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June 26, 2026

VIA CERTIFIED MAIL AND ONLINE SUBMISSION

TO:
Labor and Workforce Development Agency
Attn: PAGA Administrator
1515 Clay Street, Suite 801
Oakland, CA 94612

AND
Costco Wholesale Corporation
999 Lake Drive
Issaquah, WA 98027

c/o Agent for Service of Process
Amanda Garcia
330 N Brand Blvd.
Glendale, CA 91203

Re: Private Attorneys General Act Notice of Labor Code Violations
Jesse Pacheco v. Costco Wholesale Corporation

Dear PAGA Administrator and Employer:

Pursuant to California Labor Code section 2699.3, this letter provides written notice to the California Labor and Workforce Development Agency ("LWDA") and to Costco Wholesale Corporation ("Defendant" or "Employer") of specific provisions of the Labor Code alleged to have been violated by Defendant. This notice is submitted on behalf of Jesse Pacheco ("Plaintiff" or "Aggrieved Employee") and all other current and former aggrieved employees of Defendant. Because the date of this notice is after June 19, 2024, the amendments to the Private Attorneys General Act enacted by Assembly Bill 2288 and Senate Bill 92 govern. Consistent with those amendments, and as set forth below, Plaintiff personally experienced each of the Labor Code violations alleged in this notice during the PAGA Period.

The $75 filing fee for this PAGA Notice was paid online by credit card at the time this PAGA Notice was submitted online to the Department of Industrial Relations.

I. AGGRIEVED EMPLOYEE

Aggrieved Employee Jesse Pacheco (also known as Jesus Pacheco) was employed by Defendant Costco Wholesale Corporation in an hourly, non-exempt position from on or about March 26, 1990 until his termination on or about June 3, 2026. Plaintiff worked at Defendant's warehouse located at 1451 Hindry Avenue, Hawthorne, California 90250 (Warehouse #671), and his final position

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was Refund Clerk. His job duties included processing customer and member returns, performing price and coupon adjustments, and handling online orders. Plaintiff was scheduled to work Monday through Friday from 8:30 a.m. to 5:00 p.m., and his time was tracked by a time clock.

Plaintiff was compensated at an hourly rate of $32.90, and, in addition to his hourly wages, Defendant paid Plaintiff a non-discretionary bonus of approximately $5,000 every six months. Plaintiff also worked overtime hours and Sunday premium-pay shifts. As reflected on Plaintiff's pay records, Defendant calculated his overtime and premium compensation using only his $32.90 base hourly rate and did not incorporate the value of his non-discretionary semi-annual bonus into his regular rate of pay.

This PAGA Notice is brought on behalf of the Aggrieved Employee and all other current and former non-exempt employees of Defendant who worked in California at any time during the period beginning one year prior to the date of this Notice through the present (the "PAGA Period"). During the PAGA Period, Plaintiff personally suffered each of the violations alleged herein: he personally worked overtime and premium-pay shifts for which the value of his non-discretionary bonus was excluded from his regular rate of pay; he personally was not relieved of all duty for compliant rest and meal periods; he personally received inaccurate wage statements; he personally was not timely paid all wages owed during his employment and upon his separation; and his hours and wages were not accurately recorded. Plaintiff is therefore an "aggrieved employee" within the meaning of Labor Code section 2699, as amended.

II. EMPLOYER INFORMATION

Defendant Costco Wholesale Corporation ("Costco") is a Washington corporation headquartered at 999 Lake Drive, Issaquah, Washington 98027, and is registered to and does conduct business throughout the State of California. Costco is a membership-based warehouse retailer that operates well over one hundred warehouse locations in California, each of which employs hundreds of hourly, non-exempt employees. At all relevant times, Costco employed Plaintiff and the other aggrieved employees, conducted business in California, and engaged in the labor and payroll practices and policies described below. Plaintiff worked at Costco's Warehouse #671 in Hawthorne, California.

III. SPECIFIC LABOR CODE VIOLATIONS

A. Failure to Pay All Overtime Wages — Exclusion of the Non-Discretionary Bonus from the Regular Rate of Pay (Labor Code §§ 510, 1194, 1198, 558)

California law requires that all non-discretionary remuneration, including non-discretionary bonuses, be included in an employee's "regular rate of pay" when calculating overtime and premium compensation. (Lab. Code § 510; Alvarado v. Dart Container Corp. of California (2018) 4 Cal.5th 542.) Throughout the PAGA Period, Defendant paid Plaintiff and other aggrieved employees a non-discretionary bonus of approximately $5,000 every six months, in addition to their hourly wages. When Plaintiff and other aggrieved employees worked overtime hours and Sunday premium-pay shifts, Defendant calculated their overtime and premium pay using only their base hourly rate (in Plaintiff's case, $32.90 per hour) and failed to include the prorated value of the semi-annual non-discretionary bonus in the regular rate of pay. Defendant further failed, upon payment of each semi-annual bonus, to retroactively recalculate and pay the additional overtime and premium compensation owed for all overtime and premium hours worked during the period in which the bonus was earned. As a result, Defendant systematically underpaid Plaintiff and the aggrieved employees for overtime and premium hours worked. It is also unlawful to secretly pay a lower wage than that designated by statute or contract. (Lab. Code § 223.) Defendant's conduct violates Labor Code sections 223, 510, 1194, and 1198. Defendant is liable for civil penalties pursuant to Labor Code sections 558 and 2699.

B. Failure to Authorize and Permit Rest Periods (Labor Code § 226.7)

An employer must authorize and permit a net ten minutes of paid, duty-free rest time for each four hours worked or major fraction thereof, during which the employee must be relieved of all duty and the employer's control. (Lab. Code § 226.7; Wage Order No. 7; Augustus v. ABM Security Services, Inc. (2016) 2 Cal.5th 257.) Throughout the PAGA Period, Plaintiff worked in Defendant's membership/refund department, which is located the farthest of any department from the employee break room—approximately 100 to 150 feet away. Defendant maintained a policy and practice of beginning to count Plaintiff's and other aggrieved employees' rest periods the moment they stepped away from their department, rather than when they reached an area where they were relieved of all duty, thereby consuming several minutes of each rest period in required walking time. Plaintiff and other aggrieved employees were also routinely stopped and required to assist members during their rest periods, and were not relieved of all duty. As a result, Plaintiff and the aggrieved employees were not authorized and permitted to take compliant, uninterrupted, duty-free rest periods, and Defendant failed to pay them premium wages for non-compliant rest periods. To the extent any rest-period premiums were paid, they were not paid at the regular rate of compensation. (Ferra v. Loews Hollywood Hotel, LLC (2021) 11 Cal.5th 858.) Plaintiff complained about this practice to his supervisors on multiple occasions, including within the year preceding this Notice. Defendant's conduct violates the applicable IWC Wage Order and Labor Code section 226.7. Defendant is liable for civil penalties pursuant to Labor Code sections 226.7 and 2699.

C. Failure to Provide Compliant Meal Periods (Labor Code §§ 226.7, 512)

An employer must provide a duty-free, uninterrupted meal period of at least thirty minutes for shifts longer than five hours, and must relieve the employee of all duty during that period. (Lab. Code §§ 226.7, 512; Brinker Restaurant Corp. v. Superior Court (2012) 53 Cal.4th 1004.) Throughout the PAGA Period, Defendant failed to provide Plaintiff and other aggrieved employees with compliant, duty-free thirty-minute meal periods. Because Plaintiff's department was located the farthest from the break room, and because members and staff routinely sought him out for assistance, Plaintiff's meal periods were interrupted and shortened; on at least one occasion a member entered the break area during Plaintiff's meal period to demand assistance. Defendant did not maintain adequate safeguards to ensure that employees were relieved of all duty during meal periods, did not obtain valid written on-duty or waiver agreements, and failed to pay meal-period premiums when compliant meal periods were not provided. To the extent any meal-period premiums were paid, they were not paid at the regular rate of compensation. (Ferra, supra, 11 Cal.5th 858.) Defendant's conduct violates the applicable IWC Wage Order and Labor Code sections 226.7 and 512. Defendant is liable for civil penalties pursuant to Labor Code sections 226.7 and 2699.

D. Failure to Pay Minimum Wages (Labor Code §§ 1194, 1197, 1197.1)

Every employer must pay at least the applicable minimum wage for all hours worked. (Lab. Code §§ 1194, 1197.) As a result of Defendant's practice of counting rest-period and pre-meal-period walking time and interruptions as non-compensable, and its failure to compensate all hours worked at the correct rate, Plaintiff and the aggrieved employees performed work for which they were not paid at all and/or were paid less than the applicable minimum wage during certain pay periods. Defendant's conduct violates Labor Code sections 1194, 1197, and 1197.1. Defendant is liable for civil penalties pursuant to Labor Code sections 1197.1, 210, and 2699.

E. Failure to Timely Pay Wages During Employment (Labor Code § 204)

Labor Code section 204 requires that all wages earned by an employee be paid on the employer's regular, designated paydays. Because Defendant failed to pay Plaintiff and the aggrieved employees all overtime, premium, and minimum wages owed in the pay periods in which they were earned—including the additional overtime and premium compensation attributable to the non-discretionary semi-annual bonus—Defendant failed to timely pay all wages due. Defendant's conduct violates Labor Code section 204. Defendant is liable for civil penalties pursuant to Labor Code sections 210 and 2699.

F. Failure to Timely Pay All Final Wages Upon Separation (Labor Code §§ 201, 203)

Labor Code section 201 requires that an employee who is discharged be paid all earned and unpaid wages immediately at the time of discharge, and Labor Code section 203 imposes a waiting-time penalty of up to thirty days' wages where the employer willfully fails to do so. Plaintiff was discharged on or about June 3, 2026. The final wages paid to Plaintiff did not include all earned and unpaid wages, including the unpaid overtime and premium compensation resulting from Defendant's failure to include the non-discretionary bonus in the regular rate of pay, and the unpaid premium wages for non-compliant meal and rest periods. Upon information and belief, Defendant maintains a uniform policy and practice of failing to pay all earned wages to discharged and separating non-exempt employees at the time required by law. Defendant's conduct violates Labor Code sections 201 and 203. Defendant is liable for waiting-time penalties under Labor Code section 203 and civil penalties pursuant to Labor Code sections 256 and 2699.

G. Failure to Provide Accurate Itemized Wage Statements (Labor Code § 226)

Labor Code section 226(a) requires employers to furnish accurate itemized wage statements showing, among other things, gross wages earned, total hours worked, net wages earned, and all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each rate. Throughout the PAGA Period, Defendant's wage statements failed to accurately reflect Plaintiff's and the aggrieved employees' gross and net wages, the correct regular rate of pay (because the non-discretionary bonus was excluded), all applicable hourly rates and corresponding hours, and the premium wages owed for non-compliant meal and rest periods. As a result, the wage statements were inaccurate and incomplete. Defendant's conduct violates Labor Code section 226(a). Defendant is liable for civil penalties pursuant to Labor Code sections 226, 226.3, and 2699.

H. Failure to Maintain Accurate Records (Labor Code §§ 1174, 1174.5)

Labor Code section 1174 requires employers to maintain accurate records of, among other things, the hours worked and wages paid to each employee. Defendant failed to accurately record all hours worked by Plaintiff and the aggrieved employees, including time spent walking to and from the break room and assisting members during rest and meal periods, and failed to maintain accurate records of the regular rate of pay and the wages owed. Defendant's conduct violates Labor Code sections 1174 and 1174.5. Defendant is liable for civil penalties pursuant to Labor Code sections 1174.5 and 2699.

I. Unfair Business Practices (Business & Professions Code § 17200 et seq.)

The foregoing violations of the Labor Code constitute unlawful, unfair, and fraudulent business acts and practices within the meaning of Business and Professions Code section 17200 et seq. Defendant's systematic failure to include non-discretionary bonuses in the regular rate of pay, to provide compliant meal and rest periods, to pay all wages owed, and to furnish accurate wage statements and records constitutes conduct that is substantially injurious to Plaintiff and the aggrieved employees.

IV. PENALTIES SOUGHT

Pursuant to Labor Code section 2699, as amended, Plaintiff seeks to recover civil penalties for the above-described violations on behalf of himself and all other aggrieved employees. The applicable penalties include, but are not limited to, the penalties provided by Labor Code sections 210, 226, 226.3, 256, 558, 1174.5, and 1197.1, and the default civil penalties provided by Labor Code section 2699, including one hundred dollars ($100) per aggrieved employee per pay period for each initial violation and two hundred dollars ($200) per aggrieved employee per pay period for each subsequent violation, subject to the penalty provisions and caps set forth in Labor Code section 2699 as amended. Plaintiff further seeks an award of reasonable attorneys' fees and costs pursuant to Labor Code section 2699(g)(1). As provided by Labor Code section 2699, as amended, thirty-

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five percent (35%) of the civil penalties recovered shall be distributed to the aggrieved employees and sixty-five percent (65%) to the LWDA.

V. CONCLUSION

Should the LWDA not provide notice of its intention to investigate the violations alleged herein within sixty-five (65) calendar days of the postmark date of this Notice, Plaintiff intends to commence a representative civil action pursuant to Labor Code section 2699 et seq. to recover civil penalties on behalf of himself and all other aggrieved employees, together with reasonable attorneys' fees and costs. Plaintiff reserves the right to amend or supplement the allegations and theories set forth in this Notice.

Please direct any correspondence regarding this matter to the undersigned.

Sincerely,

Rotem Tamir, Esq.
For BLUESTONE LAW