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Labor and Workforce Development Agency /
Department of Industrial Relations
Private Attorneys General Act (PAGA) - Filing
New PAGA Claim Notice

**Via Certified U.S. Mail – Return
Receipt Requested**

Restoration Hardware, Inc.
c/o Lawyers Incorporating Service
2710 Gateway Oaks Drive
Sacramento, CA 95833

Re: Notice Pursuant to California Labor Code § 2699.3

To Whom It May Concern:

My office represents Diego Lopez (“Mr. Lopez”), a former non-exempt employee of Restoration Hardware, Inc. and any related persons or entities (collectively, “RHI”).

This letter constitutes written notice required by Cal. Lab. Code §§ 2699.3(a)(1) and 2699.3(c)(1) and shall be construed as extending without limitation to any past, present, future, or continuing violation of the California Labor Code, applicable IWC wage orders, or regulations thereunder which might be discovered as a result of a reasonable and diligent investigation made pursuant to this notice.

Pursuant to the California Private Attorneys General Act of 2004 (“PAGA”), Cal. Lab. Code § 2698, *et seq.*, this letter sets forth the specific provisions of the California Labor Code and Industrial Welfare Commission (“IWC”) Wage Order No. 7-2001 and any other applicable wage order,¹ which Mr. Lopez alleges that RHI has violated, including the facts and theories to support the alleged violations, consistent with notice pursuant to Cal. Lab. Code § 2699.3.

¹ Hereinafter, when reference is made to IWC Wage Order 7, it shall include reference to corresponding sections of any other wage orders that may be applicable.

PRELIMINARY STATEMENT

Mr. Lopez alleges that RHI is liable for the following as to himself and other current and former non-exempt employees of RHI who have worked at any retail store/restaurant in the State of California (“aggrieved employees”): failure to provide meal and rest periods, in violation of Cal. Lab. Code §§ 226.7, 510, 512, 1194, 1197 and Wage Order No. 7-2001, §§ 11 and 12; failure to pay one additional hour of compensation at the employee’s correct regular rate of pay for each workday that a meal or rest period is not provided, in violation of Cal. Lab. Code § 226.7 and Wage Order No. 7-2001, §§ 11 and 12; failure to pay overtime wages, and failure to properly calculate overtime wages, in violation of Cal. Lab. Code §§ 510, 1194, 1198, and Wage Order No. 7-2001, § 3; failure to timely pay all wages due, in violation of Cal. Lab. Code § 204; willful failure to pay discharged or quitting employees all wages due, in violation of Cal. Lab. Code §§ 201-203; failure to provide accurate itemized wage statements, in violation of Cal. Lab. Code §§ 226, 1174, and 1174.5; failure to maintain required records, in violation of Cal. Lab. Code §§ 1174, 1174.5, and Wage Order No. 7-2001, § 7; and failure to indemnify non-exempt employees for uniforms, expenditures, and/or losses, in violation of Cal. Lab. Code § 2802.

FACTS AND THEORIES

Mr. Lopez was employed by RHI as a line cook, a non-exempt position, at its retail store in Yountville California from approximately February 2023 to July 2025. Mr. Lopez, on behalf of himself and other aggrieved employees of RHI in the state of California during the one year preceding the date of this notice letter, provides notice of the following facts and theories.

I. Meal Period Violations

Pursuant to Cal. Lab. Code § 226.7, 512 and IWC Wage Order No. 7-2001, § 11, no employer shall employ any non-exempt employee for a work period of more than five (5) hours without a meal period of not less than thirty (30) minutes. Employers in California are required to pay one (1) hour of compensation for each missed or non-compliant meal period to their non-exempt employees. Additionally, if a non-exempt-employee is not relieved of all duty during a meal period, the meal period shall be considered an “on duty” meal period and counted as time worked. A paid “on duty” meal period is permitted only when (1) the nature of the work prevents an employee from being relieved of all duty and (2) the parties have a written agreement agreeing to on duty meal periods.

Neither Mr. Lopez nor any other aggrieved employees agreed to work on duty meal periods, needed to work on duty meal periods based on their job duties, or were paid by RHI to work on duty meal periods. Moreover, RHI regularly did not allow non-exempt employees, including Mr. Lopez, to take a full thirty-minute meal period, and meal periods were regularly short (less than thirty minutes), late (taken after 5 hours), and interrupted (work was performed during the meal period).

More specifically, RHI failed to implement adequate policies or procedures to provide meal periods to its non-exempt employees. Among other things, RHI grossly understaffs its stores, overworks aggrieved employees, and does not adequately notify aggrieved employees of their rights to take meal periods. For example, to minimize labor costs, RHI has implemented a policy of allotting a grossly insufficient maximum total staff hours per week, which caused Mr. Lopez and other aggrieved employees to miss or to perform work meal periods because there was insufficient staff to assist customers and perform other required job duties.

RHI consistently denied Mr. Lopez and other aggrieved employees compliant meal periods by requiring them to complete so much work within their shifts that they would be forced to skip their meal periods, to take them after working longer than five (5) hours, to perform work during their meal periods, or return to work after taking less than a thirty (30) minute meal period.

RHI further violated Cal. Lab. Code § 226.7 and IWC Wage Order No. 7-2001 by willfully failing to compensate Mr. Lopez and other aggrieved employees who were not provided with a meal period in compliance with California law with one (1) additional hour of compensation at their regular rates of pay for each workday that a compliant meal period was not provided. RHI further violated Cal. Lab. Code § 226.7, 510, 1194, 1197, and IWC Wage Order No. 7-2001 by failing to compensate Mr. Lopez and other aggrieved employees for all hours worked during their meal periods.

II. Rest Break Violations

RHI failed to authorize and permit Mr. Lopez and other aggrieved employees to take rest periods as required under Cal. Lab. Code §§ 226.7 and 512, and IWC Wage Order No. 7-2001, § 12. Employers in California are required to provide a ten (10) minute rest period for every four hours worked or major action thereof. Further, employers are required to pay one (1) hour of compensation for each day in which a legally-compliant rest period is not provided.

As with meal periods, RHI's policies and practices caused Mr. Lopez and other aggrieved employees to miss or otherwise take non-compliant rest breaks by, among other things, giving them unreasonable amounts of work that had to be completed within their shift such that rest periods simply could not be taken. This was the result of systematic understaffing and unrealistic work expectations and requirements. Further, as set forth above, RHI implemented skeletal staffing policies, which resulted in the inability of Mr. Lopez and other aggrieved employees to take compliant rest breaks. In addition, RHI did not adequately notify aggrieved employees of their rights to take rest periods and systematically denied them the opportunity to take breaks.

RHI further violated Cal. Lab. Code § 226.7 and IWC Wage Order No. 7-2001, § 12 by failing to pay Mr. Lopez and other aggrieved employees one (1) additional hour of compensation at their regular rates of pay for each workday that a legally compliant rest period was not provided.

III. Failure to Pay Overtime Wages

Pursuant to Cal. Lab. Code §§ 510, 1194 and IWC Wage Order No. 7-2001, § 3, employers in California are required to compensate non-exempt employees for all overtime, which is calculated at one and one-half (1 ½) times the regular rate of pay for hours worked in excess of eight (8) hours per day and/or forty (40) hours per week, and for the first eight (8) hours on the seventh consecutive work day, with double time for all hours worked in excess of eight (8) hours on the seventh day of any workweek, or after twelve (12) hours in any workday.

Mr. Lopez and other aggrieved employees are entitled to the protections of Cal. Lab. Code §§ 510, 1194 and IWC Wage Order No. 7-2001. RHI failed to compensate Mr. Lopez and other aggrieved employees for all overtime hours worked by failing to pay overtime at one and one-half (1 ½) or double the regular rate of pay, by among other things, failing to properly calculate the regular rate of pay for the purposes of calculating overtime pay owed and due by not including the value of required remuneration and requiring, suffering, or permitting Mr. Lopez and other aggrieved employees to work through meal periods and rest breaks but not compensating them for this time, and failing to include this time in all hours worked; and other methods to be discovered.

When RHI paid *some* meal periods that were owed and due, it paid them at Mr. Lopez's and other aggrieved employees' base hourly rate, which did not include a blended rate of overtime rates and other required remuneration, as required under California law. *Ferra v. Loews Hollywood Hotel, LLC*, 11 Cal. 5th 858, 878 (2021) ("In sum, we hold that the term 'regular rate of compensation' in section 226.7(c) has the same meaning as 'regular rate of pay' in section 510(a) and encompasses not only hourly wages but all nondiscretionary payments for work performed by the employee.).

In sum, RHI has refused to perform its obligations to compensate Mr. Lopez and other aggrieved employees for all overtime wages earned in violation of Cal. Lab. Code §§ 510, 1194, 1198, and IWC Wage Order No. 7-2001, § 3.

IV. Failure to Timely Pay All Wages Earned

Pursuant to Cal. Lab. Code § 204, employers in California must pay employees at least twice a month for all wages earned during the preceding pay period. Cal. Lab. Code § 204 provides that labor performed between the 1st and 15th days, inclusive, of any calendar month shall be paid for between the 4th and the 26th day of the month during which the labor was performed, and labor performed between the 16th and the last day, inclusive, of any calendar month, shall be paid for between the 1st and 10th day of the following month. Employers using an alternate payday schedule must pay wages within seven calendar days of the end of the payroll period within which the wages were earned.

RHI failed to pay Mr. Lopez and aggrieved employees on their regularly scheduled payday for all labor performed during the preceding pay period by, among other things, failing to pay Mr.

Lopez and other aggrieved employees for work they performed off-the-clock; requiring them to work through their meal periods and rest breaks without proper compensation and/or remuneration; and other methods to be discovered. RHI knew that it was required to pay Mr. Lopez and other aggrieved employees these wages owed and due no later than the payday for the next regular payroll period following the payroll period in which the wages were earned, yet it willfully failed to do so.

V. Failure to Pay All Wages Due Upon Discharge or Termination

Pursuant to Cal. Lab. Code § 201, 202, and 203, employers in California are required to pay all earned and unpaid wages to a non-employee who is discharged. Cal. Lab. Code § 201 mandates that if an employer discharges a non-exempt employee, that employee's wages accrued and unpaid at the time of discharge are due and payable immediately. Pursuant to Cal. Lab. Code § 202, an employer is required to pay all accrued wages due to a non-exempt employee no later than 72 hours after the employee quits his or her employment, unless the employee provides 72 hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

Cal. Lab. Code § 203 provides that if an employer willfully fails to pay, in accordance with Cal. Lab. Code §§ 201 and 202, any wages of an employee who is discharged or who quits, the employer is liable for waiting time penalties in the form of continued compensation to the non-exempt employee at the same rate for up to thirty (30) work days. Because RHI has, *inter alia*, required Mr. Lopez and other aggrieved employees to work off-the-clock without compensation, and has required them to work through their meal periods and rest breaks without proper compensation and/or remuneration, and failed to pay them regular and overtime wages, RHI has willfully failed to pay wages due to Mr. Lopez and other aggrieved employees in accordance with Cal. Lab. Code §§ 201 and 202.

VI. Failure to Maintain Required Records

RHI has failed to maintain records as required under Cal. Lab. Code §§ 226, 1174, and IWC Wage Order No. 7-2001, § 7, including but not limited to, the following records: total daily hours worked by each employee; applicable rates of pay; all deductions; meal periods; time records showing when each employee begins and ends each work period; accurate itemized statements that reflect all compensation and remuneration owed and due to them. RHI knows it is not providing its non-exempt employees with proper meal periods and rest breaks but omits from the wage statements such compensation and/or remuneration. Additionally, RHI requires, suffers, or permits non-exempt employees to work off-the-clock and fails to record this time or compensate them for this time.

VII. Failure to Furnish Accurate Itemized Wage Statements

RHI fails to provide Mr. Lopez and other aggrieved employees with timely, accurate, and itemized wage statements in writing showing each employee's gross wages earned, total hours

worked, all deductions made, net wages earned, the name and address of the legal entity or entities employing Mr. Lopez and other aggrieved employees, the inclusive dates of the period for which the employee is paid, and all applicable hourly rates in effect during each pay period and the corresponding number of hours worked at each hourly rate, in violation of Cal. Lab. Code § 226 and IWC Wage Order No. 7-2001, § 7.

RHI has failed to provide Mr. Lopez and other aggrieved employees with proper meal periods and rest breaks but failed to include in their wage statements one (1) additional hour of compensation at their regular rates of pay for each missed or non-compliant meal or rest period. *See Naranjo v. Spectrum Sec. Servs., Inc.* (2022) 13 Cal.5th 93, 972 (“failure to report premium pay for missed breaks can support monetary liability under section 226 for failure to supply an accurate itemized statement reflecting an employee’s gross wages earned, net wages earned, and credited hours worked.”). In addition, RHI does not properly pay Mr. Lopez and other aggrieved employees overtime wages owed and due to them, resulting in accurate wage statements. RHI also suffers and permits Mr. Lopez and other aggrieved employees to work off the clock, including during rest breaks.

VIII. Failure to Indemnify Employees for Necessary Employment Expenditures

California Labor Code § 2802(a) requires employers to indemnify non-exempt employees for all necessary expenditures or losses incurred by the employee in the discharge of her his or her duties, or of his or her obedience to the directions of the employer. RHI has failed to indemnify Mr. Lopez and other aggrieved employees for all business expenses and/or losses incurred in the discharge of their duties while working under its direction, including but not limited to, usage of their personal cellular phones, in violation of Cal. Lab. Code § 2802.

DEMAND

Demand is hereby made that RHI shall agree, in writing received by this office no later than sixty-five (65) calendar days from the postmark date of this notice, to the following:

1. RHI shall agree to conduct a survey or interview of all current and former aggrieved employees in California during the past twelve (12) months to obtain information from them about the number of meal and rest periods each employee missed during their work shifts.
2. RHI shall agree to pay each aggrieved employee one (1) hour of pay at the employee’s regular rate of pay for every shift in which he or she missed or otherwise did not take a compliant meal period or rest break, as required by Cal. Lab. Code § 226.7 and the applicable wage order.

3. RHI shall agree to pay each aggrieved employee all unpaid overtime wages, as required pursuant to Cal. Lab. Code §§ 510, 1194, 1198, and Wage Order No. 7-2001, § 3.
4. RHI shall agree to provide each aggrieved employee with accurate, itemized wage statements, as required pursuant to Cal. Lab. Code § 226 and IWC Wage Order No. 7-2001, § 7.
5. RHI shall agree to reimburse those aggrieved employees who were forced to pay for any business expenses incurred for the benefit of RHI pursuant to California Labor Code § 2802.
6. RHI shall agree to produce employment records required under California Labor Code §§ 226 and 1198.5 and IWC Wage Order No. 7-2001, § 7, to any employees that have requested them.
7. RHI shall agree to pay a thirty (30) day waiting time penalty, equal to thirty (30) days of pay, to each formerly employed aggrieved employee who reports any unpaid wages as described herein.
8. RHI shall agree to pay all penalties and civil penalties due arising from the violations of the California Labor Code and IWC wage order sections referenced above and pursuant to PAGA, Cal. Lab. Code § 2698 *et seq.*, and Wage Order No. 7-2001, § 20.

If the Labor and Workforce Development Agency intends to investigate the allegations set forth herein, please provide notice via certified mail to:

The Wand Law Firm, P.C.
100 Oceangate, Suite 1200
Long Beach, California 90802
Telephone: (310) 590-4503
Email: awand@wandlawfirm.com

A filing fee in the amount of seventy-five dollars (\$75.00) in connection with the filing of this new PAGA claim is being made electronically at the time of submission.

Sincerely,
THE WAND LAW FIRM, P.C.



Aubry Wand, Esq.