

Nicholas J. Ferraro (State Bar No. 306528)
Lauren N. Vega (State Bar No. 306525)
Ferraro Vega Employment Lawyers, Inc.
3160 Camino del Rio South, Suite 308
San Diego, California 92108
(619) 693-7727 main / (619) 350-6855 fax
nick@ferrarovega.com / lauren@ferrarovega.com

Attorneys for Plaintiff Jennifer Andrade

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO**

JENNIFER ANDRADE, individually and on
behalf of all others similarly situated and the
State of California under the Private Attorneys
General Act,

Plaintiffs,

vs.

SOMBRERO COR, INC.; CORREA
MANAGEMENT, INC.; SOMBRERO
MEXICAN FOOD, INC.; and DOES 1 through
50, inclusive,

Defendants.

Case No. 37-2023-00043518-CU-OE-CTL

**REPRESENTATIVE ACTION
COMPLAINT**

1. Civil Penalties under the Private Attorneys
General Act (Labor Code §§ 2698 *et seq.*)

1 Plaintiff JENNIFER ANDRADE, individually and on behalf of all others similarly situated
2 and the State of California under the Private Attorneys General Act (“Plaintiff”) brings this
3 REPRESENTATIVE ACTION COMPLAINT against Defendants SOMBRERO COR, INC.;
4 CORREA MANAGEMENT, INC.; SOMBRERO MEXICAN FOOD, INC.; and DOES 1 through 50,
5 inclusive (collectively “Defendants”), alleging as follows:

6 **INTRODUCTION**

7 1. The aggrieved employees in this PAGA action worked for Defendants Sobrero Cor,
8 Inc., Correa Management, Inc. and Sombrero Mexican Food, Inc. Defendants collectively owned and
9 operated a chain of Mexican food restaurants, employing hourly nonexempt employees like Plaintiff
10 and aggrieved employees in the State of California.

11 2. Defendants underpaid aggrieved employees’ wages by failing to include all forms of
12 remuneration, including shift differentials, in their hourly overtime, sick, and premium pay.

13 3. Additionally, Defendants failed to pay at least the minimum wage for all hours worked
14 because Defendants required off-clock work from the aggrieved employees, including safety
15 certificate training.

16 4. Further, Defendants failed to properly provide aggrieved employees with paid sick
17 leave because aggrieved employees accrued sick leave at a lesser rate than statutorily required by
18 California Law.

19 5. Defendants failed to pay all meal and rest period premiums owed for non-complaint
20 meal and rest periods.

21 6. Finally, Defendants also required Plaintiff and aggrieved employees to utilize their
22 personal cell phones, computers, home office resources, and vehicles in furtherance of job duties
23 without reimbursement.

24 7. Plaintiff seeks to recover civil penalties and other recoverable amounts for these Labor
25 Code violations on behalf of the State of California and the aggrieved employees.

26 **JURISDICTION & VENUE**

27 8. Jurisdiction of this action is proper in this Court under Article VI, Section 10 of the
28 California Constitution as the causes of action are premised upon violations of California law.

each of DOES 1 through 50 constitutes a legal employer or is otherwise legally responsible in some manner for the acts and omissions alleged herein. This Complaint may be amended to reflect their true names and capacities once ascertained.

18. Upon information and belief, Defendants in this action are employers, co-employers, joint employers, and/or part of an integrated employer enterprise, as each of the Defendants exercised control over the wages, hours, and working conditions of the employees, suffered and permitted them to work, and otherwise engaged them as employees under California law.

19. Upon information and belief, at least some of the Defendants have common ownership, common management, interrelationship of operations, and centralized control over labor relations and are therefore part of an integrated enterprise and thus jointly and severally responsible for the acts and omissions alleged herein, including pursuant to Labor Code sections 558, 558.1, and 1197.1.

20. Upon information and belief, Defendants acted in all respects pertinent to this action as an alter-ego, agent, servant, joint employer, joint venturer, co-conspirator, partner, in an integrated enterprise, or in some other capacity on behalf of all other co-defendants, such that the acts and omissions of each defendant may be legally attributable to all others.

GENERAL ALLEGATIONS

21. Plaintiff and aggrieved employees worked for Defendants as nonexempt hourly employees. Plaintiff and aggrieved employees also earned other forms of remuneration in addition to base hourly wages including shift differentials and other forms of supplemental pay. However, Defendants failed to factor these multiple forms of remuneration into the statutory rates of pay for overtime, sick leave, and premium wages.

22. For example, on Plaintiff's wage statement from April 20, 2023, the statement shows that Plaintiff earned a shift differential for working the graveyard shift in the same pay period as overtime wages. However, Defendants only calculated Plaintiff's overtime rate at 1.5x her base hourly rate instead of the regular rate of pay, which would have factored in the shift differentials.

23. Plaintiff likewise believes and alleges that Defendants underpaid sick leave and premium wages with respect to the aggrieved employees because Defendants maintained a policy and practice of excluding some forms of non-discretionary remuneration from the regular rate of pay.

1 24. Further, Defendants required off-the-clock work from Plaintiff and aggrieved
2 employees on several occasions. Specifically, Defendants mandated that Plaintiff and aggrieved
3 employees obtain and renew a food safety certificate as a condition of employment. However,
4 Defendants did not compensate Plaintiff or aggrieved employees for the time spent obtaining the
5 certifications or the personal resources utilized to obtain it.

6 25. Defendants also failed to provide paid sick leave in compliance with California Law.
7 Defendants elected to utilize the accrual method of paid sick leave, which the Labor Code states must
8 occur at an accrual rate of no less than 1 hour of paid sick leave for every 30 hours worked. However,
9 Defendants provided an accrual rate to Plaintiff and aggrieved employees that was less than this
10 standard.

11 26. For example, in the pay period July 24, 2022, to August 6, 2022, Plaintiff worked 71.48
12 hours, comprised of only regular hourly earnings and overtime hourly earnings. Despite this,
13 Plaintiff's wage statement only reflects 2.24 hours of paid sick leave accrued in the current pay period.
14 A proper accrual rate would have reflected 2.38 hours of paid sick leave earned for 71.48 hours of
15 work. Plaintiff believes and alleges that Defendants utilized this unlawfully deflated sick leave accrual
16 rate for all aggrieved employees.

17 27. Additionally, due to employee responsibilities, short staffing, training needs, and the
18 constant flow of customers, Plaintiff and the aggrieved employees suffered late, short, missed, and/or
19 interrupted meal and rest periods. Upon production of Defendants' time records, Plaintiff believes and
20 alleges that these records will reveal deficient meal periods, rest periods, and a failure to properly pay
21 aggrieved employees their due premiums for these deficiencies. As mentioned above, to the extent
22 Defendants did pay these premiums, those premiums were underpaid due to the regular rate
23 miscalculations.

24 28. Finally, Defendants also required Plaintiff and aggrieved employees to personally incur
25 expenses in furtherance of the employees' job duties without reimbursement. For example, Plaintiff
26 and aggrieved employees personally bore the expenses of remotely obtaining and maintaining the food
27 safety certifications, as stated above. This includes costs for tuition, personal phone and laptop use,
28 and home office resources and utilities such as internet and electricity. Further, Defendants required

1 Plaintiff and other aggrieved employees to travel between several store locations in the same workday,
2 incurring personal gas mileage costs and ridesharing fare to fulfill these multi-location workdays.

3 29. Defendants also failed to provide Plaintiff's records upon request, pursuant to Labor
4 Code § 1198 and 226.

5 30. Because of the aforementioned violations, Defendants failed to provide accurate,
6 itemized wage statements that included the accurate gross or net wages. Defendants paid overtime,
7 premiums, and sick leave at inaccurate hourly wage rates (*i.e.*, the base rate instead of the regular rate)
8 which violates the wage statement requirement to include the correct hourly rate in effect each pay
9 period along with the correct number of hours. Defendants additionally failed to pay Plaintiff and
10 aggrieved employees at least the minimum wage for all hours work due to the off-clock requirements.

11 31. Defendants also failed to provide all required employee records on request in violation
12 of California Law. Defendants did not produce Plaintiff's time records displaying shift beginning and
13 end times or her meal periods.

14 32. These violations create derivative liability for failure to pay all wages owed each
15 payday or upon separation of employment.

16 **FIRST CAUSE OF ACTION**

17 **CIVIL PENALTIES UNDER THE PRIVATE ATTORNEYS GENERAL ACT**

18 **Violation of Labor Code §§ 2698 *et seq.***

19 **(By Plaintiff on Behalf of the State and the Aggrieved Employees Against All Defendants)**

20 33. All outside paragraphs of this Complaint are incorporated into this section.

21 34. Plaintiff brings this cause of action as a proxy for the State of California on behalf of
22 the following "aggrieved employees" pursuant to the Private Attorneys General Act ("PAGA"),
23 codified as Labor Code section 2698 *et seq.*:

- 24 a. All current and former non-exempt employees who worked for Defendants in
25 California at any time from one year prior to the postmark date of the initial
26 PAGA notice through date of trial.

27 35. Plaintiff reserves the right to amend, supplement, or add to this description of the
28 aggrieved employees, according to proof.

1 36. The State of California, via the Labor and Workforce Development Agency
2 (“LWDA”), is the real party in interest in this action with respect to this cause of action. (*Kim v. Reins*
3 *Int’l California, Inc.* (2020) 9 Cal. 5th 73, 81 [The “government entity on whose behalf the plaintiff
4 files suit is always the real party in interest.”])

5 37. Labor Code section 2699(a) provides: “Notwithstanding any other provision of law,,
6 any provision of this code that provides for a civil penalty to be assessed and collected by the Labor
7 and Workforce Development Agency or any of its departments, divisions, commissions, boards,
8 agencies, or employees, for a violation of this code, may, as an alternative, be recovered through a civil
9 action brought by an aggrieved employee on behalf of himself or herself and other current or former
10 employees pursuant to the procedures specified in Section 2699.3. “

11 38. Labor Code section 2699(f) provides: “For all provisions of this code except those for
12 which a civil penalty is specifically provided, there is established a civil penalty for a violation of these
13 provisions, as follows: ... (2) If, at the time of the alleged violation, the person employs one or more
14 employees, the civil penalty is one hundred dollars (\$100) for each aggrieved employee per pay period
15 for the initial violation and two hundred dollars (\$200) for each aggrieved employee per pay period for
16 each subsequent violation.”

17 39. Any allegations regarding violations of the IWC Wage Orders are enforceable as
18 violations of Labor Code section 1198, which states: “[t]he employment of any employee for longer
19 hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.”

20 40. Labor Code section 2699.3 sets forth the procedure for commencing an action for civil
21 penalties under the PAGA.

22 41. On or about **July 24, 2023**, Plaintiff paid the requisite PAGA filing fee and provided
23 written notice (by online electronic filing with the LWDA and by certified mail to Defendants) of
24 Defendants’ alleged Labor Code violations, including the facts and theories to support the alleged
25 violations.

26 42. A true and correct copy of Plaintiff’s written PAGA notice, entitled “Notice of Labor
27 Code Violations” is attached hereto as Exhibit 1 and incorporated by reference as though fully set
28 forth herein (the “PAGA notice”).

43. To date, neither Plaintiff nor Plaintiff's counsel has received a response to Plaintiff's written PAGA notice from the LWDA.

44. Within 33 calendar days of the postmark date of the notice sent by Plaintiff, neither Plaintiff nor Plaintiff's counsel has received written notice by certified mail from any defendant providing a description of any actions taken to cure the alleged violations.

45. Now that at least 65 days have passed from Plaintiff notifying Defendants of these violations, without notice of cure from Defendants or notice from the LWDA of its intent to investigate the alleged allegations and issue the appropriate citations to Defendants, Plaintiff exhausted all prerequisites and commenced this civil action under Labor Code section 2699 *et seq.*

46. As set forth in the PAGA notice attached as Exhibit 1 and incorporated into this Complaint, Defendants committed the following violations and are liable for all corresponding civil penalties:

- a. ***Unpaid Hours Worked/Minimum Wage.*** Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders.
- b. ***Unpaid Overtime.*** Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders.
- c. ***Unpaid Paid Sick Leave.*** Violation of Labor Code §§ 246 through 248.7.
- d. ***Unpaid Meal Period Premium Wages.*** Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders.
- e. ***Unpaid Rest Period Premium Wages.*** Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders.
- f. ***Untimely Payment of Wages During Employment.*** Violation of Labor Code §§ 204, 204b, 210.
- g. ***Untimely Payment of Wages Upon Separation of Employment.*** Violation of Labor Code §§ 201, 202, 203, 256.
- h. ***Non-Compliant Wage Statements.*** Violation of Labor Code §§ 226, 226.3.
- i. ***Unreimbursed Employee Expenses.*** Violation of Labor Code §§ 2802, 2804.

j. ***Failure to Provide Employee Records.*** Violation of Labor Code §§ 226, 432, 1174, 1198.5; IWC Wage Orders.

k. ***Failure to Maintain Accurate Records.*** Violation of Labor Code § 1174; IWC Wage Orders.

47. Plaintiff seeks to collect all recoverable civil penalties for the Labor Code violations alleged in this Complaint and the PAGA notice (including amendments thereto) against Defendants pursuant to Labor Code section 2699(a) and (f), in addition to attorneys' fees, costs, and interest to the extent permitted by law, including under Labor Code section 2699(g).

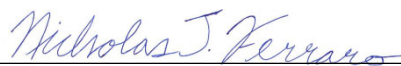
PRAAYER

Plaintiff prays for judgment as follows:

- a. For recovery of damages in amount according to proof;
- b. For all recoverable pre- and post-judgment interest;
- c. For recovery of all civil and statutory penalties and liquidated damages;
- d. For disgorgement of all amounts wrongfully obtained;
- e. For this action to be maintained as a representative action under the PAGA;
- f. For Plaintiff and counsel of record to be provided with all enforcement capability as if the action were brought by the State of California or the California Division of Labor Enforcement;
- g. For recovery of all civil penalties and other recoverable amounts under the PAGA;
- h. For restitution and injunctive relief;
- i. For reasonable attorneys' fees and costs of suit, including expert fees, to the extent permitted by law, including (without limitation) under Labor Code § 2699 and Code of Civil Procedure section 1021.5; and
- j. For such other relief the Court deems just and proper.

Dated: October 6, 2023

Ferraro Vega Employment Lawyers, Inc.



Nicholas J. Ferraro

Attorneys for Plaintiff Jennifer Andrade

EXHIBIT 1

Notice of Labor Code Violations

FERRARO VEGA

SAN DIEGO EMPLOYMENT LAWYERS

Nicholas J. Ferraro
nick@ferrarovega.com
Lauren N. Vega
lauren@ferrarovega.com

ATTORNEYS AT LAW
3160 Camino del Rio South, Suite 308
San Diego, California 92108

619-693-7727
619-350-6855 fax
ferrarovega.com

July 24, 2023

NOTICE OF LABOR CODE VIOLATIONS CALIFORNIA LABOR CODE SECTIONS 2698 *et seq.*

VIA CERTIFIED U.S. MAIL
- Electronic Return Receipt -

Sombrero Mexican Food, Inc.
5575 Lake Park Way Suite 216
La Mesa, California, 91942

Correa Management, Inc.
5575 Lake Park Way Suite 216
La Mesa, California 91942

Sombrero Cor, Inc.
5575 Lake Park Way Suite 216
La Mesa, California 91942

- PAGA Notice & Filing Fee -
Submitted electronically to the Labor and
Workforce Development Agency

Dear LWDA Officer and Company Representatives:

This letter serves as written notice under Labor Code section 2699.3 on behalf of **JENNIFER ANDRADE** (“Plaintiff(s)”) and all other “aggrieved employees” of the following “Defendant(s)”:

SOMBRERO MEXICAN FOOD, INC.; SOMBRERO COR, INC.; CORREA MANAGEMENT, INC. (collectively d/b/a SOMBRERO MEXICAN FOOD)

Defendant(s) shall mean and include the foregoing in addition to any other related employer entities, individuals under Labor Code sections 558 and 558.1, and all others who may be later added upon further investigation and discovery as liable employers.

This office serves as legal counsel for Plaintiff. If the California Labor and Workforce Development Agency (“LWDA”) does not investigate the facts, allegations, and violations set forth in this notice within the statutorily prescribed 65-day period under Labor Code section 2699.3, Plaintiff intends to commence a civil action against Defendants as a proxy and agent of the State of California under the Private Attorneys General Act (“PAGA”). “PAGA allows an ‘aggrieved employee’—a person affected by at least one Labor Code violation committed by an employer—to pursue penalties for all the Labor Code violations committed by that

employer.” *Huff v. Securitas Security Services USA, Inc.* (2018) 23 Cal. App. 5th 745, 751; *Kim v. Reins International California, Inc.* (2020) 9 Cal. 73, 79. Plaintiff maintains standing to pursue these claims against Defendants, as Plaintiff experienced one or more of the alleged violations during the relevant statutory period, which continue through the present date. *Cf. Johnson v. Maxim Healthcare Servs., Inc.*, 281 Cal. Rptr. 3d 478, 481 (Cal. Ct. App. 2021).

Through this notice, Plaintiff requests that Defendants complete an internal investigation and audit of the wage and hour and employment practices at issue and make a good faith effort to correct any violations. Plaintiff attempts to identify the non-compliant policies and practices affecting the aggrieved employees so that the parties may resolve the underlying damages and penalties in judgment or settlement approved by the Superior Court of California under Labor Code section 2699(k). Defendants are notified that any attempt to resolve this case should be conducted in coordination with Plaintiff’s counsel to protect the interests of Plaintiff, the aggrieved employees, and the State of California via the LWDA. Plaintiff advises Defendants this letter should be also considered a reasonable attempt at settlement of this matter, subject to an exchange of additional documents and information. *Graham v. Daimler Chrysler Corp.* (2004) 24 Cal. 4th 553, 561.

- BACKGROUND -

Defendants employed Plaintiff during the PAGA Period in the position of Cashier from about December 2021 to May 2023. During their employment Plaintiff and the other aggrieved employees were subject to the wage and hour and employment protections set forth in the California Labor Code and IWC Wage Orders.

Through this notice, Plaintiff informs the LWDA of the Labor Code violations set forth herein. The “aggrieved employees” include Plaintiff and the following individuals:

All current and former non-exempt employees who worked for Defendants in the State of California during one-year period preceding the date of this notice through the current date and the date of trial in any pending action (the “aggrieved employees” and the “PAGA Period”).

Plaintiff reserves the right to expand or narrow the definition of the “aggrieved employees” in the forthcoming civil action. Furthermore, Plaintiff seeks all recoverable civil penalties for Defendants’ violations and reserves the right to supplement this notice as further investigation is completed and further facts, witnesses, and violations are uncovered.

- PAGA CLAIMS -

Unpaid Hours Worked/Minimum Wage **Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders**

Defendants violated Labor Code sections 1194, 1197, and 1198, along with the California Minimum Wage Order, the applicable local minimum wage ordinances, and the “Hours and Days of Work” and “Minimum Wages” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 1194 renders it unlawful for an employee to receive less than the legal minimum wage for hours worked in California. Labor Code section 1197 further mandates that “[t]he minimum wage for employees fixed by the commission is the minimum wage to be paid to employees, and the payment of a lower wage than the minimum so fixed is unlawful.” Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The California Minimum Wage Order and the applicable sections of the IWC Wage Orders further require payment of minimum wages for all hours worked. The “Minimum Wages” sections of the applicable IWC Wage Order provide that “[e]very employer shall pay to each employee, on the established payday for the period involved, not less than the applicable minimum wage for all hours worked in the payroll period, whether the remuneration is measured by time, piece, commission, or otherwise.” The foregoing California wage laws require payment of “not less than the applicable minimum wage *for all hours worked* in the payroll period” and California law does not allow averaging of pay over the hours worked in the pay period, even if the total pay results in an average above the minimum wage. *Armenta v. Osmose, Inc.* (2005) 135 Cal. App. 3d 314, 324.

Defendants failed to pay Plaintiff and the aggrieved employees at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages. Defendants required Plaintiff and the aggrieved employees to complete off-clock work, uncompensated, as a part of the aggrieved employees’ job responsibilities. Specifically, Defendants mandated that Plaintiff and the aggrieved employees train for and obtain a food safety certificate as a condition of employment. When Plaintiff and the aggrieved employees attended this training and received their certificates, Defendants failed to compensate Plaintiff and the aggrieved employees for the time spent acquiring the certificates. Therefore, Defendant failed to pay Plaintiff and the aggrieved employees at least the applicable minimum wage for all hours worked, including hours spent obtaining the certificates, in violation of Labor Code section 1194 *et seq.* and the pertinent IWC Wage Orders.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1197.1 (\$100/\$250), 1199 / “Penalties” section of the IWC Wage Orders (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Overtime
Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders

Defendants violated Labor Code sections 510, 1194, and 1198, along with the “Hours and Days of Work” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 510 requires “[a]ny 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;” and “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;” and “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.” Labor Code section 1194 renders it unlawful for an employee to receive less than the legal overtime rate for overtime hours worked in California. Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders further require payment of overtime wages for all overtime hours worked, including the “Hours and Days of Work” sections.

Defendants failed to pay Plaintiff and the aggrieved employees overtime wages at the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages. Plaintiff and the aggrieved employees earned supplemental remuneration in addition to their base hourly wages, including shift differentials. When Plaintiff and the aggrieved employees earned both overtime and shift differentials or other extra remuneration in the same pay period, Defendants failed to factor the extra remuneration into the overtime wage rate. Rather than calculating the regular rate of pay, inclusive of *all* forms of non-discretionary income, Defendants elected to only factor in Plaintiff and the aggrieved employees’ base hourly rate, resulting in underpaid overtime wages. An example of Defendants’ incorrect overtime payments is below:

Earnings and Hours	Qty	Rate	Current	YTD Amount
FOH-Hourly	14.43	18.00	259.74	1,383.90
FOH-Overtime (x1.5) hourly.	0.02	27.00	0.54	6.75
FOH Graveyard Bonus	1.00	18.00	18.00	36.00
Reported Cash Tips			5.33	25.80
	15.45		289.13	1,452.25

Plaintiff’s wage statement from 4/20/2023, showing a shift differential paid for Plaintiff’s work during the “graveyard” shift, but Plaintiff’s overtime rate was only a multiple of her base hourly rate (\$27/hr. = \$18 x 1.5).

Further, Plaintiff and other aggrieved employees worked shifts over twelve hours throughout their tenure with Defendants, sometimes as long as fourteen hours. When Plaintiff and the aggrieved employees worked these twelve-plus hour shifts, Defendants failed to pay double-time wages as applicable for every hour exceeding twelve in a shift. Instead, Defendants paid

the lower, inapplicable 1.5 overtime multiplier for all hours exceeding eight in a shift. Due to Defendants' failure to pay double-time for applicable shifts, Plaintiffs and the aggrieved employees were regularly underpaid for shifts exceeding twelve hours. Additionally, to the extent that Defendants did pay double-time for shifts exceeding twelve hours, those wages were still underpaid due to the overtime miscalculation aforementioned and Defendants' policy of excluding select forms of remuneration, like shift differentials, from the regular rate of pay. Upon information and belief, when Defendants produce Plaintiff and the aggrieved employees time records, the records will show twelve-plus hour shifts without corresponding double-time, regular rate wages, resulting in underpayment.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1199 / "Penalties" section of the IWC Wage Orders) (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Paid Sick Leave **Violation of Labor Code §§ 246 through 248.7**

Defendants violated Labor Code sections 246 through 248.7 with respect to the aggrieved employees.

Labor Code section 246 requires employers to provide paid sick leave to its workforce on the terms set forth in the statute. Employers must comply with the accrual, use, and notice provisions of Labor Code sections 246, 246.5, 247, and must further ensure that they maintain the paid sick leave records required by Labor Code section 247.5. Employers have the option of providing 24 hours of paid sick leave to employees or to allow employees to accrue paid sick leave each pay period. If an employer chooses the accrual method, employees must accrue sick leave at a rate of one hour for every thirty hours worked in a given pay period as set forth in Labor Code section 246(b)(1). Under the accrual method, employees must begin accruing paid sick leave at the commencement of employment.

Employers must pay sick leave in accordance with one of the three permissible methods provided in Labor Code section 246(l): (1) "the same manner as the regular rate of pay for the workweek;" (2) "by dividing the employee's total wages, not including overtime premium pay, by the employee's total hours worked in the full pay periods of the prior 90 days;" or (3) "for exempt employee ... in the same manner as the employer calculates wages for other forms of paid leave time." Labor Code sections 248.6 and 248.7 similarly require paid sick leave to be paid at a regular rate-based calculation in excess of the base hourly rate and at the lawful accrual rate.

Under Labor Code section 246(i), employers must provide employees "with written notice of the amount of paid sick leave available ... for use on either the employee's itemized wage

statement ... or in a separate writing provided on the designated pay date with the employee's payment of wages.”

Defendants failed to comply with California's paid sick leave laws with respect to the aggrieved employees. Specifically, Defendants failed to accrue sick leave for Plaintiff and the aggrieved employees at the minimum permissible rate set forth in Labor Code section 246(b)(1). Although Defendants' wage statements reveal that Defendants elected to use the accrual method of paid sick leave, the accrual rate for Plaintiff and the aggrieved employees was less than one hour for every thirty hours worked. For example, in the pay period 7/24/2022 to 8/6/2022, Plaintiff worked 71.48 hours. However, as seen on Plaintiff's wage statement below, Defendants reflect that Plaintiff only accrued 2.24 sick pay hours. Utilizing the correct accrual rate, one hour accrued for every thirty hours worked, Plaintiff would have earned 2.38 sick pay hours in this pay period. This miscalculated sick leave occurred in every pay period Plaintiff and the aggrieved employees worked.

Earnings and Hours	Qty	Rate	Current	YTD Amount	Sick	Accrued	Used	Available
FDH-Hourly	71.37	17.00	1,217.48	14,794.99	Current	2.24	0:00	9:45
FDH-Overtime (x1.5) hourly	0:11	25.50	4.67	681.82	YTD	4:52	22:19	
Reported Cash Tip			25.22	278.46				
FDH Training				18.00				
Hourly Sick				371.32				
CA - SPSU-2				120.00				
	71.48		1,247.37	16,262.59				
Taxes			Current	YTD Amount				
Medicare Employee Addl Tax			0.00	0.00				
Federal Withholding			-82.00	-867.00				
Social Security Employee			-77.34	-1,096.28				
Medicare Employee			-18.99	-235.81				
CA - Withholding			-24.11	-262.51				
CA - Disability			-13.72	-178.89				
			-215.26	-2,552.49				
Adjustments to Net Pay			Current	YTD Amount				
Shoes				-60.70				
Net Pay			1,032.11	13,649.40				

Further, as mentioned above, Plaintiffs and the aggrieved employees earned supplemental remuneration, including shift differentials, that Defendants failed to factor into the regular rate of pay. Just as Defendants maintained a policy and practice of excluding shift differentials and other remuneration from overtime rates, Plaintiff believes and alleges that aggrieved employees who earned sick pay and supplemental remuneration in the same period did not receive sick pay reflective of all forms of nondiscretionary income, resulting in underpayment.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Meal Period Premium Wages
Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 512, and 1198, along with the related sections of the IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 512 and the IWC Wage Orders require that employers provide an uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work. *See Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal. 4th 1004, 1049. Labor Code section 226.7 requires that if a meal period is late, missed, short, or interrupted, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). "[T]ime records showing noncompliant meal periods raise a rebuttable presumption of meal period violations, including at the summary judgment stage." *Donohue v. AMN Services, LLC* (2021) 11 Cal. 5th 58, 61. Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 11 (Meal Periods), further require one uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant meal period is not provided. Pursuant to Section 11(A) of the IWC Wage Orders, the California Supreme Court has held that the on-duty meal period exception is "exceedingly narrow" and applies only when (1) "the nature of the work prevents the employee from being relieved of all duty" and (2) *both* "the employer and employee have agreed, in writing, to the on-duty meal period." *Augustus v. AMB Security Services, Inc.* (2016) 2 Cal. 5th 257, 266-276 (emphasis added). If these two requirements are not met, then the employer owes the employee one hour of premium pay for each non-compliant meal period taken under the purported on-duty meal arrangement. *Naranjo v. Spectrum Security Services, Inc.* (2019) 40 Cal. 5th 444, 459.

Due to employee responsibilities, short staffing, training needs, and the constant flow of customers, Plaintiff and the aggrieved employees suffered late, short, missed, and/or interrupted meal periods. Plaintiff further believes and alleges that an inspection of Defendants' time records will show deficient meal periods coupled with Defendants' failure to pay meal premiums to Plaintiff or the aggrieved employees. To the extent that Defendants ever paid meal period premiums, those amounts were underpaid due to the regular rate calculation errors and Defendants' policy and practice of excluding supplemental remuneration like shift differentials from the regular rate of pay. Plaintiff believes and alleges that she and the aggrieved employees experienced several deficient meal periods and received either no meal period premiums or underpaid meal premiums exclusive of supplemental remuneration.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Rest Period Premium Wages
Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 516, and 1198, and the related sections of the IWC Wage Orders with respect to Plaintiff and the aggrieved employees.

Labor Code sections 226.7 and 516 and the IWC Wage Orders require that employers authorize and permit an uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) that an employee works. Labor Code section 226.7 requires that if a rest period is non-compliant, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 12 (Rest Periods), further require one uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) worked and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant rest period is not authorized or permitted.

Due to the same reasons aforementioned regarding meal periods, Plaintiff and the aggrieved employees suffered late, short, missed, and/or interrupted rest periods. Plaintiff further believes and alleges that when the aggrieved employees suffered these deficient rest periods, Defendants also failed to pay rest period premiums. To the extent that Defendants ever paid rest period premiums, those amounts were underpaid due to the regular rate calculation errors and Defendants' policy and practice of excluding supplemental remuneration like shift differentials from the regular rate of pay. Plaintiff believes and alleges that she and the aggrieved employees experienced several deficient rest periods and received either no rest period premiums or underpaid rest period premiums exclusive of supplemental remuneration.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Untimely Payment of Wages During Employment
Violation of Labor Code §§ 204, 204b, 210

Defendants violated Labor Code sections 204 and/or 204b and 210, as applicable, with respect to Plaintiff and the aggrieved employees.

Labor Code section 204(a) requires payment of “all wages” for non-exempt employees at least twice each calendar month. Labor Code section 204(d) states all wages due must be paid “not more than seven calendar days following the close of the payroll period.” Labor Code section 204b applies to employees paid on a weekly basis and also requires the payment for all labor within the required pay periods. Labor Code section 210 provides “every person who fails to pay the wages of an employee as provided in Section ... 204 ... shall be subject to a civil penalty” of \$100 for an initial violation and \$200 plus 25% of the amount unlawfully withheld for a subsequent violation.

Because Defendants failed to pay all wages and premiums in each pay period in which such wages were earned at the lawful rate, Defendants violated Labor Code section 204 and/or 204b (for weekly employees, as applicable). Specifically, Defendants failed to correctly compensate Plaintiff and the aggrieved employees for training and certification time, overtime wages, sick pay, premiums, and personally incurred expenses. Defendants violated Labor Code sections 204 and 204b by failing to pay all wages and premiums owed on the regular pay days scheduled each pay period within seven calendar days of the close of the payroll period, as a result of the policies and practices set forth in this notice.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, and Labor Code section 210 (\$100/\$200) per violation per pay period, along with all other civil penalties permitted by law.

Untimely Payment of Wages Upon Separation of Employment
Violation of Labor Code §§ 201, 202, 203, 256

Defendants violated Labor Code sections 201, 202, and 203 with respect to the aggrieved employees by failing to pay all wages and premiums owed upon termination of employment.

Labor Code section 201 requires that if an employer fires an employee, the wages must be paid immediately. Labor Code section 202 requires that if an employee quits without providing 72 hours’ notice, his or her wages must be paid no later than 72 hours thereafter. Labor Code section 202 states that if an employee provides 72 hours’ notice, the final wages are payable upon his or her final day of employment. Labor Code section 203 requires an employer who fails to comply with Labor Code sections 201 or 202 to pay a waiting time penalty for each employee, up to a period of 30 days additional compensation.

Defendants failed to pay all wages and premiums owed to aggrieved employees during their employment as set forth in this notice, and also failed to timely pay those amounts to departing employees upon separation of employment. Specifically, Defendants failed to correctly compensate Plaintiff and the aggrieved employees for training and certification time, overtime wages, sick pay, premiums, and personally incurred expenses. Defendants did not pay waiting time penalties for the late payments. As a result, Defendants violated Labor Code sections 201, 202, and 203.

As a result, Plaintiff may recover civil penalties on behalf of aggrieved employees and the State of California as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Non-Compliant Wage Statements
Violation of Labor Code §§ 226, 226.3

Defendants violated Labor Code sections 226(a) and 226.3 with respect to the aggrieved employees by failing to furnish itemized wage statements each pay period that accurately list all information required by Labor Code section 226(a)(1) through (9).

Labor Code section 226(a) requires an employer to furnish wage statements to employees semimonthly or at the time of each payment of wages, “an accurate itemized statement in writing showing:” (1) gross wages earned, (2) total hours worked, (3) the number of piece rate units earned and applicable piece-rate in effect, (4) all deductions, (5) net wages earned, (6) the inclusive dates of the pay period, (7) the name of the employee and last four digits of SSN or an EIN, (8) the name and address of the legal name of the employer, and (9) all applicable hourly rates in effect during the pay period and the number of hours worked at each hourly rate by the employee.

Defendants failed to provide accurate itemized wage statements to the aggrieved employees each pay period as a result of the policies and practices set forth in this notice. Defendants violated Labor Code section 226(a)(1) and (5) by not listing the correct “gross wages earned” or “net wages earned,” as the employees earned wages and premiums that were not paid, resulting in an inaccurate reflection, and recording of “gross wages earned” on those wage statements. Likewise, in violation of Labor Code section 226(a)(9), Defendants failed to state on employee wage statements each pay period the applicable hourly rates in effect and the number of hours worked at that rate, as Defendants failed to pay all wages and premiums owed to employees. The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay stub.

Plaintiff and other aggrieved employees cannot promptly and easily determine from the wage statement alone the wages paid or earned without reference to other documents or information. Indeed, these wage statement violations are significant because they sow confusion among Plaintiff and other aggrieved employees with respect to what amounts were owed and paid, at what rates, the number of hours worked, and how those amounts were or

should be calculated. The wage statements reflect a false statement of earnings and concealed the underlying problems and underpayments of employee wages.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 226.3 (\$250/\$1,000) and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unreimbursed Employee Expenses **Violation of Labor Code §§ 2802, 2804**

Defendants violated Labor Code section 2802 with respect to the aggrieved employees by failing to reimburse the aggrieved employees for all necessary expenditures or losses incurred as part of their job duties.

Labor Code section 2802 requires an employer to “indemnify his or her employee 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, even though unlawful, unless the employee, at the time of obeying the directions, believed them to be unlawful.” *See, e.g., Espinoza v. West Coast Tomato Growers, LLC*, 2016 WL 4468175 at *4, n.2 (S.D. Cal. Aug. 24, 2016, No. 14-CV-2984 W (KSC)).

Labor Code section 2804 affirms that “[a]ny contract or agreement, express or implied, made by any employee to waive the benefits of this article or any part thereof, is null and void, and this article shall not deprive any employee or his personal representative of any right or remedy to which he is entitled under the laws of this State.”

Defendants required Plaintiff and the aggrieved employees to incur costs for work-related purposes without full reimbursement. In direct consequence of their job duties, Plaintiff and the aggrieved employees unavoidably and necessarily incurred these losses, expenditures, costs, and as a matter of policy and practice. Defendants often scheduled Plaintiff and other aggrieved employees for double shifts between several of Defendants’ store locations. When Plaintiff and the aggrieved employees worked double-shifts, Defendants did not reimburse the employees for mileage or transportation costs from one location to another.

Defendants, through their supervisors, regularly required Plaintiff to travel between several store locations, in the same workday such as El Cajon, Kearny Mesa, and Poway. Plaintiff incurred personal gas mileage costs and ridesharing fare to fulfill these multi-location workdays, and she never received reimbursement for either expense. Plaintiff believes and alleges that other aggrieved employees similarly needed to commute between stores and were likewise unreimbursed for their incurred mileage or transportation expense.

Further, Plaintiff and the aggrieved employees personally incurred the cost of the mandatory food-handler’s training and certificate. Although Defendants required Plaintiff and the

aggrieved employees to train for and obtain a food-handler's certificate as a continuing condition of employment, Plaintiff and the aggrieved employees paid out-of-pocket for training tuition and used personal electronic devices to complete the training without reimbursement for either expense.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Failure to Provide Employee Records
Violation of Labor Code §§ 226, 432, 1174, 1198.5; IWC Wage Orders

Defendants violated Labor Code sections 226, 432, 1198.5, and 1174 with respect to the aggrieved employees.

Labor Code section 226(b) requires employers to “afford current and former employees the right to inspect or receive a copy of records pertaining to their employment, upon reasonable request to the employer.” Labor Code section 432 states that “[i]f an employee ... signs any instrument relating to the obtaining or holding of employment, he shall be given a copy of the instrument upon request.” Labor Code section 1198.5 grants “[e]very current and former employee, or his or her representative, ... the right to inspect and receive a copy of the personnel files that the employer maintains relating to the employee’s performance or to any grievance concerning the employee.” Section 7(A) (Records) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates that employers maintain and make available “time records showing when the employee begins and ends each work period” as well as time records showing “[m]eal periods, split shift intervals, and daily hours worked[.]” Labor Code section 1174(d) requires these and other records be maintained for at least three years.

Defendants failed to provide all records upon Plaintiff’s request. Defendants did not provide Plaintiff with a copy of her time records displaying shift beginning and end times or her meal periods. In their failure to provide this pertinent information to Plaintiff, Defendants violated Labor Code section 1198 *et seq.* and the applicable IWC wage order sections.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 226.3 (\$250/\$1,000), 1174.5 (\$500), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Failure to Maintain Accurate Records
Violation of Labor Code § 1174; IWC Wage Orders

Defendants violated Labor Code sections 1174 and the IWC Wage Orders by failing to maintain accurate employee payroll records with respect to Plaintiff and other aggrieved employees.

Labor Code section 1174 requires that employers maintain accurate “payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments.” Section 7(A) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates similar recordkeeping obligations.

Because of the policies and practices set forth in this notice, including the failure to accurately account for wages earned or hours worked, Defendants failed to accurately maintain records in accordance with Labor Code section 1174 and the IWC Wage Orders.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 1174.5 (\$500) and 2699 (\$100/\$200), along with all other civil penalties permitted by law.

Attorneys’ Fees and Costs
Labor Code § 2699(g)

Plaintiff has been compelled to retain the services of counsel to protect the interests of other aggrieved employees and the State of California. Plaintiff continues to incur attorneys’ fees and costs, which are recoverable under California law, including Labor Code section 2699(g).

- LITIGATION HOLD NOTICE -

This letter imposes a duty upon all defendants and their respective employees, officers, directors, executives, attorneys, human resource and payroll personnel, accountants, and other agents to preserve all physical and electronic evidence, including electronically stored information and emails, which relate to the employment of Plaintiff and the aggrieved employees specified in this notice. Evidence includes, but is not limited to, Defendants’ written employment and payroll policies and handbooks; the aggrieved employees’ personnel files and payroll records, such as paystubs, time records, wage statements, compensation reports, as well as the underlying electronically data in Excel or similar format. Memoranda and internal and external correspondence relating to the subject matter of this notice shall also be maintained. Failure to preserve and retain relevant evidence may constitute spoliation of evidence and result in an adverse inference or sanctions.

If you have any questions regarding the scope your obligations to preserve evidence, please consult your legal counsel and always err on the side of caution. Periodic or regularly

scheduled purges or deletions of information covered by this hold must be suspended immediately.

- CONCLUSION -

If the LWDA does not pursue enforcement, Plaintiff intends to bring representative claims on behalf of the State of California and the aggrieved employees seeking civil penalties for violations of the Labor Code and the IWC Wage Orders, along with attorneys' fees, costs, interest, and other appropriate relief.

Please advise if the LWDA intends to investigate any of the factual or legal allegations set forth in this notice. Defendants may contact Plaintiff's counsel with any questions regarding this letter or the forthcoming lawsuit.

Sincerely,

A handwritten signature in blue ink that reads "Nicholas J. Ferraro".

Nicholas J. Ferraro

REJ

Cc Plaintiff Jennifer Andrade

Counsel for Defendants

Aaron A. Olsen, Esq. (aolsen@fisherphillips.com)

Danielle H. Moore (dmoore@fisherphillips.com)

Misha K. Jamshidi (mjamshidi@fisherphillips.com)