HAINES LAW GROUP
EMPLOYMENT ATTORNEYS

July 16, 2025

<u>VIA LWDA WEBSITE</u>

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

Re: *Sergio Barranco v. Sign Industries, Inc.*

To Whom It May Concern:

Please be advised that this law firm represents Sergio Barranco ("Mr. Barranco") in claims arising from his employment with Sign Industries, Inc.; and Does 1 through 100 (collectively "Sign Industries"). Mr. Barranco is an "aggrieved employee" as defined by Labor Code Section 2698 *et seq*., due to Sign Industries' numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code Section 2699.3, which requires aggrieved employees to notify their employer and the Labor & Workforce Development Agency ("LWDA") of the specific provisions of the Labor Code allegedly violated. For purposes of this letter, "aggrieved employees" include all of Sign Industries' non-exempt employees who worked for Sign Industries in California during the one year immediately preceding the date of this letter through the present.

Sign Industries operates a company that designs, fabricates, and installs custom architectural signage. Sign Industries employed Mr. Barranco in the non-exempt job position of "Painter Assistant" (or similarly titled position) from approximately March 2022 until approximately June 2025.

During Mr. Barranco's employment with Sign Industries, Sign Industries utilized a timekeeping system which resulted in Mr. Barranco and other aggrieved employees not being compensated for all hours actually worked, whether by rounding, time-shaving, or otherwise. Although Sign Industries required Mr. Barranco and other aggrieved employee to clock in and out of their work shifts through Sign Industries' electronic timekeeping system, which recorded hours worked to the minute, Sign Industries thereafter rounded and/or shaved down Mr. Barranco's and other aggrieved employees' timekeeping entries in an uneven manner, so that Mr. Barranco and other aggrieved employees were deprived of all earned minimum and overtime wages. Upon information and belief, Sign Industries' timekeeping system regularly, systematically, and impermissibly rounded and/or shaved down the hours worked by Mr. Barranco and other aggrieved employees resulting in the failure to compensate Mr. Barranco and other aggrieved employees for all hours worked. As a result, Mr. Barranco and other aggrieved employees were not compensated for all required minimum and overtime wages.

Sign Industries also failed to provide Mr. Barranco and other aggrieved employees with all legally compliant meal periods due to Sign Industries' meal period policies/practices, which have resulted in late (commencing after the fifth hour of work), short/interrupted (less than 30 minutes), and missed meal periods. Specifically, Mr. Barranco's shift would regularly begin around 6:00 a.m.; however, Sign Industries would not provide an opportunity for his meal period until 12:00 p.m., which is after the completion of five hours of work. In addition, Sign Industries did not require Mr. Barranco and other aggrieved employees to record their meal periods. Rather, Sign Industries' meal period policies/practices automatically deducted 30 minutes from the total hours worked each day, regardless of whether a timely, full 30-minute meal period was provided. Upon information and belief, Sign Industries' auto-deduct policies/practices are evident on Mr. Barranco and other aggrieved employees' records as "LUNCH DEDUCTION -.30." Sign Industries also failed to provide Mr. Barranco and other aggrieved employees with second meal periods on shifts over 10.0 hours. On those occasions when Mr. Barranco and other aggrieved employees were not provided with all legally-required meal periods to which they were entitled, Sign Industries did not compensate Mr. Barranco Mr. Barranco and other aggrieved employees with the required meal period premium for each workday in which they experienced a meal period violation as mandated by Labor Code § 226.7. Upon information and belief, throughout the relevant time period, Sign Industries maintained no payroll code for paying meal period premiums under Labor Code § 226.7.

Mr. Barranco and other aggrieved employees were not authorized and permitted to take all required rest periods due to Sign Industries' rest period policies/practices, which upon information and belief, fail to authorize and permit an off-duty rest period for every four hours worked, or major fraction thereof. Specifically, Mr. Barranco regularly worked shifts in excess of eight (8) hours, entitling him to two rest periods. During his employment with Sign Industries, Mr. Barranco and other aggrieved employees who worked shifts of at least eight (8) hours were only authorized and permitted to take one combined rest period of 20 minutes, to be taken around 8:35 a.m. As a result, Sign Industries failed to authorize and permit Mr. Barranco and other aggrieved employees to take rest periods that fell on either side of their meal period. Instead, Sign Industries authorized and permitted their employees to take only one 20-minute combined rest period in the morning. Sign Industries' departure from the preferred schedule was not predicated on facts demonstrating that the preferred schedule would impose a material burden on it, and that the departure was necessary to alleviate such burden. Furthermore, Mr. Barranco's and other aggrieved employees' rest periods were often interrupted with work demands. On those occasions when Mr. Barranco and other aggrieved employees were not authorized and permitted to take all legally-compliant rest periods to which they were entitled, Sign Industries failed to compensate Mr. Barranco and other aggrieved employees with the required rest period premium for each workday in which they experienced a rest period violation as mandated by Labor Code § 226.7. Upon information and belief, Sign Industries maintained no payroll code for paying rest period premiums under Labor Code § 226.7.

Sign Industries also failed to adequately reimburse Mr. Barranco and other aggrieved employees for all reasonable and necessary work expenditures, including, but not limited to, use of personal tools such as screwdrivers and razor blades for employment-related tasks. In addition, Mr. Barranco and other aggrieved employees were required to purchase face masks in the discharge of their work duties with Sign Industries. However, Sign Industries failed to reimburse Mr. Barranco and other aggrieved employees for these business expenses.

As a result of Sign Industries' failure to compensate Mr. Barranco and other aggrieved employees for all minimum wages, overtime wages, and all meal and rest period premium wages, Sign Industries maintained inaccurate payroll records and failed to issue accurate, compliant, itemized wage statements. As a further result of Sign Industries' failure to compensate Mr. Barranco and other aggrieved employees for all minimum wages, overtime wages, and all meal and rest period premium wages, Sign Industries failed to pay Mr. Barranco and other aggrieved employees all wages owed at the time of their separation of employment with Sign Industries.

As described above, Sign Industries committed the following violations of the Labor Code, and Industrial Welfare Commission Wage Order 1 ("Wage Order 1"):

Overtime Wage Violations

Sign Industries was required to pay Mr. Barranco and other aggrieved employees overtime wages for all hours worked in excess of eight hours per workday and/or forty hours per workweek. *See* Labor Code §§ 1194(a) and 1198; Wage Order 1, § 3. According to Labor Code § 510(a), "Any work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee." This Section further provides, "Any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee. In addition, any work in excess of eight hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee." As alleged above, Sign Industries caused Mr. Barranco and other aggrieved employees to work overtime hours but did not compensate Mr. Barranco and other aggrieved employees at one and one-half times their regular rate of pay for such hours. As a result of these policies/practices, Mr. Barranco and other aggrieved employees were not compensated for all overtime and double-time wages.

Minimum Wage Violations

Sign Industries was required to pay Mr. Barranco and other aggrieved employees an hourly rate at least equal to the minimum wage for each hour actually worked. *See* Labor Code §§ 1182.12, 1194, 1194.2, 1197; Wage Order 1, § 4. As alleged above, Sign Industries failed to conform its pay practices to the requirements of the law by failing to pay Mr. Barranco and other aggrieved employees for all hours worked including, but not limited to, all hours they were subject to the control of Sign Industries and/or suffered or permitted to work under the California Labor Code and Wage Order 1. As a result of these policies/practices, which fail to compensate for all hours worked, Mr. Barranco and other aggrieved employees were deprived of all required minimum wages.

Meal Period Violations

As alleged above, Sign Industries failed to provide Mr. Barranco and other aggrieved employees with all required and compliant meal periods. *See* Labor Code §§ 226.7 and 512; Wage Order 1, § 11. As a result, Mr. Barranco and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal or rest or recovery period in accordance with … [an] order of the Industrial Welfare Commission … the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided.").

Rest Period Violations

As alleged above, Sign Industries also failed to authorize and permit Mr. Barranco and other aggrieved employees to take all required rest periods. *See* Labor Code §§ 226.7 and 516; Wage Order 1, § 12. As a result, Mr. Barranco and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required rest periods. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest period is not provided.")

Wage Statement Violations

Sign Industries was required to furnish Mr. Barranco and other aggrieved employees with complete and accurate itemized wage statements that showed, among other things, their rates of pay, corresponding number of hours worked at each rate of pay, total gross wages earned, and total net wages earned. *See* Labor Code §§ 226(a) and 1174(d); Wage Order 1, § 7. As a result of Sign Industries's failure to pay all overtime, minimum, and double-time wages, and failure to pay all required meal and rest period premium wages, Sign Industries maintained inaccurate payroll records and issued inaccurate wage statements to Mr. Barranco and other aggrieved employees in violation of Labor Code § 226. Sign Industries's failure to comply with its wage statement obligations was knowing and intentional, and Mr. Barranco and other aggrieved employees have suffered injury as a result.

<u>Waiting Time Penalties</u>

Labor Code §§ 201 and 202 require that employees receive all of their final wages at the time of their separation of employment. Sign Industries failed to timely pay Mr. Barranco and other aggrieved employees all of their final wages at the time of separation, which included all overtime, double-time, and minimum wages as well as all meal and rest period premium wages. Pursuant to Labor Code § 203, Sign Industries's failure to pay all final wages due to Mr. Barranco and other aggrieved employees was willful and, consequently, entitles Mr. Barranco and other aggrieved employees to waiting time penalties equal to one day of wages at their standard hourly rate for each day Sign Industries failed to pay their final wages after their separation, up to a maximum of thirty days.

<u>Failure to Reimburse Employees for Necessary Business Expenditures</u>

As alleged above, Sign Industries failed to reimburse Mr. Barranco and other aggrieved employees for necessary work expenses, including the use of personal tools and the purchase of face masks for business purposes. Sign Industries's policy of not providing reimbursement for necessary work-related expenses is in violation of Wage Order 1, § 9, and Labor Code §§ 2802 and 2804 ("An employer shall indemnify his or her employees for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer.") Mr. Barranco and other aggrieved employees are therefore entitled to reimbursement of such unpaid work expenses with interest.

As an "aggrieved employee," Mr. Barranco will initiate a civil action on behalf of himself and other aggrieved employees to recover civil penalties resulting from the wage and hour violations alleged herein. Based on Mr. Barranco's own investigation, and on information and belief, Sign Industries committed and continues to commit the following Labor Code violations:

a. Sign Industries violated Labor Code §§ 204, 510, 1194, and 1198 by failing to pay Mr. Barranco and other aggrieved employees all overtime compensation earned;

b. Sign Industries violated Labor Code §§ 1182.12, 1194, 1194.2, and 1197 by failing to pay Mr. Barranco and other aggrieved employees the statutory minimum wage for all hours worked;

c. Sign Industries violated Labor Code §§ 226.7, 512, 558, and 1198 by failing to provide meal periods as required by law and failing to pay meal period premiums to Mr. Barranco and other aggrieved employees at these employees' respective regular rates of compensation for meal period violations;

d. Sign Industries violated Labor Code §§ 226.7, 516, 558, and 1198 by failing to authorize and permit Mr. Barranco and other aggrieved employees all required rest periods and failing to pay rest period premiums to Mr. Barranco and other aggrieved employees at these employees' respective regular rates of compensation for rest period violations;

e. Sign Industries violated Labor Code § 226 by failing to furnish Mr. Barranco and other aggrieved employees with accurate and compliant itemized wage statements;

f. Sign Industries violated Labor Code §§ 201, 202, and 203 by failing to timely pay all final wages due to Mr. Barranco and other aggrieved employees;

g. Sign Industries violated Labor Code §§ 2802 and 2804 by failing to reimburse Mr. Barranco and other aggrieved employees for all necessary expenditures incurred;

h. Sign Industries violated Labor Code § 204 by failing to pay Mr. Barranco and other aggrieved employees all wages earned at least twice during each calendar month; and

i. Sign Industries violated Labor Code §§ 1174 and 1198 by failing to maintain accurate records on behalf of Mr. Barranco and other aggrieved employees.

Pursuant to Labor Code Section § 2699.3(a)(2)(A), please notify us and Sign Industries if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

Very truly yours,
HAINES LAW GROUP, APC

Paul K. Haines

cc: Sign Industries, Inc. (via certified mail)