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VIA ONLINE SUBMISSION TO LWDA

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

VIA CERTIFIED MAIL AND E-MAIL

Marcus Bradley, Esq.
Bradley/Grombacher LLP
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Re: *Hugo Sanchez v. American Airlines, Inc., et al.*
LWDA Claim No. LWDA-CM-1108933-25
Response to Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Fisher & Phillips LLP is counsel for Compass Group USA, Inc. ("Compass") in this matter. Please direct all further correspondence regarding this matter to our office as addressed above.

The purpose of this letter is to respond to the Notice of Labor Code Violations and PAGA Penalties (the "Notice") submitted to the California Labor and Workforce Development Agency ("LWDA") by Hugo Sanchez ("Sanchez") on June 30, 2025, bearing LWDA No. LWDA-CM-1108933-25. The gravamen of Mr. Sanchez's claims is that he and other employees were not allowed meal and rest periods; were not paid premium pay for non-compliant meal and rest periods; were not compensated for all hours worked, including overtime, for time spent working off the clock; were not paid all accrued vacation wages at termination; were not provided accurate wage statements; were not timely paid all wages owed upon separation of employment; were not timely paid wages twice per month during employment; and that Compass failed to maintain accurate records of hours worked and meal periods. Mr. Sanchez has stated his intention to pursue a PAGA claim against Compass, in part, and has submitted the June 30, 2025 letter (presumably) in an attempt to satisfy the administrative requirements of PAGA.

Fisher & Phillips LLP

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As the LWDA is well aware, prior to initiating any PAGA claim in state or federal court, an allegedly aggrieved employee must strictly comply with the notice requirements contained in the California Labor Code. (Cal. Lab. Code § 2699.3.) Indeed, proper notice is a “condition” of filing a PAGA lawsuit. (*Brown v. Ralphs Grocery Co.* (2018) 28 Cal. App. 5th 824, 838; *Williams v. Sup. Ct.* (2017) 3 Cal.5th 531, 545.) “The evident purpose of the notice requirement is to afford the relevant state agency, the Labor and Workforce Development Agency, the opportunity to decide whether to allocate the scarce resources to an investigation, a decision better made with knowledge of the allegations an aggrieved employee is making and any basis for those allegations. Notice to the employer serves the purpose of allowing the employer to submit a response to the agency (See Cal. Lab. Code § 2669.3, subd. (a)(1)(B)), again thereby promoting an informed agency decision as to whether to allocate resources toward an investigation.” (*Khan v. Dunn-Edwards Corp.* (2018) 19 Cal. App. 5th 804, 809.)

“A key inquiry upon receipt and review of the notice is whether sufficient ‘facts and theories’ have been asserted regarding the alleged Labor Code violations.” (Simmons, Richard J., et al. “California’s Private Attorneys General Act (PAGA) Litigation and Compliance Manual (2020) § 10.1(a), p. 191.), quoting Cal. Lab. Code § 2669.3, subd. (a)(1)(A).) “The notice requirement demands more than ‘a string of legal conclusions with no factual allegations or theories of liability to support them’ and the failure to meet the required standard may result in the dismissal of PAGA claims.” (Simmons, *supra*, § 10.1(a), p. 191, quoting *Alcantar v. Hobart Serv.* (9th Cir. 2015) 800 F.3d 1047, 1057, interpreting California law.) Interpreting the statute, courts have explained that “the Ninth Circuit requires an **exceedingly detailed level of** specificity for Section 2699.3(a)(1) to be satisfied.” (*Soto v. Castlerock Farming and Transport, Inc.* (E.D. Cal. Apr. 16, 2012) No. CIV-F-09-0701, 2012 WL 1292519 at *8 (emphasis added), citing *Archila v. KFC U.S. Props., Inc.* (9th Cir. 2011) 420 Fed. Appx. 667, 699.) In *Soto* and *Archila*, LWDA letters that lacked specific factual allegations were held insufficient to exhaust the administrative requirements of PAGA because they did not adequately describe the “facts and theories” that serve as the basis of the purported PAGA violation. (See *Soto, supra*, 2012 WL 1292519 at *8.)

In the instant matter, Sanchez generically alleges that Compass “had, and continue[s] to have, a company-wide policy of discouraging and impeding [Sanchez] and other allegedly aggrieved employees from recording hours worked that were outside of their scheduled shifts” and were therefore allegedly not paid for all wages owed, including overtime. This allegation consists entirely of legal conclusions without any requisite “facts.” (See *Sinohui v. CEC Entm’t, Inc.* (C.D. Cal. 2016) 2016 U.S. Dist. LEXIS 85652, at **6–8, 2016 WL 3406383, at *3, citing California law (PAGA claim dismissed where the LWDA letter provided nothing more than a series of legal conclusions).) In asserting these conclusions, Sanchez fails to provide the LWDA with any facts evidencing how he knows that Compass “had, and continue[s] to have, a company-wide policy of discouraging and impeding [Sanchez] and other allegedly aggrieved employees from recording hours worked that were outside of their scheduled shifts.” Also, in asserting these conclusions, Sanchez fails to provide the LWDA with any facts that it could use to determine whether he and other employees were actually “required” to work off-the-clock, whether Compass knew that he or other employees were performing any “work” off-the-clock, or whether Compass was legally required to pay him or other employees for any off-the-clock “work” that they allegedly performed.

Likewise, Sanchez alleges meal and rest period violations because Compass failed to authorize and permit Sanchez and other allegedly aggrieved employees to take timely and duty-free meal and rest periods and “failed to perform [its] obligations” surrounding such breaks but

fails to include the facts and theories supporting the allegation (Cal. Lab. Code § 2669.3, subd. (a)(1)(A)) in order “to determine what policies or practices are being complained of so as to know whether to fold or fight.” (*Alcanta v. Hobart Service* (9th Cir. 2015) 800 F.3d 1047, 1057, interpreting California law.) It is altogether unknown whether Sanchez alleges that Compass (or any specific employee of Compass) affirmatively instructed employees not to take meal and/or rest periods, alleges that Compass refused the requests of any employees to take meal and/or rest periods, or alleges that any employees actually missed any of their required meal and/or rest periods.

Next, Sanchez alleges that Compass failed to pay him and other employees all wages that were due to them upon separation of employment. In support of this claim, Sanchez asserts only the legal conclusion that Compass failed, and continues to fail, to pay Sanchez and other formerly employed allegedly aggrieved employees, without abatement, all wages required to be paid by California Labor Code sections 201 and 202. Accordingly, his claims in this regard must be considered legally deficient due to his failure to provide the specific “facts and theories to support the alleged violation.” (Cal. Lab. Code § 2699.3, subd. (a)(1)(A).) Sanchez’s claims regarding failure to pay all accrued vacation wages at termination and failure to maintain accurate records of hours worked and meal periods suffer the same infirmities described above.

Furthermore, while Sanchez alleges that Compass failed to provide him and other employees with accurate wage statements pursuant to California Labor Code section 226, his claim in this regard is again entirely supported by legal conclusions. In relevant part, Sanchez alleges that the wage statements that he and other employees received “fail[ed] to correctly list: gross wages earned; total hours worked; net wages earned; and all applicable hourly rates in effect during the pay period, including rates of pay for overtime wages and/or meal and rest period premiums, and the corresponding number of hours worked at each hourly rate.” However, Sanchez does not identify with specificity how such rates or amounts were incorrect or provide any facts sufficient to evaluate his contention that such rates or amounts were incorrect. Furthermore, while Sanchez claims that his and other employees’ wage statements did not correctly identify the amount of wages “earned,” he does not specify whether he means that they did not correctly list the amount of wages that he and other employees were entitled to receive or whether they did not correctly list the amount of wages that he and other employees were actually paid (which is all that is required by law). Accordingly, because it is impossible for the LWDA to evaluate Sanchez’s claims or for Compass to substantively respond thereto, they must be considered deficient as a matter of law. (Cal. Lab. Code § 2699.3, subd. (a)(1)(A).)

Finally, as the LWDA can see from the face of the Notice, Sanchez’s claim for failure to timely pay wages during employment is supported only by legal conclusions (“During the Relevant Time Period, [Compass] willfully failed to pay [Sanchez] and the aggrieved employees all wages due including, but not limited to, overtime wages, minimum wages, and/or meal and rest period premiums”), is entirely unsupported by any facts, and is entirely derivative of Sanchez’s other insufficiently alleged claims. Like those other claims, it must therefore be considered deficient due to Sanchez’s failure to provide the specific “facts and theories to support the alleged violation.” (Cal. Lab. Code § 2699.3, subd. (a)(1)(A).)

Beyond the foregoing, Sanchez’s letter is devoid of any allegation regarding the number of potential violations, the dates and times of the violations, and/or any manner in which an amount to resolve any deficiency could be calculated. Additionally, the correspondence does not allow Compass to identify specific employees whose rights have been allegedly violated. Notably,

throughout the letter, Sanchez refers to “aggrieved employees,” which Sanchez does not attempt to define beyond “all aggrieved, hourly paid employees in California.” As a result, the term “aggrieved employees” is unclear. And, such vague and generalized language prohibits Compass from curing, investigating, or responding to Mr. Sanchez’s allegations.

Notably, Compass maintains compliant timekeeping and meal and rest period policies, which permit and encourage employees to take all legally required breaks and provides for the payment of meal period premiums whenever a rest or meal period is missed or is untimely. In addition, Compass’s timekeeping policy requires employees to remain clocked in during all hours worked and strictly prohibits off the clock work. Mr. Sanchez acknowledged understanding and receipt of Compass’s timekeeping and meal and rest period policies. Thus, contrary to Mr. Sanchez’s allegations, he was provided the opportunity to take his meal and rest breaks and acknowledged in writing that he was aware of the Company’s meal and rest period policies and policies against off-the-clock work.

For reasons including, but not limited to, those set forth above, Sanchez’s letter falls short of the *Archila* and *Soto* standards. Specifically, Sanchez has failed to describe the facts underlying his allegations with sufficient specificity and detail as to permits Compass to substantively respond thereto or the LWDA to evaluate the legal merit thereof. Based on Sanchez’s failure to comply with PAGA’s administrative requirements, Compass submits this letter to request that the LWDA notify Sanchez and his counsel that he may not pursue representative action claims against the Company. Alternatively, Compass requests that the LWDA require Sanchez to provide additional information to support his administrative complaint and to preserve the Company’s defenses in any civil complaint that Sanchez might subsequently attempt to file.

Compass further notes that American Airlines never employed any of the allegedly aggrieved employees. Compass is the only entity that employed Sanchez or any of the allegedly aggrieved employees. Compass operated a lounge at Los Angeles International Airport, pursuant to a services contract with American Airlines, and the airline had no involvement in the employment of Sanchez and others.

If you have any questions regarding the above, please do not hesitate to contact our office at any time.

Best Regards,

A handwritten signature in black ink, appearing to read "Lonnie D. Giamela", with a stylized flourish at the end.

Lonnie D. Giamela
Carol A. Ibrahim
For FISHER & PHILLIPS LLP