labor Code section 558 per employee per pay period, plus an amount sufficient to recover the unpaid wages owed to each aggrieved employee;
- (6) \$500 for each violation per employee pursuant to Labor Code section 1174.5;
- (7) \$100 for each underpaid employee per pay period and \$250 for each underpaid employee per subsequent violation per pay period, plus an amount sufficient to recover underpaid wages, liquidated damages under Labor Code section 1194.2 and waiting time penalties under Labor Code sections 203 and 204, which shall be paid directly to each aggrieved employee; and/or
- (8) \$100 for each initial violation and \$250 for each subsequent violation pursuant to Labor Code section 1197.1 per employee per pay period;
- (9) \$100 for each initial violation and \$200 for each subsequent violation per employee per pay period for those violations of the Labor Code for which no civil penalty is specifically provided pursuant to Labor Code section 2699; and/or
- (10) Civil and statutory penalties for all Labor Code violations based on the facts and allegations of this Notice.

Because SAG maintains all employment records for Claimant and the other aggrieved employees, Claimant anticipates further violations will be discovered when those records are produced. Claimant will seek to recover all penalties based on those existing but presently unknown violations, in addition to penalties for those Labor Code violations set forth in this Notice.

C. CONCLUSION

Claimant requests the LWDA initiate enforcement for the violations described in this letter. If the LWDA does not pursue enforcement, Claimant will pursue representative claims on behalf of the State of California and the aggrieved employees and will seek all remedies available for violations of the Labor Code and the Industrial Welfare Commission Wage Orders, including attorneys' fees, costs, interest, and all available penalties set forth in Labor Code section 2699(f).

Thank you for your attention to this matter.

Sincerely,



Noam Glick, Esq.
Glick Law, P.C.

Cc Co-Counsel:
Marc Phelps (via email: marc@phelpslawgroup.com)

Claimant:
Younes Younes (via email)