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Clerk of the Superior Court
By Sophia Felix, Deputy Clerk

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
nick@ferrarovega.com / lauren@ferrarovega.com

Attorneys for Plaintiff Shawntay Ellison

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

SHAWNTAY ELLISON, on behalf of all others
similarly situated and the State of California
under the Private Attorneys General Act,

Plaintiffs,

vs.

CHW ENTERTAINMENT, INC. and DOES 1
through 50, inclusive,

Defendants.

Case No. 37-2024-00020465-CU-OE-CTL

CLASS ACTION

**FIRST AMENDED CLASS AND
REPRESENTATIVE ACTION
COMPLAINT**

1. Minimum Wage Violations
2. Failure to Pay All Overtime Wages
3. Meal Period Violations
4. Rest Period Violations
5. Paid Sick Leave Violations
6. Untimely Payment of Wages
7. Wage Statement Violations
8. Waiting Time Penalties
9. Failure to Reimburse Business Expenses
10. Unfair Competition
11. Civil Penalties under the Private Attorneys
General Act (Labor Code §§ 2698 *et seq.*)

1 Plaintiff SHAWNTAY ELLISON, individually and on behalf of all others similarly situated
2 and the State of California under the Private Attorneys General Act (“Plaintiff”) brings this FIRST
3 AMENDED CLASS AND REPRESENTATIVE ACTION COMPLAINT against Defendants CHW
4 ENTERTAINMENT, INC. and DOES 1 through 50, inclusive (collectively “Defendants”), alleging
5 as follows:

6 **INTRODUCTION**

7 1. Plaintiff brings this class action lawsuit on behalf of herself and all other similarly-
8 situated employees of Defendants for violations of the California Labor Code and IWC Wage Orders.

9 2. Defendants engaged in a series of systemic violations of Labor Code violations against
10 Plaintiff and other similarly-situated employees, including failure to pay all minimum, regular, and
11 overtime wages, failure to provide paid sick leave, failure to provide all legally-required meal and rest
12 periods and pay associated premiums, failure to timely pay all wages owed during and upon separation
13 from employment, failure to furnish accurate, itemized wage statements, and failure to reimburse
14 necessary business expenses.

15 3. Due to understaffing and heavy workloads, Plaintiff and similarly-situated employees
16 had to work off the clock in order to meet the workplace demands that Defendants created. Further,
17 Plaintiff and similarly-situated employees earned multiple wage rates as well as other non-
18 discretionary forms of compensation but Defendants failed to take all qualifying forms of
19 compensation into account when calculating their overtime wages, sick leave, and meal and rest period
20 premiums, resulting in underpaid wages.

21 4. As a result, Defendants are liable to Plaintiff and other similarly-situated employees
22 for all available damages under the law, including unpaid wages, premiums, and reimbursements,
23 penalties, interest, and attorneys’ fees and costs.

24 **JURISDICTION & VENUE**

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

27 6. The monetary damages and restitution sought exceed the minimal jurisdiction limits of
28 the Superior Court.

7. This Court has jurisdiction over Defendants because, upon information and belief, Defendants have sufficient minimum contacts in California, or otherwise intentionally avail themselves to the California economy so as to render the exercise of jurisdiction over them by the California courts consistent with traditional notions of fair play and substantial justice.

8. Venue is proper in this Court under Code of Civil Procedure sections 393(a), 395, and/or 395.5 because, upon information and belief, Defendants conduct business and committed some of the alleged violations in this county.

PARTIES

A. Plaintiff Shawntay Ellison

9. Plaintiff Ellison is an individual over 18 years of age who worked for Defendants in California as a non-exempt employee from about July 2022 to January 10, 2024. Plaintiff worked as a Server and Marketing Associate.

10. The State of California, via the Labor and Workforce Development Agency (“LWDA”), is the real party in interest in this 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.”]) To the extent permitted by law, including pursuant *Balderas v. Fresh Start Harvesting, Inc.*, Court of Appeals Case No. B326759 (2nd App. Dist.) ____ Cal. App. 5th ____ (Mar. 20, 2024, *as modified* Apr. 18, 2024), Plaintiff brings the PAGA claims in this lawsuit exclusively in a non-individual, representative capacity seeking relief on behalf of the State of California and all aggrieved employees.

B. Defendants

11. Defendant CHW Entertainment, Inc. is a California corporation that maintains operations and conducts business throughout the State of California, including in this county.

12. The true names and capacities, whether individual, corporate, or otherwise, of the parties sued as DOES 1 through 50, are presently unknown, unascertainable, or uncertain, and are sued by such fictitious names under Code of Civil Procedure section 474. Upon information and belief, 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.

13. 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.

14. 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.

15. 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.

CLASS ALLEGATIONS

16. This action is brought individually and on behalf of the following class pursuant to Code of Civil Procedure section 382:

- a. All current and former non-exempt employees who worked for Defendants in California at any time from four years (plus the additional 178-day statutory tolling period under Emergency Rule 9) prior to the filing of this action through date of class certification.

17. Plaintiff reserves the right to establish various subclass definitions as appropriate at the class certification stage, according to proof.

18. The class is ascertainable and shares a well-defined community of interest in this litigation:

- a. Numerosity: The class is estimated to exceed 50 individuals, although the precise membership of the entire class is unknown at this time. The class is so numerous that joinder of all class members is impracticable. The identities of

class members are ascertainable by inspection of Defendants' employment and payroll records.

b. Typicality: Plaintiff's claims are typical of the claims of the other class members. They were subject to the same policies and practices of Defendants, which resulted in losses to the class. Proof of common unlawful business practices, which Plaintiff experienced, will establish the right of the class to recover on the causes of action alleged herein.

c. Adequacy: Plaintiff is an adequate class representative; will take all necessary steps to protect the class members' interests adequately and fairly; has no interest antagonistic to other class members; and is represented by attorneys who have substantial experience prosecuting, defending, resolving, and litigating wage and hour class, collective, and representative actions in California state and federal courts.

d. Superiority: A class action is superior to other means for adjudicating this dispute. Individual joinder is impractical. Class treatment will allow for common issues to be resolved in a single forum, simultaneously, and without duplication of effort and expense.

e. Public Policy Considerations: Certification of this lawsuit as a class action advances the State of California's strong public interest in ensuring its approximately millions of employed residents are properly paid the wages they earned for the hours they worked. Class actions provide a mechanism for enforcement of labor laws and allow for vindication of employee rights by unnamed class members.

19. Common questions of law and fact as to the class members predominate over questions affecting only individual members. The common questions of law and fact exist as to whether the employment policies and practices formulated by Defendants and applied to the class members constitute violations of California law.

GENERAL ALLEGATIONS

20. Defendants failed to pay Plaintiff and other class members at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages.

21. Due to the high demands of the job and understaffing and inadequate scheduling by Defendants, Plaintiff and other class members were required to complete work-related tasks during their off-the-clock meal periods and other times when they were off the clock. Defendants failed to retroactively input the time that Plaintiff and other class members spent working off the clock or compensate them for this working time.

22. Defendants failed to pay Plaintiff and other class members overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages.

23. As a result of off-the-clock work, Defendants failed to compensate Plaintiff and other class members for all overtime hours worked. As discussed above, Defendants engaged in an unlawful policy and practice of requiring Plaintiff and other class members to complete work-related tasks while off-the-clock and not compensating them for those hours. Each time this practice resulted in unpaid work over 8 hours in a day or 40 hours in a week, class members were deprived of overtime wages.

24. Additionally, Defendants failed to pay Plaintiff and other class members at the proper rate of pay for their overtime hours because Defendants did not include all qualifying forms of compensation in aggrieved employees' regular rate of pay for overtime purposes.

25. For example, Plaintiff earned two different rates of pay. Under California law, Plaintiff's regular rate of pay for overtime purposes should be the weighted average of both rates of pay. However, Defendants did not take the weighted average of Plaintiff's rates of pay in order to calculate overtime pay. Rather, Defendants only paid Plaintiff at 1.5x her lower rate or pay. *See Fig.*

I.

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CHW Entertainment Inc
-The Shout House & Garage 655 4th Ave 92101

Name Shawntay Ellison	Employee ID 835	Pay Begin Date 12/25/2023	Paygroup CHW Entertainment
Address [REDACTED]	SSN [REDACTED]	Pay End Date 01/07/2024	Department The Shout House and Garage Kitchen and Bar
	Net Pay \$1,126.89	Check Date 01/11/2024	Location The Shout House and Garage Kitchen and Bar
	Fed Filing Status S,0	State Filing Status CA - S, 0	Job Title Security
	Fed Add. Amount 0	State Add. Amount 0.00	Pay Rate \$17.00 / Hourly

Paycheck Summary

	Gross Earnings	Total Taxes	Total Deductions	Net Pay
Current	\$1,417.80	\$245.91	\$0.00	\$1,126.89
YTD	\$1,417.80	\$245.91	\$0.00	\$1,126.89

Earnings

Description	Amount	Worked Hours	Non-Worked Hours	Rate
REGULAR	\$84.00	4.00		\$21.00
REGULAR	\$372.13	21.89		\$17.00
REGULAR	\$42.00	2.00		\$21.00
REGULAR	\$250.95	11.95		\$21.00
REGULAR	\$247.35	14.55		\$17.00
REGULAR	\$232.89	11.09		\$21.00
OVERTIME	\$17.85	0.70		\$25.50
OVERTIME	\$57.63	2.26		\$25.50
Missed Break Penalty	\$34.00	2.00		\$17.00
Missed Break Penalty	\$34.00	2.00		\$17.00
Tips Paid	\$45.00			\$0.00
TOTAL	\$1,417.80	72.44	0.00	

Fig. 1, wage statement for the pay period Dec. 25, 2023, to Jan. 7, 2024.

26. As shown in Fig. 1 above, Plaintiff earned wages at \$17 per hour and \$21 per hour throughout the pay period ending on January 7, 2024. However, Defendants only paid Plaintiff overtime at \$25.50 per hour, or 1.5 times Plaintiff's lower, \$17 per hour rate of pay.

27. Moreover, Defendants charged automatic service charges for larger groups which Defendants sometimes listed as a separate "gratuity" and sometimes mixed in with Plaintiff and other class members' tips. Because these charges were not true gratuities but rather automatic charges, they should have been factored into class members' regular rate of pay for overtime. However, Defendants failed to include them in class members' regular rate of pay, resulting in underpayment of overtime wages.

1 28. These unpaid and underpaid wages were the result of Defendants' common policies,
2 patterns, and practices.

3 29. Defendants failed to comply with California's paid sick leave laws with respect to the
4 class members. As described above, Defendants did not pay for or record the time that Plaintiff and
5 other class members worked off the clock. Consequently, Defendants did not credit class members
6 with the proper number of sick leave hours they had accrued.

7 30. Moreover, they did not include all forms of compensation in class members' rate of
8 pay for sick leave purposes even when aggrieved employees earned other forms of qualifying
9 compensation within the same workweek or 90 days prior to taking sick leave.

10 31. Plaintiff and other class members routinely experienced missed, late, short, and
11 interrupted meal periods due to the pressures to keep up with the high demands of the job,
12 understaffing, and poor scheduling. When Defendants did not provide compliant meal periods,
13 Defendant failed to pay Plaintiff and other class members all meal period premiums owed.

14 32. Even when Defendants did pay meal period premiums, it did so at a depreciated rate as
15 it failed to include all forms of compensation in Plaintiff and other class members' regular rate of pay
16 for the purpose of paying meal period premiums.

17 33. For example, the wage statement in *Fig. 1* shows that Plaintiff earned meal period
18 premiums in the same period that she earned wage rates of \$21 per hour and \$17 per hour but
19 Defendant did not pay meal period premiums at the proper weighted average rate. Instead, Defendant
20 only paid Plaintiff premiums at her lower, \$17 per hour rate.

21 34. Defendants failed to provide all rest periods to which employees were entitled and
22 failed to pay rest period premiums to Plaintiff and other class members. Due to the high demands of
23 the job, understaffing, and poor scheduling, Plaintiff and other class members were not authorized or
24 permitted to take all of the rest periods to which they were entitled.

25 35. Defendants have a policy and practice of not paying rest period premiums to employees
26 who were unable to take rest periods. To the extent that Defendants paid any rest period premiums,
27 they failed to do so at the proper rate as it failed to include all qualifying forms of compensation in
28 aggrieved employees' regular rate of pay for the purpose of rest period premiums.

1 36. Because Defendants failed to pay all wages and premiums in each pay period in which
2 such wages were earned at the lawful rate, Defendants violated Labor Code section 204 and/or 204b
3 (for weekly employees, as applicable). Defendants violated Labor Code sections 204 and 204b by
4 failing to pay all wages and premiums owed on the regular pay days scheduled each pay period within
5 seven calendar days of the close of the payroll period, as a result of the policies and practices set forth
6 in this notice. Indeed, Defendants failed to pay all premiums, overtime, regular, sick leave, and other
7 earnings on time each payday. These amounts remain owing to this day.

8 37. Defendants also failed to timely pay all wages and premiums to departing employees
9 upon separation of employment. Defendant did not pay waiting time penalties for the late payments.
10 As a result, Defendant violated Labor Code sections 201, 202, and 203.

11 38. Defendant failed to provide accurate itemized wage statements to the class members
12 each pay period as a result of the policies and practices set forth in this notice. Defendants violated
13 Labor Code section 226(a)(1) and (5) by not listing the correct “gross wages earned” or “net wages
14 earned,” as the employees earned wages and premiums that were not paid, resulting in an inaccurate
15 reflection, and recording of “gross wages earned” on those wage statements.

16 39. Likewise, in violation of Labor Code section 226(a)(9), Defendant failed to state on
17 employee wage statements each pay period the applicable hourly rates in effect and the number of
18 hours worked at that rate, as Defendants failed to pay all wages and premiums owed to employees.
19 The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the
20 pay stub.

21 40. Defendants violated Labor Code section 226(a)(2) by failing to accurately list
22 employees’ “total hours worked,” as the wage statements did not accurately include the
23 uncompensated time Plaintiff and other class members worked due to Defendants’ policy and practice
24 of requiring employees to complete unpaid work during their meal periods and other off the clock
25 times. Moreover, Defendants did not list the proper wage rates and proper amount of wages earned by
26 the class members.

27 41. Plaintiff and other class members cannot promptly and easily determine from the wage
28 statement alone the wages paid or earned without reference to other documents or information. These

1 wage statement violations are significant because they sow confusion among Plaintiff and other class
2 members with respect to what amounts were owed and paid, at what rates, the number of hours worked,
3 and how those amounts were or should be calculated. The wage statements reflect a false statement of
4 earnings and concealed the underlying problems and underpayments of employee wages.

5 42. Defendants required Plaintiff and other class members to incur costs for work-related
6 purposes without full reimbursement. In direct consequence of their job duties, Plaintiff and other class
7 members unavoidably and necessarily incurred these losses, expenditures, costs, as a matter of policy
8 and practice.

9 43. For example, Defendants required class members to utilize their personal cell phones
10 to complete necessary work tasks. Plaintiff and class members had to use their personal cell phones
11 for scheduling purposes and to communicate with coworkers regarding work related tasks using an
12 application called Sling Portal.

13 44. Defendants did not provide reimbursement for the use of personal cell phones. Instead,
14 Plaintiff and other class members bore the cost of these requirements, without reimbursement.

15 **FIRST CAUSE OF ACTION**

16 **MINIMUM WAGE VIOLATIONS**

17 **Violation of Labor Code §§ 1194, 1194.2 and 1197**

18 **(All Claims Alleged by Plaintiff and Class Members Against All Defendants)**

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

20 46. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
21 §§ 1182.12, 1194, 1194.2, 1197, 1197.1 and 1198 and the IWC Wage Orders (the “Hours and Days
22 of Work” and “Minimum Wages” sections of the applicable orders), which require non-exempt
23 employees be timely paid at least the state or local minimum wage (if higher) for each hour of work,
24 and further provide a private right of action for an employer’s failure to pay all minimum wages (plus
25 liquidated damages).

26 47. Defendants willfully failed in their affirmative obligation to pay Plaintiff and class
27 members at least the lawful minimum wage for each hour worked in violation of Labor Code sections
28 1182.12, 1194, 1194.2, 1197, 1197.1 and 1198 and the IWC Wage Orders (the “Hours and Days of

1 Work” and “Minimum Wages” sections of the applicable orders), including payment at the lawful
2 local and county minimum wage ordinances in effect. As a result, Defendants are liable for all
3 associated damages, including liquidated damages for the minimum wage violations pursuant to Labor
4 Code § 1194.2.

5 48. Defendants’ unlawful acts and omissions deprived Plaintiff and class members of
6 minimum, regular and overtime wages in amounts to be determined at trial. Plaintiff and class
7 members are entitled to recover the full amount of the unpaid wages, plus liquidated damages in an
8 amount equal to the wages unlawfully unpaid (and interest thereon), in addition to interest, attorneys’
9 fees, and costs to the extent permitted by law, including under Labor Code sections 1194 and 1194.2.

10 **SECOND CAUSE OF ACTION**

11 **FAILURE TO PAY ALL OVERTIME WAGES**

12 **Violation of Labor Code §§ 510 and 1194**

13 49. All outside paragraphs of this Complaint are incorporated into this section.

14 50. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
15 §§ 204, 510, 558, 1194, and 1198, which require non-exempt employees be timely paid overtime
16 wages all overtime hours worked, and which further provide a private right of action for an employer’s
17 failure to pay all overtime compensation for overtime hours worked.

18 51. Defendants failed in their affirmative obligation to pay Plaintiff and class members no
19 less than one and one-half times their respective “regular rate of pay” for all hours worked in excess
20 of eight hours in one day, 40 hours in one week, or the first eight hours worked on the seventh day of
21 work in any one workweek, and no less than twice their respective “regular rate of pay” for all hours
22 over 12 hours in one day and any work in excess of eight hours on any seventh day of a workweek for
23 such hours worked, in violation of Labor Code sections 204, 510, 558, 1194, and 1198 and the IWC
24 Wage Orders (the “Hours and Days of Work” sections of the applicable orders).

25 52. Plaintiff and class members are entitled to recover the full amount of the unpaid
26 overtime, in addition to interest, statutory and civil penalties, and attorneys’ fees, and costs to the
27 extent permitted by law.

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1 59. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
2 §§ 226.7 and 516, which require non-exempt employees be authorized to take complaint rest periods
3 (or rest period premiums in lieu thereof), and which further provide a private right of action for an
4 employer's failure to lawfully provide all rest periods and/or pay rest period premiums at the lawful
5 regular rate of compensation.

6 60. Defendants willfully failed in their affirmative obligation to consistently authorize and
7 permit Plaintiff and class members to receive compliant, duty-free rest periods of not less than ten
8 (10) minutes for every four hours worked (or major fraction thereof) in violation of Labor Code
9 sections 226.7, 516, 558, and 1198 and the IWC Wage Orders (the "Rest Periods" sections of the
10 applicable orders).

11 61. Further, Defendants willfully failed in their affirmative obligation to consistently pay
12 Plaintiff and class members one additional hour of pay at the respective regular rate of compensation
13 for each workday that a fully compliant rest period was not provided, in violation of Labor Code
14 sections 226.7, 516, 558, and 1198 and the IWC Wage Orders.

15 **FIFTH CAUSE OF ACTION**

16 **FAILURE TO PAY ALL PAID SICK LEAVE WAGES**

17 **Violation of Labor Code §§ 200, 218, 246 *et seq.***

18 62. All outside paragraphs of this Complaint are incorporated into this section.

19 63. Defendants knowingly and intentionally failed in their affirmative obligation to pay
20 sick leave wages to Plaintiff and a paid sick leave subclass in violation of Labor Code section 246
21 *et seq.* Paid sick leave earnings constitute wages for purposes of California wage and hour law.
22 (*Murphy v. Kenneth Cole Productions, Inc.* (2007) 40 Cal.4th 1094, 1103 ["Courts have recognized
23 that 'wages' also include those benefits to which an employee is entitled as a part of his or her
24 compensation, including money, room, board, clothing, vacation pay, and sick pay"].)

25 64. Labor Code section 246(l) governs how Defendants were required to calculate paid sick
26 leave:

[A]n employer shall calculate paid sick leave using any of the following calculations:

(1) Paid sick time for nonexempt employees shall be calculated in the same manner as the regular rate of pay for the workweek in which the employee uses paid sick time, whether or not the employee actually works overtime in that workweek.

(2) Paid sick time for nonexempt employees shall be calculated 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 of employment.

(3) Paid sick time for exempt employees shall be calculated in the same manner as the employer calculates wages for other forms of paid leave time.

65. Defendants failed to pay Plaintiff and class members their paid sick leave wages at one of the lawful rates set forth in the statute because Defendants failed to include in their sick leave calculation the additional remuneration received by Plaintiff and class members.

66. Furthermore, to the extent the paid sick leave paid constitutes Covid-related paid sick leave, Defendants knowingly and intentionally failed in their affirmative obligation to pay Covid-19 Supplemental Sick Leave wages to class members at the correct rate in violation of Labor Code sections 246, 248.1, 248.2, and 248 *et seq.*

67. Pursuant to Labor Code section 248.1, Defendants were required to provide up to 80 hours of Covid-19 Supplemental Paid Sick Leave to employees for the period of April 20, 2020 to December 31, 2020. Labor Code section 248.2 required Defendants to provide up to 80 hours of Covid-19 Supplemental Paid Sick Leave for the period of January 1, 2021 through at least September 30, 2021. Labor Code section 248.6 extended Covid sick leave protections and requires employers to provide up to 80 hours of Covid-19 Supplemental Paid Sick Leave for the period of January 1, 2022 to September 30, 2022, and may be extended thereafter.

68. Under Labor Code section 248.1, employees must be paid for Covid-19 Supplemental Paid Sick Leave at the highest of the following: (1) the regular rate of pay for the last pay period, (2) state minimum wage, (3) local minimum wage.

69. Under Labor Code section 248.2, non-exempt employees must be paid supplemental paid sick leave according to the highest of the following four methods:

(I) Calculated in the same manner as the regular rate of pay for the workweek in which the covered employee uses COVID-19 supplemental paid sick leave, whether or not the employee actually works overtime in that workweek.

(II) Calculated by dividing the covered 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 of employment.

(III) The state minimum wage.

(IV) The local minimum wage to which the covered employee is entitled.

70. Labor Code section 248.6 requires employers to pay supplemental sick leave using either method (I) or (II), as identified above.

71. On information and belief, Defendants failed to pay Covid-19 Supplemental Sick Leave in the manner described above because Defendants failed to include in their sick leave calculation the additional remuneration received by class members.

72. As a result, Defendants violated the Labor Code and are liable to Plaintiff and class members for underpaid sick leave wages, in addition to interest, attorneys' fees, and costs.

SIXTH CAUSE OF ACTION

UNTIMELY PAYMENT OF WAGES

Violation of Labor Code §§ 204, 210, 218

73. All outside paragraphs of this Complaint are incorporated into this section.

74. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code §§ 204, 204b, and 210 which require non-exempt employees be timely paid all wages owed each pay period, and which further provide a private right of action for an employer's failure to comply with this obligation. Labor Code § 218 authorizes individuals to sue directly for wages and penalties due under these sections, including Labor Code § 210(c)'s statutory late payment penalties.

75. Defendants willfully failed in their affirmative obligation to timely pay all wages, including paid sick leave and meal and rest premiums, earned by Plaintiff and class members twice

1 during each calendar month on days designated in advance by the employer as regular paydays (for
2 employees paid on a non-weekly basis) and on the regularly-scheduled weekly payday for weekly
3 employees, if any, in violation of Labor Code sections 204 and 204b and the IWC Wage Orders (the
4 “Minimum Wages” sections of the applicable orders).

5 76. Plaintiff and class members are entitled to recover the full amount of the unpaid wages,
6 in addition to a statutory penalty in the amount of \$100 for the initial violation for each failure to pay
7 each employee and \$200 for all subsequent violations and for all willful or intentional violations for
8 each failure to pay each employee, plus 25 percent of the amount unlawfully withheld under provided
9 in Labor Code § 210, in addition to interest, attorneys’ fees, and costs to the extent permitted by law.

10 **SEVENTH CAUSE OF ACTION**

11 **WAGE STATEMENT VIOLATIONS**

12 **Violation of Labor Code § 226**

13 77. All outside paragraphs of this Complaint are incorporated into this section.

14 78. This cause of action is brought by a wage statement subclass pursuant to Labor Code
15 § 226(a) which requires non-exempt employees be provided accurate itemized wage statements each
16 pay period, and which further provide a private right of action for an employer’s failure to comply
17 with this obligation.

18 79. Defendants knowingly and intentionally failed in their affirmative obligation to provide
19 accurate itemized wage statements to Plaintiff and class members resulting in injury to Plaintiff and
20 class members. Specifically, the wage statements issued to Plaintiff and class members did not
21 accurately state each pay period all of the information required by Labor Code § 226(a)(1)-(9).

22 80. Defendants’ unlawful acts and omissions deprived Plaintiff and class members of
23 accurate itemized wage statements, causing confusion and concealing wage and premium
24 underpayments.

25 81. As a result, Plaintiff and class members are entitled to recover the statutory penalty of
26 \$50 per employee for the initial pay period in which a violation occurred and \$100 per employee for
27 each violation in a subsequent pay period, up to an aggregate penalty of \$4,000 per employee, in
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1 addition to interest, attorneys' fees, and costs to the extent permitted by law, including under Labor
2 Code section 226(e).

3 **EIGHTH CAUSE OF ACTION**

4 **WAITING TIME PENALTIES**

5 **Violation of Labor Code §§ 201 *et seq.***

6 82. All outside paragraphs of this Complaint are incorporated into this section.

7 83. This cause of action is brought by a waiting time subclass pursuant to Labor Code
8 §§ 201 through 203, which require an employer to timely pay all wages earned upon termination of
9 employment, and which further provide a private right of action to recover statutory waiting time
10 penalties each day an employer fails to comply with this obligation, up to a maximum of 30 days
11 wages.

12 84. Defendants willfully failed and continue to fail in their affirmative obligation to pay all
13 wages earned and unpaid to Plaintiff and class members immediately upon termination of employment
14 or within 72 hours thereafter for employees who did not provide at least 72 hours prior notice of his
15 or her intention to quit, and further failed to pay those sums for 30 days thereafter in violation of Labor
16 Code sections 201 through 203 and the IWC Wage Orders.

17 85. Plaintiff and class members are entitled to recover a waiting time penalty for a period
18 of up to 30 days, in addition to interest, attorneys' fees, and costs to the extent permitted by law.

19 **NINTH CAUSE OF ACTION**

20 **FAILURE TO REIMBURSE BUSINESS EXPENSES**

21 **Violation of Labor Code § 2802**

22 86. All outside paragraphs of this Complaint are incorporated into this section.

23 87. Defendants willfully failed in their affirmative obligation to reimburse Plaintiff and a
24 reimbursement subclass for all necessary expenditures, losses, expenses, and costs incurred by them
25 in direct discharge of the duties of their employment, in violation of Labor Code section 2802.

26 88. Defendants' unlawful acts and omissions deprived Plaintiff and class members of
27 lawful reimbursements for business expenses in amounts to be determined at trial. Plaintiff and class
28 members are entitled to recover the amount unreimbursed expenses of Plaintiff and class members in

1 addition to interest, attorneys' fees, and costs to the extent permitted by law, including under Labor
2 Code section 2802.

3 **TENTH CAUSE OF ACTION**

4 **UNFAIR COMPETITION**

5 **Violation of Business and Professions Code §§ 17200 *et seq.***

6 89. All outside paragraphs of this Complaint are incorporated into this section.

7 90. Defendants have engaged and continue to engage in unfair and/or unlawful business
8 practices in the State of California in violation of California Business and Professions Code § 17200
9 by committing the foregoing wage and hour violations alleged throughout this Complaint.

10 91. Defendants' dependence on these unfair and/or unlawful business practices deprived
11 Plaintiff and continue to deprive other class members of compensation to which they are legally
12 entitled, constitutes unfair and/or unlawful competition, and provides an unfair advantage to
13 Defendants over competitors who have been and/or are currently employing workers in compliance
14 with California's wage and hour laws. These failures constitute unlawful, deceptive, and unfair
15 business acts and practices in violation of Business and Professions Code section 17200 *et seq.*

16 92. Plaintiff is a victim of Defendants' unfair and/or unlawful conduct alleged in this
17 Complaint, and Plaintiff, as an individual and on behalf of others similarly situated, seeks full
18 restitution of the moneys as necessary and according to proof to restore all monies withheld, acquired,
19 and/or converted by Defendants pursuant to Business and Professions Code §§ 17203 and 17208.

20 93. Plaintiff does not have an adequate remedy at law for past or future violations, to the
21 extent the statute of limitations on each of the alleged causes of action do not extend to the four year
22 limitation provided under the UCL or to the extent the underlying Labor Code and IWC Wage Order
23 violations do not provide a private right of action.

24 94. Plaintiff and class members are entitled to injunctive relief against Defendants,
25 restitution, and other equitable relief to return all funds over which Plaintiff and class members have
26 an ownership interest and to prevent future damage and the public interest under Business and
27 Professions Code § 17200 *et seq.* Plaintiff and class members are further entitled to recover interest,
28

attorneys' fees, and costs to the extent permitted by law, including under Code of Civil Procedure § 1021.5.

ELEVENTH CAUSE OF ACTION

CIVIL PENALTIES UNDER THE PRIVATE ATTORNEYS GENERAL ACT

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

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

95. All outside paragraphs of this Complaint are incorporated into this section.

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

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

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

98. 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."])

99. 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 himself or herself and other current or former employees pursuant to the procedures specified in Section 2699.3. "

100. Labor Code section 2699(f) provides: "For all provisions of this code except those for which a civil penalty is specifically provided, there is established a civil penalty for a violation of these provisions, as follows: ... (2) If, at the time of the alleged violation, the person employs one or more

employees, the civil penalty is one hundred dollars (\$100) for each aggrieved employee per pay period for the initial violation and two hundred dollars (\$200) for each aggrieved employee per pay period for each subsequent violation.”

101. 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.”

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

103. On or about **April 15, 2024**, 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.

104. 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”).

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

106. 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.

107. 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.*

108. 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 Maintain Accurate Records.*** Violation of Labor Code § 1174; IWC Wage Orders.

109. 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).

PRAYER

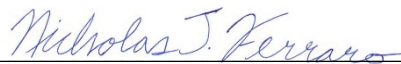
Plaintiff prays for judgment as follows:

- a. For certification of this action as a class action;
- b. For appointment of Plaintiff as the class representative;
- c. For appointment of above-captioned counsel for Plaintiff as Class Counsel;
- d. For division of class members into appropriate classes and/or subclasses according to proof;

- e. For recovery of all statutory penalties and liquidated damages;
- f. For disgorgement of all amounts wrongfully obtained to the extent permitted by law;
- g. For restitution and injunctive relief;
- h. For attorneys' fees and costs of suit, including expert fees, to the extent permitted by law, including (without limitation) under Labor Code §§ 218.5, 226, 1194, 2802.
- i. For recovery of damages in amount according to proof;
- j. For all recoverable pre- and post-judgment interest;
- k. For this action to be maintained as a representative action under the PAGA;
- l. 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;
- m. For recovery of all civil penalties and other recoverable amounts under the PAGA;
- n. 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
- o. For such other relief the Court deems just and proper.

Dated: June 20, 2024

Ferraro Vega Employment Lawyers, Inc.



Nicholas J. Ferraro

Attorneys for Plaintiff Shawntay Ellison

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

April 15, 2024

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

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

CHW Entertainment, Inc.
655 4th Avenue
San Diego, CA 92101

- 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 **SHAWN TAY ELLISON** (“Plaintiff”) and all other “aggrieved employees” of the following “Defendant(s)”:

CHW ENTERTAINMENT, INC.

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 Defendant 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 Defendant, 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 Defendant 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). Defendant is 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 Defendant 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 -

Defendant employed Plaintiff during the PAGA Period in the position of Server and Marketing Associate from about July 2022 to January 10, 2024. 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 Defendant 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 Defendant’s 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

Defendant 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.

Defendant failed to pay Plaintiff and the aggrieved employees at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages. Due to the high demands of the job and understaffing and inadequate scheduling by Defendant, Plaintiff and the aggrieved employees were required to complete work-related tasks during their off-the-clock meal periods. Defendant failed to retroactively input the time that Plaintiff and other aggrieved employees spent working off the clock or compensate them for this working time.

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**

Defendant 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.

Defendant failed to pay Plaintiff and the aggrieved employees overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages.

As a result of off-the-clock work, Defendant failed to compensate Plaintiff and the aggrieved employees for all overtime hours worked. As discussed above, Defendant engaged in an unlawful policy and practice of requiring Plaintiff and the aggrieved employees to complete work-related tasks while off-the-clock and not compensating them for those hours. Each time this practice resulted in unpaid work over 8 hours in a day or 40 hours in a week, this resulted in unpaid overtime.

Additionally, Defendant failed to pay Plaintiff and other aggrieved employees at the proper rate of pay for their overtime hours because Defendant did not include all qualifying forms of compensation in aggrieved employees’ regular rate of pay for overtime purposes.

For example, Plaintiff earned two different rates of pay and under California law, her regular rate of pay for overtime purposes is the weighted average of both rates of pay. However, Defendant did not take the weighted average of Plaintiff’s rates of pay in order to calculate overtime pay. Rather, Defendant only paid Plaintiff at 1.5x her lower rate or pay. *See Fig. 1.*

CHW Entertainment Inc
-The Shout House & Garage 655 4th Ave 92101

Name Shawntay Ellison Address [REDACTED]	Employee ID 835 [REDACTED] Net Pay \$1,126.89 Fed Filing Status S,0 Fed Add. Amount 0	Pay Begin Date 12/25/2023 Pay End Date 01/07/2024 Check Date 01/11/2024 State Filing Status CA - S, 0 State Add. Amount 0.00	Paygroup CHW Entertainment Department The Shout House and Garage Kitchen and Bar Location The Shout House and Garage Kitchen and Bar Job Title Security Pay Rate \$17.00 / Hourly
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Paycheck Summary

	Gross Earnings	Total Taxes	Total Deductions	Net Pay
Current	\$1,417.80	\$245.91	\$0.00	\$1,126.89
YTD	\$1,417.80	\$245.91	\$0.00	\$1,126.89

Earnings

Description	Amount	Worked Hours	Non-Worked Hours	Rate
REGULAR	\$84.00	4.00		\$21.00
REGULAR	\$372.13	21.89		\$17.00
REGULAR	\$42.00	2.00		\$21.00
REGULAR	\$250.95	11.95		\$21.00
REGULAR	\$247.35	14.55		\$17.00
REGULAR	\$232.89	11.09		\$21.00
OVERTIME	\$17.85	0.70		\$25.50
OVERTIME	\$57.63	2.26		\$25.50
Missed Break Penalty	\$34.00	2.00		\$17.00
Missed Break Penalty	\$34.00	2.00		\$17.00
Tips Paid	\$45.00			\$0.00
TOTAL	\$1,417.80	72.44	0.00	

Fig. 1, wage statement for the pay period Dec. 25, 2023, to Jan. 7, 2024.

As shown in Fig. 1 above, Plaintiff earned wages at \$17 per hour and \$21 per hour throughout the pay period ending on January 7, 2024. However, Defendants only paid Plaintiff overtime at \$25.50 per hour, or 1.5 times Plaintiff's lower, \$17 per hour rate of pay.

Moreover, Defendant charged automatic service charges for larger groups which Defendant sometimes listed as a separate "gratuity" and sometimes mixed in with Plaintiff and other aggrieved employees' tips. Because these charges were not true gratuities but rather automatic charges, they should have been factored in to aggrieved employees' regular rate of pay for overtime. However, Defendant failed to include them in aggrieved employees' regular rate, resulting in underpayment of overtime rates.

These underpayments were part of Defendant's systemic policies, patterns, and practices.

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

Defendant 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.”

Defendant failed to comply with California’s paid sick leave laws with respect to the aggrieved employees. As described above, Defendant did not pay for or record the time that Plaintiff and other aggrieved employees worked off the clock. Consequently, Defendant did not credit the aggrieved employees with the proper number of sick leave hours they had accrued.

Moreover, they did not include all forms of compensation in aggrieved employees’ rate of pay for sick leave purposes even when aggrieved employees earned other forms of qualifying compensation within 90 days prior to taking sick leave.

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

Defendant 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.

Plaintiff and other aggrieved employees routinely experienced missed, late, short, and interrupted meal periods due to the pressures to keep up with the high demands of the job, understaffing, and poor scheduling. When Defendant did not provide compliant meal periods, Defendant failed to pay Plaintiff and the aggrieved employees all meal period premiums owed.

Even when Defendant did pay meal periods, it did so at a depreciated rate as it failed to include all forms of compensation in Plaintiff and other aggrieved employees regular rate of pay for the purpose of paying premiums. For example, the wage statement in *Fig. 1* shows that Plaintiff earned meal period premiums in the same period that she earned wage rates of \$21 per hour and \$17 per hour but Defendant did not pay meal period premiums at the proper weighted average rate. Instead, Defendant only paid Plaintiff premiums at her lower, \$17 per hour rate.

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

Defendant 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.

Defendant failed to provide all rest periods to which employees were entitled and failed to pay rest period premiums to Plaintiff and other aggrieved employees. Due to the high demands of the job, understaffing, and poor scheduling, Plaintiff and other aggrieved employees were not authorized or permitted to take all of the rest periods to which they were entitled. Defendant has a policy and practice of not paying rest period premiums to employees who were unable to take rest periods. To the extent that Defendant paid any rest period premiums, it failed to do so at the proper rate as it failed to include all qualifying forms of compensation in aggrieved employees' regular rate of pay for the purpose of rest period premiums.

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

Defendant 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 Defendant failed to pay all wages and premiums in each pay period in which such wages were earned at the lawful rate, Defendant violated Labor Code section 204 and/or 204b (for weekly employees, as applicable). Defendant 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. Indeed, Defendant failed to pay all premiums, overtime, regular, sick leave, and other earnings on time each payday.

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

Defendant 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.

Defendant 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. Defendant did not pay waiting time penalties for the late payments. As a result, Defendant 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

Defendant 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.

Defendant 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. Defendant 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), Defendant 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 Defendant 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.

Defendant 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 Defendant’s policy and practice of requiring employees to complete unpaid work during their meal periods. Moreover, Defendant did not list the proper wage rates and proper amount of wages earned by the aggrieved employees.

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**

Defendant 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.”

Defendant 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. Defendant required Plaintiff and aggrieved employees to utilize their personal cell phone to complete necessary work tasks. For example, Plaintiff and other employees were required to use their personal cell phones for scheduling and to communicate with coworkers regarding work related tasks using the application Sling Portal.

Defendant did not provide reimbursement for the use of personal cell phones. Instead, Plaintiff and aggrieved employees bore the cost of these requirements, without reimbursement.

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

Defendant 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, Defendant 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.

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.

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 Defendant 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, Defendant's 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 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 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. Defendant 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". The signature is written in a cursive, flowing style.

Nicholas J. Ferraro

Cc Plaintiff Shawntay Ellison

Bob Walin, President
bob@theshouhouse.com