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May 13, 2025

LWDA
Attn. PAGA Administrator
1515 Clay Street, Suite 801
Oakland, CA 94612
(***Via Online Submission***)

SAL Asset Management, LLC dba
Beach Terrace Memory Care
16192 Coastal Highway
Lewes, DE 19958
(***Via U.S. Certified Mail,***
Return Receipt Requested)
#9489-0090-0027-6638-7861-83

SAL Asset Management, LLC dba
Beach Terrace Memory Care
c/o Agent for Service of Process
Allen Othman
8031 Main Street
Stanton, CA 90680
(***Via U.S. Certified Mail,***
Return Receipt Requested)
#9489-0090-0027-6638-7861-90

Re: ***Edwin Guzman v. SAL Asset Management dba Beach Terrace Memory Care, 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 Edwin Guzman to pursue a representative action under the California Labor Code Private Attorneys General Act of 2004 (PAGA), California Labor Code[1] section 2699, *et seq.* against Mr. Guzman's former employer, SAL Asset Management dba Beach Terrace Memory Care ("SAL" or "Employer").The purpose of this letter is to comply with PAGA and set forth the facts and theories of Labor Code violations which Mr. Guzman alleges SAL engaged in with respect to Mr. Guzman and potentially all SAL's current and former employees.

Mr. Guzman wishes to pursue this action on behalf of SAL's current and former employees, on behalf of the State of California, as well as on behalf of all other persons who worked for SAL in California as non-exempt or hourly-paid employees at any time within the applicable statutory period collectively referred to as, "Aggrieved Employees").

Mr. Guzman and Aggrieved Employees, or some of them, suffered the Labor Code violations described below.

Mr. Guzman's Employment with SAL

SAL is a facility focused on providing memory care services for individuals with Alzheimer's disease and other forms of dementia. SAL owns and operates an industry business, and establishment within the State of

[1] Unless otherwise stated, all references to "Labor Code" are meant to reference the California Labor Code.

California. Therefore, and based on all the facts and circumstances incident to SAL's business in California, SAL is subject to the Labor Code, the Industrial Wage Commission's (IWC) Wage Orders, and the California Business and Professions Code.

Mr. Guzman is a resident of Pasadena, California who worked for SAL in Orange County, California, as an hourly-paid, non-exempt employee from approximately May 2024 to March 2025. Mr. Guzman worked as a Memory Care Director. Mr. Guzman's primary job function was to oversee all aspects of the memory care facility, including staffing, resident care, programming, and compliance with regulations.

During Mr. Guzman's employment with SAL, SAL paid Mr. Guzman an hourly wage and classified Mr. Guzman as non-exempt from overtime. SAL typically scheduled Mr. Guzman to work at least 5 days in a workweek and at least 8 hours per day but Mr. Guzman also worked more than 8 hours in a workday and more than 40 hours in a workweek.

In performing Mr. Guzman's duties, Mr. Guzman was regularly required to perform work "off the clock" and without compensation, including but not limited to responding to complaints by patients' family members or assisting state inspectors performing licensing inspections. Due to understaffing and high workloads, Mr. Guzman was also frequently deprived of an opportunity to take legally compliant meal and rest breaks because the few meal and rest breaks Mr. Guzman took were often cut short or interrupted.

SAL did not provide Mr. Guzman and Aggrieved Employees with the meal and rest break premiums as required by the Labor Code, and Mr. Guzman does not recall ever receiving any meal and rest break premiums. Additionally, Mr. Guzman necessarily incurred business-related expenses, including but not limited to using his personal cellphone to respond to phone calls and using his personal vehicle to drive to assessments, but SAL did not reimburse such business expenses. These are just non-exhaustive examples of the facts and theories Mr. Guzman asserts, which are later described in more detail.

Throughout Mr. Guzman's employment, SAL did not (1) pay for all hours worked (including minimum, straight time, and overtime wages); (2) provide Mr. Guzman with legally compliant meal periods; (3) authorize and permit Mr. Guzman to take rest periods; (4) timely pay all final wages to Mr. Guzman when SAL terminated Mr. Guzman's employment; (5) furnish accurate wage statements to Mr. Guzman; and (6) indemnify Mr. Guzman for business expenditures. As will be further discussed, Mr. Guzman's experience working for SAL was typical and illustrative.

Failure to Pay for All Hours Worked, Including Minimum, Straight, 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 the employer and including the time the employee is suffered or permitted to work, whether required to do so.

In addition, Labor Code section 510 provides that employees in California shall not be employed for more than 8 hours on any workday or 40 hours in a workweek unless they receive additional compensation plus their regular wages in amounts specified by law.

Labor Code sections 1194 and 1198 also provide that employees in California shall not be employed more than 8 hours in any workday or 40 hours in a workweek unless they receive the additional compensation as required by law. Further, Section 1198 declares unlawful the employment of an employee for hours longer than those fixed by the IWC.

Throughout the statutory period, SAL did not pay Mr. Guzman and Aggrieved Employees, or some of them, for all hours worked, including minimum, straight time, and overtime wages. At times, SAL required Mr. Guzman and Aggrieved Employees, or some of them, to work "off-the-clock," uncompensated by, for example, requiring Mr. Guzman and Aggrieved Employees to perform work during uncompensated meal and rest breaks, and requiring Mr. Guzman and Aggrieved Employees to perform work before clocking in or after clocking out. As one example, SAL required Mr. Guzman to respond to patient family member questions or updates. As another example, Mr. Guzman would have to respond to state inspectors performing licensing inspections. Some of this unpaid work should have been paid at the overtime rate. California Labor Code section 510 requires that employers compensate employees 1.5 times their regular rate of pay when employees work over 8 hours per day, 40 hours per week, or when employees work up to 8 hours on any seventh day of a workweek. SAL failed to properly calculate Mr. Guzman's regular rate of pay when paying overtime, by failing to include all compensation in Mr. Guzman's overtime calculations, including hours worked off-the-clock. In failing to pay for all hours worked, SAL also did not maintain accurate records of the hours Mr. Guzman and the Aggrieved Employees, or some of them, worked.

As a result, SAL is liable to Mr. Guzman and the Aggrieved Employees, or some of them, for the civil penalties provided for in 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 Breaks

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 break no later than the start of 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 1 hour of additional wages for each workday they were not provided with all required meal breaks. Despite these legal requirements, SAL at times wrongfully failed to provide Mr. Guzman and Aggrieved Employees, or some of them, with their legally mandated 30-minute, uninterrupted, and duty-free meal break in a manner required by law (and also including but not limited to failing at times to provide Mr. Guzman and Aggrieved Employees, or some of them, the opportunity to leave the work premises to take meal breaks). For example, Mr. Guzman was frequently deprived of an opportunity to take legally compliant meal breaks, including because the very few meal breaks Mr. Guzman could take were often cut short or interrupted. SAL required Mr. Guzman and others to respond to coworkers or supervisors asking for updates on patients or other matters in lieu of taking a meal period, including but not limited to being told that Mr. Guzman must be ready with both of his phones (work and personal) at all times to answer right away.

SAL also continued to assert control over Mr. Guzman and Aggrieved Employees, or some of them, by, among other things, requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory meal breaks, or by denying Mr. Guzman and Aggrieved Employees, or some of them, permission to take a meal break under the conditions required by law, and without properly compensating Mr. Guzman and Aggrieved Employees, or some of them, for meal breaks that were not provided as required by law. SAL also did not inform Mr. Guzman of Mr. Guzman's right to, nor permitted Mr. Guzman to take, all of Mr. Guzman's second meal breaks when Mr. Guzman worked at least 10 hours of work in a workday and otherwise unlawfully pressured Mr. Guzman to waive such breaks. Accordingly, SAL at times failed to provide meal breaks to Mr. Guzman and Aggrieved Employees, or some of them, in compliance with California law.

Mr. Guzman and the Aggrieved Employees, or some of them, are thus entitled to be paid 1 hour of additional wages for each workday they were not provided with all required meal breaks. SAL, however, at times failed to pay Mr. Guzman and Aggrieved Employees, or some of them, the additional wages to which they were entitled for meal breaks that were not provided. Mr. Guzman does not recall ever receiving any meal and rest break premiums.

Thus, SAL is liable to Mr. Guzman and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code sections 210 and 2699, subdivision (f)(2) for failing to provide meal breaks and pay meal period premium wages.

Failure to Authorize and Permit Rest Breaks

Per California law, employers are required to authorize and permit breaks of 10 uninterrupted minutes for each 4 hours of work or major fraction of 4 hours (*i.e*., more than 2 hours). Thus, for example, if an employee's work time is 6 hours and 10 minutes, the employee is entitled to 2 breaks. Each failure to authorize rest breaks as required is itself a violation of California's rest break laws.

Throughout the statutory period, SAL at times has wrongfully failed to authorize and permit Mr. Guzman and Aggrieved Employees, or some of them, to take legally compliant rest breaks in a manner required by law (and also including but not limited to failing, at times, to authorize and permit Mr. Guzman and Aggrieved Employees, or some of them, the opportunity to leave the work premises to take rest breaks). SAL at times required Mr. Guzman and Aggrieved Employees, or some of them, to work in excess of 4 consecutive hours a day without SAL's authorizing and permitting Mr. Guzman to take a 10-minute, uninterrupted, duty-free rest period for every 4 hours of work (or major fraction of 4 hours), or without compensating Mr. Guzman and Aggrieved Employees, or some of them, for rest breaks that were not authorized or permitted.

Instead, SAL at times continued to assert control over Mr. Guzman and Aggrieved Employees, or some of them, by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest breaks, or at times by denying Mr. Guzman and Aggrieved Employees, or some of them, permission to take a rest break. For example, at times, it was impossible for Mr. Guzman and others to take rest breaks due to being understaffed. SAL required Mr. Guzman and others to answer questions regarding staffing, resident care, programming, or compliance during rest breaks, including but not limited to answering calendaring questions or questions from patient family members.

Accordingly, SAL at times failed to authorize and permit Mr. Guzman and Aggrieved Employees, or some of them, to take rest breaks in compliance with California law. Mr. Guzman and Aggrieved Employees, or some of them, are thus entitled to be paid 1 hour of additional wages for each workday they were not authorized and permitted to take all required rest breaks. SAL, however, at times failed to pay Mr. Guzman and Aggrieved Employees, or some of them, the additional wages to which they were entitled for rest breaks that they were not authorized and permitted to take.

As a result, SAL is liable to Mr. Guzman and Aggrieved Employees, or some of them, for the civil penalties provided for in 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 Pay All Earned Wages Twice Per Month

Based on SAL's failure at times to pay Mr. Guzman and Aggrieved Employees, or some of them, for all wages as discussed above, SAL also violated Labor Code section 204.

Section 204 requires employers to pay employees all earned wages twice per month. Throughout the applicable statute of limitations period, employees were entitled to be paid twice a month at their regular rates, including all meal and rest break premium wages owed and wages owed for overtime hours worked. However, at times, SAL failed and refused to pay Mr. Guzman all wages due, and failed to pay those wages twice a month, in that Mr. Guzman was not paid all wages for all meal periods not provided by SAL, all wages for all rest periods not authorized and permitted by SAL, and all wages for all hours worked. As a result, SAL owes Mr. Guzman the legally required wages for unpaid wages, and Mr. Guzman and Aggrieved Employees, or some of them, suffered damages in those amounts.

Moreover, SAL is liable to Mr. Guzman and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code section 210 for failing to pay all earned wages twice per month.

Failure to Maintain Accurate Records of Hours Worked and Meal Breaks

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

SAL, however, at times failed to maintain accurate records of hours worked and all meal breaks taken or missed by Mr. Guzman and Aggrieved Employees, or some of them.

SAL's failure to provide and maintain records required by the Labor Code and the applicable IWC Wage Orders deprived Mr. Guzman and Aggrieved Employees, or some of them, the ability to know, understand and question the accuracy and frequency of meal breaks, and the accuracy of their hours worked stated in SAL's records. Therefore, Mr. Guzman and Aggrieved Employees, or some of them, had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to SAL. As a direct result, Mr. Guzman and Aggrieved Employees, or some of them, 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 attorneys' fees in seeking to compel SAL to fully perform their obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of SAL's knowing failure, at times, to comply with the Labor Code and applicable IWC Wage Orders, Mr. Guzman and Aggrieved Employees, or some of them, have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

Failure to Furnish Accurate Wage Statements

Labor Code section 226, subdivision (a) provides that every employer shall, semimonthly or at the time of each payment of wages, furnish each of its employees an accurate itemized wage statement in writing showing 9 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 their 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, SAL at times failed, and continues at times to fail, to timely furnish Mr. Guzman and Aggrieved Employees, or some of them, 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 breaks that were not provided in accordance with California law, and correct wages for rest breaks that were not authorized and permitted to take in accordance with California law).

Because SAL at times violated Labor Code section 226, Mr. Guzman and Aggrieved Employees, or some of them, suffered injury and damage to their statutorily protected rights. Accordingly, Mr. Guzman and similarly Aggrieved Employees, or some of them, are entitled to recover from SAL the greater of their actual damages caused by SAL's failure to comply with Labor Code section 226, subdivision (a), or an aggregate penalty not exceeding $4,000 per employee. Moreover, SAL is liable to Mr. Guzman and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code section 226.3 for failing to timely furnish accurate itemized wage statements.

Recordkeeping Requirement Violations

Labor Code section 1174 requires employers to keep "accurate and complete" payroll records showing, among other things, the hours worked daily by employees. For all applicable IWC Wage Orders, section 7 similarly requires employers to keep accurate time records reflecting the times during which all owed meal breaks were provided each day.

Based on information and belief, SAL at times failed, and continue at times to fail, to keep accurate and complete payroll records as required by law, including but not limited to the following records: total daily hours worked, applicable rates of pay, time records showing when Mr. Guzman and other Aggrieved Employees began and ended each work period, time records of meal breaks, and accurate itemized wage statements.

Based on information and belief, SAL at times failed and continues at times to fail to keep accurate and complete records showing total hours worked by Mr. Guzman and Aggrieved Employees, or some of them, by virtue of SAL's time rounding and/or auto deduction policies and practices and/or other off-the-clock work policies and practices. SAL failed at times and continue at times to fail to keep accurate and complete records showing total hours worked by virtue of SAL's failure to relieve Mr. Guzman and Aggrieved Employees, or some of them, of all duties and SAL's control for unpaid meal periods, resulting in unpaid hours worked.

Based on information and belief, SAL further failed at times, and continue at times to fail, to record the true start and end times of Mr. Guzman's and Aggrieved Employees' meal periods, or some of them.

Based on further information and belief, SAL further failed at times and continue at times to fail, to record the true start and end times of Mr. Guzman's and Aggrieved Employees' work shifts, or some of them.

Additionally, SAL at times failed, and continue at times to fail, to keep accurate records and issue accurate wage statements by not documenting accrued sick time for Mr. Guzman and Aggrieved Employees, or some of them. SAL's failure to keep "accurate and complete" payroll records for Mr. Guzman and Aggrieved Employees, or some of them, violates Labor Code sections 1174, 1198, 1199, and all applicable IWC Wage Orders, section 7. These violations subject SAL to civil penalties under Labor Code sections 558.1, 226.6, 1174.5 and 2699. Each violation of each Labor Code section and Wage Order provision, for each Aggrieved Employee (or some of them), results in a separate civil penalty.[2]

Failure to Indemnify Necessary Expenditures

Labor Code section 2802, subdivision (a) provides that employers shall indemnify their employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of their duties. Throughout the applicable statute of limitations period, SAL at times wrongfully required Mr. Guzman and Aggrieved Employees, or some of them, to pay expenses they incurred in direct discharge of their duties for SAL including but not limited to travel to patient homes or other clinics for assessments and use of his personal cell phone. Mr. Guzman and Aggrieved Employees, or some of them, at times paid out-of-pocket for necessary employment-related expenses. Mr. Guzman and Aggrieved Employees, or some of them, incurred substantial expenses as a direct result of performing their job duties for SAL but SAL failed to indemnify Mr. Guzman and Aggrieved Employees, or some of them, for these employment-related expenses.

As a result, SAL is liable to Mr. Guzman and Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code section 2802 and 2699, subdivision (f)(2) for failing to indemnify Mr. Guzman and Aggrieved Employees, or some of them, for necessary business expenditures.

Action for PAGA Civil Penalties

In light of the above, Mr. Guzman alleges that SAL violated the following provisions of the Labor Code with respect to the Aggrieved Employees, or some of them:

1. Labor Code sections 204, 510, 1194, 1197, and 1198 by failing at times to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;
2. Labor Code section 226.7 and applicable IWC Wage Orders by failing at times to provide meal breaks;
3. Labor Code section 226.7 and applicable IWC Wage Orders by failing at times to authorize and permit rest breaks;
4. Labor Code section 204 by failing at times to pay all earned wages twice per month;
5. Labor Code section 1174.5 and applicable IWC Wage Orders by failing at times to maintain accurate records of hours worked and meal breaks taken or missed;
6. Labor Code section 226 by failing at times to provide accurate itemized wage statements;
7. Labor Code section 1174 by failing at times to keep accurate and complete payroll records; and
8. Labor Code section 2802 by failing at times to indemnify for necessary expenditures;

Therefore, on behalf of potentially Aggrieved Employees, Mr. Guzman seeks applicable penalties related to the violations alleged above per PAGA. These include, but are not limited to, penalties under Labor Code sections 210, 226.3, 1174.5, 1197.1, and 2699.

[2] *See* Labor Code § 2699, subdivision (f)(2) (establishing that the civil penalty is "for each aggrieved employee per pay period").

Mr. Guzman has placed SAL 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.

Lauren Lendzion

Lauren M. Lendzion
Wilshire Law Firm, PLC