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May 1, 2026

Hollywood Delivery Service, Inc. — ***VIA CERTIFIED MAIL***
Dawn Marie Armenta (Agent for Service of Process)
2828 South Willow Avenue
Bloomington, California 92316

California Labor and Workforce Development Agency — ***FILED ONLINE***

Re: *Timothy Denzler, et al. v. Hollywood Delivery Service* — PAGA Notice

Dear Ms. Armenta:

This office represents Mr. Timothy Denzler in his potential claims for violations of California wage-and-hour statutes and regulations by his employer, Hollywood Delivery Service, Inc. (hereinafter "HOLLYWOOD"). Mr. Denzler intends to bring a civil lawsuit on behalf of himself, and all other similarly situated in California, against HOLLYWOOD to recover expenses, interest, attorneys' fees and costs, under said statutes and regulations.

Additionally, our client intends to seek to recover all available civil penalties under the Private Attorneys General Act of 2004 ("PAGA"). This correspondence is being sent pursuant to the provisions of *California Labor Code* section 2699.3 to allow our client to collect the civil penalties associated with the violations of the following statutes and regulations in a civil lawsuit against the Company.

## BACKGROUND

These are the facts as we presently understand them: Mr. Denzler has worked for the Company (a trucking company) from September 2023 through the present, as an independent contractor truck driver. In this capacity, Mr. Denzler routinely transported materials on behalf of the Company. Mr. Denzler was always subject to direct control of HOLLYWOOD.

Mr. Denzler did not drive the truck for any other customers; indeed, if he attempted to drive the truck for other companies or customers, Mr. Denzler believes that he would have been discharged by the Company.

Mr. Denzler did not have customers of his own. HOLLYWOOD assigned the jobs to Mr. Denzler via a dispatch system. Similarly, HOLLYWOOD, rather than Mr. Denzler, was responsible for collecting payment from the customers – payments that were based on prices set exclusively by HOLLYWOOD, and which Mr. Denzler had no authority over.

Mr. Denzler typically received a flat fee for his driving each day – an amount that would fluctuate based on the specific route and the pricing set by HOLLYWOOD of said route.

Fuel and other expenses were typically taken out of Mr. Denzler's final pay, almost always resulting in receiving payments that were less than the legal minimum wage under California law.

HOLLYWOOD subjected Mr. Denzler to mandatory (and random) drug and alcohol testing.

HOLLYWOOD regularly deducted fuel surcharges from Mr. Denzler's pay.

Considering the foregoing, and other factors to be revealed in discovery, it is abundantly clear that HOLLYWOOD retained ultimate control over Mr. Denzler's overall job performance. Considering the totality of the circumstances, HOLLYWOOD is, and has always been, the statutory and/or common law employer of Mr. Denzler. Moreover, HOLLYWOOD is a trucking company, and as such, is not permitted under California law to treat workers, like Mr. Denzler, as independent contractors.

After reviewing the evidence gathered to date, it is apparent that Mr. Denzler has been misclassified as an "independent contractor," and further that he is entitled to unpaid wages, re-payment of unlawfully deducted wages, and reimbursement for necessary and reasonable business expenditures.

We also are informed and believe that there may be another 100+ drivers who are similarly situated.

## <u>THE LAW</u>

### 1. *Statutory and Regulatory Violations*

Labor Code section 1194 provides, in pertinent part, that "notwithstanding any agreement to work for a lesser wage, any employee receiving less than the legal minimum wage or the legal overtime compensation applicable to the employee is entitled to recover in a civil action the unpaid balance of the full amount of this minimum wage or overtime compensation, including interest thereon, reasonable attorney's fees, and costs of suit."

Labor Code section 221 states: "It shall be unlawful for any employer to collect or receive from an employee any part of wages theretofore paid by said employer to said employee." Furthermore, Labor Code section 224 clarifies that deductions are only lawful when required by law or expressly authorized in writing for certain benefits, neither of which applies to the operational costs deducted here.

Labor Code section 219 provides that "no provision of this article can in any way be contravened or set aside by a private agreement, whether written, oral, or implied." Here, it is alleged that the Company had Mr. Denzler enter into an agreement which improperly purports to characterize him as an "independent contractor," in violation of California law.

Labor Code section 226, subdivision (a) requires that every employer shall, semimonthly or at the time of each payment of wages, furnish to each employee "an accurate itemized statement in writing showing (1) gross wages earned, (2) total hours worked by the employee... (8) the name and address of the legal entity that is the employer... and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee." The Company failed to provide proper itemized pay stubs to Mr. Denzler.

Labor Code section 246, codifying California's Paid Sick Leave (PSL) law, also known as the "Healthy Workplaces, Healthy Families Act," sets forth requirements for how employers must provide and track PSL benefits to workers in California. Here, Mr. Denzler and other aggrieved employees were entitled to receive at least 40 hours or five days off each year as paid sick leave. Employers must also show how many days of sick leave a worker has available on his or her pay stub, or on a separate document issued the same day as each paycheck. Cal. Labor Code § 246 et seq. Violation of these requirements gives rise to a claim for civil penalties under a PAGA claim. Cal. Labor Code § 248.5; *Wood v. Kaiser Foundation Hospitals*, 88 Cal. App. 5th 742 (2023). It is alleged that the Company failed to properly provide these PSL wages to its workers, and also that it failed to properly account for them in a regular statement provided to the workers as required by statute.

Labor Code sections 2800 and 2802 require that an employer shall "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." In this case, the Company has improperly deducted (and not reimbursed) substantial expenses including fuel, lease payments, and insurance.

Labor Code section 226.8 provides that "[i]t is unlawful for any person or employer to engage in… [w]illful misclassification of an individual as an independent contractor." The penalty for willful misclassification is "a civil penalty of not less than five thousand dollars ($5,000) and not more than fifteen thousand dollars ($15,000) for each violation, in addition to any other penalties or fines permitted by law."

### 2. *Civil Penalties Sought*

Labor Code section 225.5 (Unlawful Deduction from Wages):

Pursuant to Labor Code section 225.5, every person who unlawfully withholds wages or violates Section 221 shall, in addition to any other penalty, "be subject to a civil penalty as follows: (a) For any initial violation, one hundred dollars ($100) for each failure to pay each employee. (b) For each subsequent violation, or any willful or intentional violation, two hundred dollars ($200) for each failure to pay each employee, plus 25 percent of the amount unlawfully withheld." Mr. Denzler seeks these penalties for the unlawful deductions from his wages.

Labor Code section 1197.1 (Failure to Pay Minimum Wage):

Pursuant to Labor Code section 1197.1, any employer who pays or causes to be paid to any employee a wage less than the minimum fixed by an applicable state or local law "shall be subject to a civil penalty, restitution of wages, and liquidated damages." The civil penalty includes "$100 for each underpaid employee for each pay period for which the employee is underpaid" for initial violations and "$250" for subsequent violations. Mr. Denzler seeks these penalties and liquidated damages for the Company's failure to pay minimum wage.

Labor Code section 1174.5 (Failure to Keep Records):

Pursuant to Labor Code section 1174.5, "Any person employing labor who willfully fails to maintain the records required by subdivision (c) of Section 1174 or by a standard order of the Industrial Welfare Commission... shall be subject to a civil penalty of five hundred dollars ($500)." Mr. Denzler seeks this penalty for the Company's failure to maintain accurate payroll records.

Labor Code section 226.3 (Wage Statement/Record Violations):

"Any employer who violates subdivision (a) of Section 226 shall be subject to a civil penalty in the amount of two hundred fifty dollars ($250) per employee per violation in an initial citation and one thousand dollars ($1,000) per employee for each violation in a subsequent citation." Mr. Denzler seeks these civil penalties.

Labor Code section 558 (Overtime/Hours Violations):

"For any initial violation, fifty dollars ($50) for each underpaid employee for each pay period... For each subsequent violation, one hundred dollars ($100) for each underpaid employee." Mr. Denzler seeks these penalties for violations of Section 510.

Labor Code section 226.8 (Willful Misclassification):

Mr. Denzler seeks penalties of "$10,000 to $25,000 per violation" based on the Company's pattern or practice of willfully misclassifying its drivers.

Labor Code section 246, 248.5 (PSL Violations):

Mr. Denzler will seek all available PAGA civil penalties for violations of California Labor Code sections 245, 246, and 248.5 based on the Company's failure to comply with California's PSL requirements. These include, but are not limited to: (i) default penalties under Section 2699(f), described below; (ii) Section 248.5(b)(2) penalties for the value of sick days times three, or $250, whichever is greater, but capped at $4,000 in aggregate per employee; and (iii) Section 248.5(b)(3) penalties at $50 per day the violation(s) have occurred/continued, capped at $4,000 aggregate per employee. The PSL remedies are, by statute, "cumulative" with other remedies. Lab. Code § 248.5(g).

Labor Code section 2699 (PAGA Default Penalties):

For all other violations of the Labor Code for which a civil penalty is not specifically provided, Mr. Denzler seeks the default civil penalties under Labor Code section 2699(f): "$100 for each aggrieved employee per pay period for the initial violation and $200 for each aggrieved employee per pay period for each subsequent violation."

Mr. Denzler will seek these penalties on behalf of all those individuals who are similarly situated at HOLLYWOOD.

## CONCLUSION

Pursuant to *California Labor Code* section 2699 and 2699.5, a violation of the above-cited statutes and regulations may form the basis for a PAGA action against HOLLYWOOD. However, as required by law, aggrieved employees like Mr. Denzler must first give the Labor and Workplace Development Agency the opportunity to pursue the offending employer before bringing his own

PAGA action to collect civil penalties associated with the violation of the above-cited statutes and regulations.

As such, please let me know if your agency intends to investigate the matter. If not, my client intends to pursue a civil action pursuant to law.

Respectfully,

**KARAKALOS LAW, APC**

Aris E. Karakalos