

Clerk of the Superior Court
By C. Drakes ,Deputy Clerk

Rick Waltman (State Bar No. 306463)
Ricardo De Leon (State Bar No. 365493)
Nicholas J. Ferraro (State Bar No. 306528)
Lauren N. Vega (State Bar No. 306525)
Ferraro Vega Employment Lawyers, Inc.
3333 Camino del Rio South, Suite 300
San Diego, California 92108
(619) 693-7727 main / (619) 350-6855 fax
rick@ferrarovega.com / ricardo@ferrarovega.com

Attorneys for Plaintiff Beatriz Barreto

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

BEATRIZ BARRETO, on behalf of others
similarly situated and the State of California
under the Private Attorneys General Act,

Plaintiffs,

vs.

CORONADO YACHT CLUB and DOES 1
through 50, inclusive,

Defendants.

Case No. 26CU019227C

Judge: Judy S. Bae

Department: C-62

**SECOND AMENDED REPRESENTATIVE
ACTION COMPLAINT**

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

Action Filed: April 7, 2026

1 Plaintiff BEATRIZ BARRETO, on behalf of all others similarly situated and the State of
2 California under the Private Attorneys General Act (“Plaintiff”) brings this SECOND AMENDED
3 REPRESENTATIVE ACTION COMPLAINT against Defendants CORONADO YACHT CLUB and
4 DOES 1 through 50, inclusive (collectively “Defendants”), alleging as follows:

5 **INTRODUCTION**

6 1. This is a representative-only action under the Private Attorneys’ General Act
7 (“PAGA”) filed for wage and hour violations of the California Labor Code.

8 2. Defendants failed to compensate Plaintiff and aggrieved employees for all hours
9 suffered or permitted to work in violation of the applicable IWC Wage Order.

10 3. Defendants’ underpayment of wages was facilitated by their company-wide practices
11 of requiring employees to complete work while off-the-clock. Specifically, during busy periods and
12 banquet events, Defendants routinely failed to schedule sufficient staff, causing Plaintiff and aggrieved
13 employees to work through their unpaid meal periods without compensation.

14 4. Defendants also underpaid the aggrieved employees’ wages by failing to include all
15 forms of remuneration, specifically non-discretionary service charges listed as “Banquet Tips,” into
16 the regular rate of pay calculation for overtime, sick pay, and meal and rest period premiums.

17 5. Defendants failed to provide, authorize, and/or permit Plaintiff and the aggrieved
18 employees to take all meal and rest periods to which they were entitled. Due to chronic understaffing,
19 Plaintiff and aggrieved employees experienced interrupted or missed breaks and Defendants failed to
20 pay the required meal or rest period premiums at the lawful regular rate of compensation.

21 6. Defendants’ employment policies, practices, and payroll administration systems
22 enabled and facilitated these violations on a company-wide basis with respect to aggrieved employees.

23 7. Defendants are further liable for derivative penalties for non-compliant wage
24 statements, untimely payment of wages during employment and upon separation, and the failure to
25 maintain accurate payroll records.

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.

manner for the acts and omissions alleged herein. This Complaint may be amended to reflect their true names and capacities once ascertained.

16. 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.

17. 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.

18. 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

19. Defendants maintained an unlawful policy and practice of requiring Plaintiff and other employees to perform work off-the-clock without compensation. For example, during busy periods and banquet events, Defendants routinely failed to schedule sufficient staff to permit compliant and duty-free meal periods, causing Plaintiff and the aggrieved employees to complete work during their unpaid meal periods. As a result of working through a portion or all of their unpaid meal periods, Plaintiff and covered employees were not compensated for all hours worked.

20. Additionally, Defendants failed to pay overtime at the "regular rate of pay." For example, Defendants paid Plaintiff and the aggrieved employees' non-discretionary services charges (listed as "Banquet Tips") and other forms of additional, non-excludable remuneration. However, Defendants failed to include these additional forms of compensation in their calculation of overtime rates when they were earned during the same pay period they earned overtime.

21. Defendants also failed to pay sick leave at the appropriate regular rate of pay. Specifically, Defendants failed to pay paid sick leave at the regular rate of pay by failing to factor in

1 Plaintiff's non-discretionary service charges (listed as "Banquet Tips") and other forms of
2 remuneration into the paid sick leave rate. Plaintiff alleges, based on information and belief, that
3 Defendants' regular rate of pay miscalculation equally applies to standard and supplemental paid sick
4 leave with respect to the covered employees, resulting in underpayments.

5 22. As described above, due to Defendant's failure to provide adequate coverage, Plaintiff
6 was often unable to be fully relieved of duty for her uninterrupted 30 minute meal periods. Each time
7 Plaintiff and the aggrieved employees experienced a missed, late, short, or interrupted meal period,
8 they were owed a meal premium paid at their regular rate of pay. Defendants failed to pay all meal
9 premiums owed, and to the extent that any were paid, they were paid at the improper rate of pay as
10 Defendants did not factor in the non-discretionary service charges.

11 23. Plaintiff further alleges that Defendants failed to provide compliant rest periods as
12 required by California law. Due to chronic understaffing and the demands of banquet service, Plaintiff
13 was often unable to take any rest breaks, as she was required to continuously attend to her tables and
14 perform work-related duties. Despite these missed rest periods, Defendants failed to provide any rest
15 break premiums.

16 24. Defendants failed to pay all wages and premiums owed to covered employees during
17 their employment as set forth in this complaint, and also failed to timely pay those amounts to
18 departing employees upon separation of employment. Defendants did not pay waiting time penalties
19 for the late payments.

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

1 Additionally, Defendants violated Labor Code section 226(a)(2) by failing to accurately list
2 employees' "total hours worked," as the wage statements did not accurately include the
3 uncompensated time plaintiff and other aggrieved employees worked due to Defendants' policy and
4 practice of requiring off-the-clock work.

5 26. Plaintiff and other aggrieved employees cannot promptly and easily determine from the
6 wage statement alone the wages paid or earned without reference to other documents or information.
7 Indeed, these wage statement violations are significant because they sow confusion among Plaintiff
8 and other aggrieved employees with respect to what amounts were owed and paid, at what rates, the
9 number of hours worked, and how those amounts were or should be calculated. The wage statements
10 reflect a false statement of earnings and concealed the underlying problems and underpayments of
11 employee wages.

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

15 **FIRST CAUSE OF ACTION**

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

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

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

19 28. All outside paragraphs of this Complaint are incorporated into this section.

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

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

26 30. Plaintiff does not assert any individual causes of action or seek to recover any
27 individual penalties through this action.

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

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

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

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

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

36. On or about **March 31, 2026**, Plaintiff paid the requisite PAGA filing fee and provided written notice (by online electronic filing with the LWDA and by certified mail to Defendants) of Defendants’ alleged Labor Code violations, including the facts and theories to support the alleged violations.

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

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

39. 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.

40. 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.*

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

42. 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(k).

PRAYER

Plaintiff prays for judgment as follows:

- a. For this action to be maintained as a representative action under the PAGA;
- b. 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;
- c. For recovery of all representative civil penalties and other recoverable amounts under the PAGA;
- d. For restitution and injunctive relief;
- e. For reasonable attorneys' fees and costs of suit, including expert fees, to the extent permitted by law, associated with the PAGA claims pursuant to Labor Code § 2699, and Code of Civil Procedure section 1021.5 and any other applicable sections; and
- f. For such other relief the Court deems just and proper.

Dated: September 24, 2026

Ferraro Vega Employment Lawyers, Inc.



Rick Waltman
Ricardo De Leon
Nicholas J. Ferraro
Attorneys for Plaintiff Beatriz Barreto

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

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
3333 Camino del Rio South, Suite 300
San Diego, California 92108

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

March 31, 2026

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

VIA CERTIFIED U.S. MAIL

- *Electronic Return Receipt* -

Coronado Yacht Club
1631 Strand Way
Coronado, CA 92118-2959

- *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 **BEATRIZ BARRETO** (“Plaintiff(s)”) and all other “covered employees” of the following “Defendant(s)”:

CORONADO YACHT CLUB

Defendants 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.5th 73, 79. Plaintiff maintains standing to pursue these claims against Defendants as an aggrieved employee.

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(s). 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 Waitress from about August 2021 to January 2026. During their employment Plaintiff and the other covered (i.e., 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, including those misclassified as non-exempt 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 "covered employees" and the "PAGA Period"). As defined, these covered current and former employees are "aggrieved employees" under PAGA.

Plaintiff reserves the right to expand or narrow the definition of the "covered 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 covered 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 similarly situated employees the applicable minimum wage for all hours worked, resulting in unpaid wages. Specifically, Defendants maintained an unlawful policy and practice of requiring Plaintiff and other employees to perform work off-the-clock without compensation. For example, during busy periods and banquet events, Defendants routinely failed to schedule sufficient staff to permit compliant and duty-free meal periods, causing Plaintiff and the aggrieved employees to complete work during their unpaid meal periods. As a result of working through a portion or all of their unpaid meal periods, Plaintiff and covered employees were not compensated for all hours worked. Accordingly, Plaintiff and similarly situated employees are owed compensation for all unpaid hours worked.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 covered employees overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages. First, as outlined in the unpaid hours worked section, Defendants failed to account for all hours worked, particularly work done during unpaid meal periods. To the extent that these unaccounted for hours resulted in Plaintiff and the aggrieved employees working more than eight hours a day or forty hours in a week, Plaintiff is owed unpaid overtime as a result.

Additionally, Defendants failed to pay overtime at the "regular rate of pay." For example, Defendants paid Plaintiff and the covered employees' non-discretionary services charges (listed as "Banquet Tips") and other forms of additional, non-excludable remuneration. However, Defendants failed to include these additional forms of compensation in their calculation of overtime rates when they were earned during the same pay period they earned overtime.

Defendants unlawfully paid overtime to Plaintiff and the aggrieved employees at 1.5x their base hourly rate. For each overtime hour worked during the period in which Plaintiff and the aggrieved employees earned the additional forms of remuneration, Defendants should have paid overtime "*at a rate no less than one and one-half times the regular rate of pay for an employee*" as required by the plain language of Labor Code section 510(a) and the IWC Wage Orders.

An illustrative example of Defendants' regular rate of pay violation, as it pertains to overtime, is shown below:

PERSONAL AND CHECK INFORMATION				EARNINGS							
Beatriz Barreto 3240 Pasternack Pl San Diego, CA 92123 Employee ID: 270				BASIS OF DESCRIPTION		HRS/UNITS	RATE	CURRENT (\$)	YTD HRS/UNITS	YTD (\$)	
Home Department: 304 Food Service				Hourly	Hourly	53.8000	190000	1022.20	561.1400	10764.41	
				Hourly	Missed Meal Break	2.0000	190000	38.00	12.0000	228.00	
					Overtime	0.3300	285000	9.41	5.3500	152.49	
					Banquet Tips			75.00		856.70	
					Charged Tips			1365.35		14818.38	
					Holiday				12.0000	228.00	
					Sick				24.0000	456.00	
Pay Period: 05/13/25 to 05/26/25				Total Hours		56.1300			614.4900		
Check Date: 05/29/25 Check #: 2164				Total Hrs Worked		56.1300					
NET PAY ALLOCATIONS				Gross Earnings				2509.96		27503.98	
DESCRIPTION THIS PERIOD (\$) YTD (\$)				OTHER ITEMS		DESCRIPTION	HRS/UNITS	RATE	CURRENT (\$)	YTD HOURS	YTD (\$)
Check Amount 0.00 0.00				Do not increase Net Pay							
Chkg 402 1955.86 20398.84						Pd Chg Tip-Tax O					863.00
NET PAY 1955.86 20398.84						PX401 ERCUM					
TIME OFF (Based on Policy Year)						PX401 ERMTC		75.30			851.02
DESCRIPTION BEGBAL CURRACRUE AMTTAKEN AVALBAL				WITHHOLDIN		DESCRIPTION		FILING STATUS	CURRENT (\$)		YTD (\$)
Sick 9.00 hrs 2.00 hrs 24.00 hrs 11.00 hrs				GS		Social Security			155.62		1758.68
						Medicare			36.39		411.30

Extract from Plaintiff's Wage Statement from 05/13/2025 - 05/26/2025

During the pay period from May 13, 2025 to May 26, 2025, Plaintiff earned “Banquet Tips” totaling \$75.00 and worked 0.33 hours of overtime. However, Defendant failed to factor in this additional remuneration into the overtime rate. Instead, Defendant unlawfully paid Plaintiff’s overtime at a rate 1.5x her base rate, rather than the increased 1.5x the regular rate of pay, which would have factored in the “Banquet Tips” and any other forms of additional remuneration. On information and belief, Defendant’s failure to pay overtime at the regular rate of pay was common to the aggrieved employees. To the extent other aggrieved employees earned “Banquet Tips” or other forms of remuneration, each must be factored into the regular rate of pay during the statutory period. Defendants violated the Labor Code accordingly.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 40 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 covered employees. Specifically, as outlined in the Unpaid Hours Worked section, Defendants failed to compensate and record all of Plaintiff's and covered employee's hours worked. As a result, Defendant failed to account for these hours when calculating sick accrual.

Additionally, Defendants failed to pay sick leave in accordance with one of the permissible methods in Labor Code §246(l)(1)-(3). Specifically, Defendants failed to pay paid sick leave at the regular rate of pay by failing to factor in Plaintiff's non-discretionary service charges (listed as “Banquet Tips”) and other forms of remuneration into the paid sick leave rate. Plaintiff alleges, based on information and belief, that Defendants' regular rate of pay miscalculation equally applies to standard and supplemental paid sick leave with respect to the covered employees, resulting in underpayments.

An illustrative example of Defendants' regular rate of pay violation as it pertains to sick pay is shown below:

PERSONAL AND CHECK INFORMATION				EARNINGS							
Beatriz Barreto				BASIS OF DESCRIPTION		HRS/UNITS	RATE	CURRENT (\$)	YTD	YTD (\$)	
3240 Pasternack Pl				PAY					HRS/UNITS		
San Diego, CA 92123				Hourly		36.7800	190000	698.82	72.1500	1370.85	
Employee ID: 270				Banquet Tips				145.00		405.00	
				Charged Tips				1003.76		2253.01	
				Sick		8.0000	190000	152.00	8.0000	152.00	
Home Department: 304 Food Service				Total Hours		44.7800			80.1500		
				Total Hrs Worked		36.7800			72.1500		
Pay Period: 01/06/26 to 01/19/26				Gross Earnings				1999.58		4180.86	
Check Date: 01/22/26 Check #: 2879				OTHER ITEMS		DESCRIPTION	HRS/UNITS	RATE	CURRENT (\$)	YTD HOURS	YTD (\$)
NET PAY ALLOCATIONS				Do not increase Net Pay		PX401 ERM TCH			59.99		125.43
				WITHHOLDINGS		DESCRIPTION	FILING STATUS		CURRENT (\$)		YTD (\$)
DESCRIPTION THIS PERIOD (\$)				S		Social Security			123.97		259.21
YTD (\$)						Medicare			28.99		60.62
Check Amount 0.00 0.00						Fed Income Tax	J		110.44		242.03
Chkg 402 1598.66 3324.50						CA Income Tax	SMI2 0 0		51.54		114.72
NET PAY 1598.66 3324.50						CA Disability			25.99		54.35
TIME OFF (Based on Policy Year)						TOTAL			340.93		730.93
DESCRIPTION BEG BAL CURR ACQ AMT TAKEN AVAIL BAL											
Sick 19.00 hrs 1.00 hrs 8.00 hrs 12.00 hrs											

Extract from Plaintiff's Wage Statement from 01/06/2026 - 01/19/2026

During the pay periods from January 6, 2026 to January 19, 2026, Plaintiff earned “Banquet Tips” totaling to \$145.00 and used 8.00 hours of sick time. However, Defendant failed to factor in this additional remuneration into the sick pay rate. Instead, Defendant unlawfully paid Plaintiff's sick pay at her base rate, rather than the increased regular rate of pay, which would have factored in the differential pay, incentive bonus, and any other forms of additional remuneration. On information and belief, Defendant's failure to pay sick pay at the regular rate of pay was common to the aggrieved employees. To the extent other aggrieved employees earned “Banquet Tips” or other forms of remuneration, each must be factored into the regular rate of pay during the statutory period. Defendants violated the Labor Code accordingly.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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.

Plaintiff alleges that Defendants failed to provide compliant, uninterrupted meal periods as required by California law. Plaintiff and the aggrieved employees frequently experienced interrupted meal periods due to chronic understaffing. Specifically, Defendant failed to provide adequate coverage for Plaintiff and the covered employees, resulting in their inability to take compliant meal periods. For example, Plaintiff was regularly required to attend to her assigned tables and perform other work-related duties during her meal periods because there

were not enough employees available to provide adequate coverage. As a result, Plaintiff was not relieved of all duty for a full, uninterrupted 30-minute meal period. This was a common practice amongst the aggrieved employees. Despite these noncompliant meal periods, Defendants failed to pay Plaintiff any meal period premiums as required by law. This conduct reflects a consistent policy and practice of failing to provide legally compliant meal periods and failing to compensate employees for such violations. Each time Plaintiff and the covered employees experienced a missed, late, short, or interrupted meal period, they were owed a meal premium paid at their regular rate of pay.

Further, Defendants failed to pay meal period premiums at the “regular rate of compensation” because the premium did not factor in non-discretionary service charges, here noted as “Banquet Tips” or other forms of remuneration, into the rate instead electing to pay aggrieved employees at their base hourly rate, in violation of California law.

An illustrative example of this regular rate of pay violation, as it pertains to meal premiums, is shown below:

PERSONAL AND CHECK INFORMATION			EARNINGS						
Beatriz Barreto			BASIS OF DESCRIPTION		HRS/UNITS	RATE	CURRENT (\$)	YTD	YTD (\$)
3240 Pasternack Pl			PAY					HRS/UNITS	
San Diego, CA 92123			Hourly	Hourly	53.8000	19.0000	1022.20	561.1400	10764.41
Employee ID: 270			Hourly	Missed Meal Break	2.0000	19.0000	38.00	12.0000	228.00
				Overtime	0.3300	28.5000	9.41	5.3500	152.49
				Banquet Tips			75.00		856.70
Home Department: 304 Food Service				Charged Tips			1365.35		14818.38
				Holiday				12.0000	228.00
				Sick				24.0000	456.00
Pay Period: 05/13/25 to 05/26/25				Total Hours	56.1300			614.4900	
Check Date: 05/29/25 Check #: 2164				Total Hrs Worked	56.1300				
NET PAY ALLOCATIONS				Gross Earnings			2509.96		27503.98
DESCRIPTION THIS PERIOD (\$)			DESCRIPTION		HRS/UNITS	RATE	CURRENT (\$)	YTD HOURS	YTD (\$)
YTD (\$)			Do not increase Net Pay						
Check Amount 0.00 0.00			Pd Chg Tip-Tax O						863.00
Chkg 402 1955.86 20398.84			PX401 ERCUM						
NET PAY 1955.86 20398.84			PX401 ERMTCB				75.30		851.02
TIME OFF (Based on Policy Year)			DESCRIPTION		FILING STATUS		CURRENT (\$)		YTD (\$)

Extract from Plaintiff's Wage Statement from 05/13/2025 - 05/26/2025

During the pay period of May 13, 2025 to May 26, 2025, Plaintiff earned \$75.00 in “Banquet Tips” pay and two meal premiums. However, Defendant failed to factor in this additional remuneration into the meal premium rate. Instead, Defendant unlawfully paid Plaintiff’s meal premiums at her base rate of \$19.00, rather than the increased regular rate of pay, which would have factored in the “Banquet Tips” and any other forms of additional remuneration. Plaintiff alleges, based on information and belief, that this was a matter of common policy and practice.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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.

Plaintiff further alleges that Defendants failed to provide compliant rest periods as required by California law. Due to chronic understaffing and the demands of banquet service, Plaintiff was often unable to take any rest breaks, as she was required to continuously attend to her tables and perform work-related duties. Despite these missed rest periods, Defendants failed to provide any rest break premiums. This conduct reflects a consistent policy and practice of denying employees lawful rest breaks and failing to compensate them accordingly.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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). 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 covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 covered 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. 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 as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 covered 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. Additionally, Defendants violated Labor Code section 226(a)(2) by failing to accurately list employees’ “total hours worked,” as the wage statements did not accurately include the uncompensated time plaintiff and other aggrieved employees worked due to Defendants’ policy and practice of requiring off-the-clock work.

Plaintiff and other covered 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 covered 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 covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Attorneys’ Fees and Costs
Labor Code § 2699(k)(1)

Plaintiff has been compelled to retain the services of counsel to protect the interests of other covered 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(k)(1).

- 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 covered employees specified in this notice. Evidence includes, but is not limited to, Defendants’ written employment and payroll policies and handbooks; the covered employees’ personnel files and payroll records, such as paystubs, time records, wage statements, compensation reports, as well as the underlying electronic 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 of 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 covered 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,



Elyssa Martinez, Esq.

ARD

Cc Plaintiff Beatriz Barreto
 shardy@sheppard.com | Samantha Hardy | Partner
 apatrack@sheppard.com | Amy Patrick | Practice Specialist