CASTLE LAW
CALIFORNIA EMPLOYMENT COUNSEL, PC

TIMOTHY B. DEL CASTILLO
TDC@CASTLEEMPLOYMENTLAW.COM
916-245-0122

2999 DOUGLAS BLVD.
SUITE 180
ROSEVILLE, CA 95661

June 16, 2025

For Online Filing:

Labor and Workforce Development Agency
Attn: PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

Re: ***Paul Dukes & Veronica Sanchez v. Hilton Hotel Employer LLC***

Dear Labor Commissioner,

As counsel for, and on behalf of, Paul Dukes and Veronica Sanchez (hereinafter referred to as "Claimants"), I am writing to provide you and the following employer(s) (hereafter "Defendant(s)") notice pursuant to California Labor Code section 2699.3:

Hilton Hotel Employer LLC
755 Crossover Lane
Memphis, TN 38117

I am setting forth the facts and theories to support each of the counts found within this letter. Please notify us of your intent to investigate any or all of the claims alleged herein against any of the above identified Defendant(s). Should you decide not to investigate, we request that you allow us to seek civil penalties on behalf of the Labor Commissioner, Claimants, and all similarly situated current and former aggrieved employees, pursuant to California Labor Code section 2699(a). A $75.00 filing fee is being submitted to Department of Industrial Relations, via the online PAGA filing website.

A. FACTS

Claimants and similarly situated employees worked for Defendant(s) as non-exempt employees in California. Claimants and similarly situated employees were paid on hourly basis.

Claimants and similarly situated employees were and are subjected to Defendant's illegal tip pooling practices. Specifically, Claimants and similarly situated employees are not managerial employees, but have their tip amounts depleted because Defendant unlawfully includes managerial staff in a tip pool for banquet services. Defendant states in writing to banquet customers that "All food and beverage prices are subject to a combined 25.5% taxable gratuity/service charge and current California State Tax, which is subject to change. ***A portion of this combined charge (currently 19.5%) is a gratuity and will be fully distributed to employees assigned to the Event***." However, Defendant takes

15% of these tips and distributes them to managerial employees with supervisory authority over Claimants and similarly situated employees. Claimants are included in this managerial tip pool, but they should not be because they are not managerial employees and they have no supervisory authority. By law, 100% of the tip pool should be distributed to non-managerial employees, including Claimants, but it is not.

On information and belief, Defendants also fail to pay Claimants and similarly situated employees for all overtime wages accurately because shift differentials and other non-discretionary remuneration are not correctly factored into the regular rate of pay when overtime is paid.

Defendants also fail to pay Claimants and similarly situated employees for all sick pay wages accurately because shift differentials and other non-discretionary remuneration are not correctly factored into the regular rate of pay when sick pay is paid. Defendants did not include all tips that should have been earned in the sick pay rate.

Defendants also failed to provide Claimants and similarly situated employees with all off-duty meal breaks. This would be due to work demands, especially during changing shifts.

Defendants also fail to issue accurate itemized wage statements to Claimants and similarly situated employees. The wage statements do not comply with section 226 because they are confusing and inaccurate and it is impossible for Claimants and similarly situated employees to determine if they are being paid accurately based on information on the wage statements.

B. VIOLATIONS OF THE LABOR CODE EXPERIENCED BY CLAIMANTS AND SIMILARLY SITUATED EMPLOYEES

Violation of Labor Code § 351 (Illegal Tip Pooling)

California Labor Code section 351 outlines that all gratuities (tips) belong solely to the employee(s) who receive them. Employers and their agents are prohibited from collecting, taking, or receiving any portion of a gratuity, deducting from wages due to gratuities, or requiring employees to credit gratuities against their wages. Defendant violated section 351 by paying tips to managerial employees, with supervisory authority.

Violation of Labor Code §§ 510, 1194; IWC Wage Order No. 4-2001, § 3 (Failure to Pay Overtime Wages)

Labor Code sections 510 and 1194 require employers to pay employees overtime for any work in excess of eight (8) hours in one workday and any work in excess of forty (40) hours in any one workweek. Employers must also pay overtime for the first eight (8) hours worked on the seventh day of work in any one workweek. Finally, employers must pay double time for all hours worked in excess of twelve (12) hours in any workday and for all hours worked in excess of eight (8) hours on the seventh day of work in any one workweek. As stated above, Claimants and similarly situated employees worked over eight (8) hours per day and forty (40) hours per week and were not paid overtime wages. Claimants and all similarly situated employees are entitled to recover all unpaid overtime wages.

Violation of Labor Code § 226.7 and IWC Wage Order No. 4-2001, § 11(A) (Failure to Provide Meal Periods)

Labor Code section 226.7 and IWC Wage Order No. 4-2001, section 11(A) require employers to provide employees meal periods of thirty (30) minutes per five (5) hours worked. For the reasons stated above, Claimants and similarly situated employees were not authorized and permitted to take legally compliant meal periods pursuant to California law. Defendants also failed to pay meal period premiums for its failure to provide meal periods.

Violation of Labor Code §§ 226, 226.3 (Failure to Provide Accurate Wage Statements)

Labor Code section 226 requires employers to furnish to employees with "an accurate itemized statement in writing showing (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 only 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 . . . ." For the reasons stated above, Defendants failed to comply with these requirements with respect to Claimants and similarly situated employees in violation of the Labor Code.

Other Violations of the Labor Code

If you have any questions or require any further information regarding the facts and theories to support these claims, do not hesitate to contact my office. Pursuant to Labor Code section 2699.3, please notify Defendant(s) and this law office within 60 calendar days of the postmark date of this notice whether the Agency intends to investigate the alleged violations.

Very truly yours,

Castle Law: California Employment Counsel, PC

By: ______________________________
Timothy B. Del Castillo

cc: Hilton Hotel Employer LLC
755 Crossover Lane
Memphis, TN 38117