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December 29, 2024

VIA ELECTRONIC FILING

California Labor & Workforce Development Agency (LWDA)
Attn: PAGA Administrator
800 Capitol Mall
Sacramento, CA 95814

VIA CERTIFIED MAIL

Roman Otkupman
Otkupman Law Firm
5743 Corsa Avenue, Suite 123
Westlake Village, CA 91362

Re: ARCS Response to PAGA Notice

To Whom It May Concern:

Please take notice that our office represents ARCS Restaurant Management Inc. (hereinafter “ARCS” or the “Company”) with respect to the above-referenced claim. We are in receipt of the PAGA Notice letter, dated October 30, 2024, citing violations of the California Labor Code allegedly suffered by former employee Jose Rodriguez. The purpose of this response is to refute the legitimacy of the aforementioned violations and, to the extent any of the purported violations have in fact occurred, to relay ARCS’ prompt remedial action. Toward that end, the latter part of this letter discusses the reasonable steps ARCS has taken and continues to take in order to comply with the law.

I. RESPONSES TO CLAIMS ASSERTED IN PAGA NOTICE LETTER

Mr. Rodriguez cites nine (9) claims against ARCS, his former employer. ARCS addresses each of these claims in depth below.

1. Failure to Pay All Wages Owed

Mr. Rodriguez claims that ARCS violated Labor Code § 510 and 1194 because it required its employees to work off the clock without compensation. Specifically, he alleges that employees

were forced to “wait in line for the time clocks to become available,” which would take approximately “1-3 minutes to complete.” Additionally, he claims employees were “asked to perform tasks prior to clocking in and after they had clocked out,” which would take on average “30 minutes to complete.”

Mr. Rodriguez’s claims are baseless. As an initial matter, ARCS does not permit any “off the clock” work. Indeed, the company expressly prohibits and denounces such activity in its Employee Handbook. See Exhibit A, excerpt from ARCS Employee Handbook. Reproduced below are excerpts from the Handbook that address company rules related to employee time records:

- “You will be paid for all hours worked at the restaurant. **You may never perform any work off-the-clock.** Please be sure to follow the proper time clock procedure so that your time is correctly recorded for each pay period.
- “ARCS Restaurant Management INC / ARCS MGMT. goal is to ensure that all employees are properly paid for all their work. **Therefore, it is every employee’s responsibility to examine his or her paycheck and paycheck stub to ensure that he/ she is being properly paid for all work time and that the paycheck and pay stub are accurate.** If an employee believes that he/she is not being properly paid for all his/her work, the **employee must immediately inform their General Manager or the office.**”
- “Additionally, no supervisor or manager can permit an employee to work “off the clock”. If your supervisor or manager asks you to work “off the clock,” you must immediately bring this issue to the Supervisor or Director of Operations at 800.570.1733. No employees are permitted to work “off the clock” at any time for any reason.”
- “If you believe that a Supervisor or manager has modified your time record to inaccurately reflect an employee’s work hours, again, you must immediately inform the Supervisor or Director of Operations of the alleged inaccuracy, in writing.”

As evidenced by the above, ARCS explicitly bans the conduct Mr. Rodriguez claims it promotes. Notably, employees are instructed to never perform “off the clock” work, however, if any employee ever inadvertently did so, they are directed to contact upper management immediately. Similarly, if an employee’s paycheck does not account for all hours worked, the employee is told to immediately inform their General Manager. Therefore, the burden is on the *employee* to bring any inaccuracies, violations, or deficiencies to the company’s attention. Mr. Rodriguez collected over 30 paystubs and never *once* mentioned, verbally or in writing, that his pay did not accurately reflect all hours worked. Nor did he ever complain that management was promoting illegal practices, as he suggests in his letter. To the extent any of the violations Mr. Rodriguez’s counsel describes in the PAGA Notice did in fact occur, despite signing an acknowledgement confirming he read, understood, and agreed to abide by, the terms of the Employee Handbook, Mr. Rodriguez did not follow its directives. As such, any claim that he misunderstood the Handbook or that he wasn’t aware of his rights and responsibilities under it is disingenuous.

Not only does ARCS policy and company culture conflict with Mr. Rodriguez’s allegations, but he simply did not perform any off-the-clock work. ARCS reviewed copious amounts of video footage to determine whether Mr. Rodriguez performed any work before or after he clocked in. Moreover, ARCS conducted interviews of coworkers, managers, and supervisors and made the

same determination: there is no evidence of off-the-clock work performed by Mr. Rodriguez or any other ARCS employee.

ARCS promotes an open-door policy where employees are encouraged to come forward with an array of different employment-related concerns so they can be addressed promptly and efficiently. A company with this kind of employee-focused culture would not allow illegal activity to occur within its walls. ARCS ensures that all management is trained on these policies and procedures so that its stores can run efficiently and lawfully.

Furthermore, Mr. Rodriguez's claim that he had to wait in line to clock in is simply not true. Employees do not wait in line to clock in or out; they clock in according to the time they are scheduled. Rarely, if ever, does the store have more than two employees who come in at the same time and, were that to occur, there is simply no "waiting" as clocking in takes just seconds.

Based on the foregoing, ARCS maintains that Mr. Rodriguez is not entitled to penalties or liquidated damages as assessed under California Labor Code § 1194.2 because he did not perform any "off the clock" work and was compensated properly for all hours worked.

2. Failure to Pay Overtime

Mr. Rodriguez claims that ARCS violated Labor Code § 510 because it "failed to pay all overtime wages due." Specifically, Mr. Rodriguez alleges that employees "regularly work in excess of eight (8) hours in a day or more than forty (40) hours per week and do not receive overtime compensation at a rate of one and one half of their regular rate."

We conducted an in-depth analysis of Mr. Rodriguez's time punches and payroll records spanning from his hire on October 29, 2022, to his last day worked on January 23, 2024. Based on our review, we found ten shifts where Mr. Rodriguez worked overtime:

1. December 14, 2022 (17 minutes) - .28 hours
 - o Owed \$6.72, Paid \$6.72
2. January 24, 2023 (4 hours 4 minutes) – 4.07 hours
 - a. Owed \$97.68, Paid \$97.68
3. February 14, 2023 (23 minutes) - .38 hours
 - a. Owed \$9.12, Paid \$9.12
4. February 21, 2023 (2 hours and 16 minutes) – 2.27 hours
 - a. Owed \$54.48, Paid \$54.48
5. May 23, 2023 (5 hours 31 minutes) – 5.52 hours
 - a. Owed \$132.48, Paid \$132.48
6. May 25, 2023 (54 minutes) - .9 hours
 - a. Owed \$21.60, Paid \$21.60
7. July 3, 2023 (5 hours 55 minutes) – 5.93 hours
 - a. Owed \$142.32, Paid \$142.32
8. July 16, 2023 (8 minutes) - .13 hours
 - a. Owed \$3.12, Paid \$3.12
9. December 25, 2023 (2 minutes) - .03 hours
 - a. Owed \$.72, Paid \$.72

10. January 9, 2024 (5 hours 15 minutes) – 5.25 hours
a. Owed \$126.00, Paid \$126.00

For the entirety of the overtime hours listed above, Mr. Rodriguez was paid his proper overtime rate of \$24.00. There are no other shifts that Mr. Rodriguez worked that would have entitled him to overtime pay as per California Labor Code § 510 and he presents no evidence to the contrary.

Mr. Rodriguez's hourly rate throughout his employment was \$16.00. This is \$1.00 above the 2022 minimum wage requirement in California and .50 cents more than the 2023 minimum wage requirement.

3. Failure to Provide Rest Breaks

Mr. Rodriguez claims that ARCS violated Labor Code § 226.7 and Industrial Welfare Commission Wage Order No. 5 because it did not authorize its employees to take their 10-minute rest periods. Mr. Rodriguez proceeds to allege that ARCS did not pay one additional hour of pay for each missed rest period.

Wage Order No. 5 provides, in part:

Rest Periods

(A) Every employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period. The authorized rest period time shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof. However, a rest period need not be authorized for employees whose total daily work time is less than three and one-half (3 1/2) hours. Authorized rest period time shall be counted, as hours worked, for which there shall be no deduction from wages.

ARCS maintains a robust meal and rest break policy. See Exhibit B, excerpt from ARCS Employee Handbook. Reproduced below are some excerpts from the Handbook that relate to breaks:

- “All hourly employees are authorized and permitted to take an uninterrupted 10-minute rest break for every 3.5 hours of work or major fraction thereof.”
- “Your manager will determine an appropriate time, as close to the middle of each four-hour period of work as possible, to take your break(s).”
- “All managers have been instructed to make sure that all employees are being allowed to take their scheduled meal and rest breaks.”
- “When you take your meal break, ARCS Restaurant Management INC / ARCS MGMT. relieves you of all duty and you must perform no work.”
- “If any of your managers are not permitting you to take your meal or rest breaks, request that your work through a break, will not let you leave the restaurant, or if you have any questions regarding your meal or rest breaks that you do not believe are being responded to adequately by your manager, you should contact the Supervisor or Director of Operations who can be reached at 800.570.1733.”
- “ARCS Restaurant Management INC / ARCS MGMT. **requires immediate notice of a violation of this Policy**, so it can conduct a thorough investigation.

- “If ARCS Restaurant Management INC / ARCS MGMT. determines that an employee has missed a meal or rest break due to work demands or a violation of the law occurred as it relates to meal and rest breaks, it will compensate the employee with premium pay pursuant to California Law.

This language is consistent with California law. These policies are strictly, consistently enforced and distributed to all employees upon their hire. Managers and supervisory employees are trained on this and all other policies included in the Handbook. Employees are required to sign an acknowledgement confirming they read, understand, and agree to abide by, the policies and procedures of the Handbook. Mr. Rodriguez signed the acknowledgment for this and all other company policies on October 27, 2022. Therefore, he was aware of his obligation to contact the Supervisor or Director of Operations if he had a concern regarding his breaks. However, at no point during his employment did Mr. Rodriguez complain about any aspect of his rest breaks to management.

It is clear that ARCS promotes a legally-compliant workplace where employees are made aware of their rights and encouraged to present any complaints to upper management, where they will be thoroughly and promptly investigated. Employees are even provided multiple reporting options to lodge their complaints. Any claim that the culture of ARCS is not employee-focused is unfounded.

Moreover, ARCS authorized and permitted Mr. Rodriguez to take his rest periods, as it does with all employees. ARCS monitors its employees’ rest periods through its managers, who are responsible for ensuring employees take their breaks and do not perform any job duties while on break. Managers also ensure that employees are aware of all possible reporting outlets should they need to complain about a non-compliant break.

Based on the foregoing, Mr. Rodriguez is not entitled to penalties under California Labor Code § 2699(f) because he was authorized and permitted to take rest breaks.

4. Failure to Provide Meal Periods

Mr. Rodriguez claims that ARCS violated Labor Code § 226.7 and Industrial Welfare Commission Wage Order No. 5 because it did not allow its employees “take an uninterrupted 30-minute meal break for every shift they worked.”

Mr. Rodriguez’s allegations are unsupported by the evidence. To begin, ARCS provides Mr. Rodriguez and other employees an unpaid, 30-minute meal break for every shift lasting longer than six (6) hours. This is confirmed by Mr. Rodriguez’s time records. For shifts between five and six hours, Mr. Rodriguez’s meal waiver was in effect. *See Exhibit C, Mr. Rodriguez’s meal waiver.*

For every shift Mr. Rodriguez worked that was over 6 hours, he took a 30-minute meal break. Additionally, once an employee completes their shift, they are presented with the following message via their time clock:

I acknowledge that I received and reviewed a copy of Randy Baremor & Ramin Ghaffari Organization’s meal and rest break policy, that I understand how the Policy works, and that I

agree to abide by and be bound by the Policy. If I have any questions regarding the Policy, I will contact my manager or Human Resources. I further acknowledge that violations of the Company's meal and rest break policy must be promptly reported to Human Resources or a manager so that the Company can effectively address such violations. I understand that nothing herein interferes with any right to report concerns, make lawful disclosures, or communicate with any governmental authority regarding potential violations of laws or regulations, and I understand that the Company will not retaliate against me for reporting any violations in good faith.

If an employee reports in good faith that they did not take a break, or that their break was interrupted, they are automatically paid premium pay.

Mr. Rodriguez was directed *every single time* he clocked out that he was to bring any break-related concerns or complaints to management without fear of reprisal. However, at no point did Mr. Rodriguez raise any workplace complaints.

5. Failure to Provide Accurate Wage Statements

Mr. Rodriguez claims that ARCS violated Labor Code § 226(a) by failing to accurately state all gross wages earned, total hours worked, net wages earned, the legal entity of the employer, and all applicable hourly rates during the pay period and all the corresponding number of hours worked on employees' wage statements.

California Labor Code § 226(a) requires employers to furnish to their employee an accurate itemized statement in writing showing:

- (1) gross wages earned,
- (2) total hours worked by the employee,
- (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis,
- (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item,
- (5) net wages earned,
- (6) the inclusive dates of the period for which the employee is paid,
- (7) the name of the employee and only the last four digits of their social security number or an employee identification number other than a social security number,
- (8) the name and address of the legal entity that is the employer, and
- (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

Mr. Rodriguez's wage statements contain all of the above requirements. See Exhibit D, a copy of Mr. Rodriguez's paystub from August 8, 2023. Mr. Rodriguez was not owed premium pay because he did not miss any meal or rest breaks, and he was not owed reimbursement because he did not incur any business-related expenses. Therefore, Mr. Rodriguez's wage statements are legally compliant.

Furthermore, Mr. Rodriguez alleges ARCS violated Labor Code § 204, which governs regular payment of wages and requires that wages earned are due twice during each calendar month, on days designated in advance by the employer as the regular paydays. Specifically, work performed between the 1st and 15th days, inclusive, of any calendar month must be paid for between the 16th and the 26th day of that same month. Work performed between the 16th and the last day of any calendar month, must be paid for between the 1st and 10th day of the following month.

As is evidenced by his paystubs, Mr. Rodriguez was paid every other Tuesday. Thus, ARCS complied with Labor Code § 204 because it paid him at the proper frequency. Mr. Rodriguez is not entitled to PAGA penalties by virtue of this claim.

6. Failure to Keep Accurate and Complete Payroll Records

Mr. Rodriguez claims that ARCS violated Labor Code § 1174(d) because the wages statements provided did not accurately reflect actual gross wages earned, including pay for all hours worked, overtime, and meal/rest break premiums.

Labor Code § 1174(d) provides as follows:

Every person employing labor in this state shall:

(d) Keep, at a central location in the state or at the plants or establishments at which employees are employed, 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. These records shall be kept in accordance with rules established for this purpose by the commission, but in any case shall be kept on file for not less than three years. An employer shall not prohibit an employee from maintaining a personal record of hours worked, or, if paid on a piece-rate basis, piece-rate units earned.

Mr. Rodriguez's payroll records show the number of hours he worked per day and the wages paid to him. ARCS keeps these records on file for not less than three years, as per statute, and has never prohibited employees from maintaining their own personal record of hours worked. Mr. Rodriguez claims that his payroll records are not compliant because he worked "off the clock" and overtime, which were allegedly not accounted for on his paystubs. However, as discussed above, Mr. Rodriguez's payroll records accurately reflect the number of hours he worked. Had they not, Mr. Rodriguez failed to follow company procedure by bringing forth his complaints to management. Additionally, Mr. Rodriguez has presented no evidence to support his claim that he is owed wages for off-the-clock work. On the contrary, his time records show him clocking in and out for meal breaks.

Therefore, ARCS complies with Labor Code § 1174(d) and should not be assessed penalties under it.

7. Failure to Pay Waiting Time Penalties

Mr. Rodriguez claims that ARCS violated Labor Code § 203 because it “paid him and Defendant’s California employees their final wages beyond the time frames set forth in Labor Code §§ 201 and 202.”

Here, the last day Mr. Rodriguez worked was January 23, 2024. He did not show up for his subsequent shifts and was even reported missing by his father. He was paid for the work he performed from January 17 – January 23, 2024, via check and signed an acknowledgement to this effect. See Exhibit E, Acknowledgement of receipt of final paycheck. As Mr. Rodriguez is not owed premium wages, overtime wages, or reimbursement, he was paid all wages owed to him and is not entitled to waiting time penalties.

Therefore, Mr. Rodriguez cannot assert a claim under Labor Code § 203 or receive penalties under it.

8. Failure to Reimburse

Mr. Rodriguez claims that ARCS violated Labor Code § 2802 because it did not reimburse him and other aggrieved employees for “equipment they purchased to perform work for Defendants,” “uniform maintenance” and personal cell phone use.

Labor Code § 2802(a) provides:

An employer shall indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, 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.

As an initial matter, Mr. Rodriguez was not asked or required to use his cell phone for business purposes. Any claim to the contrary is false and unsupported. Further, Mr. Rodriguez fails to explain what “equipment” he and others were required to purchase to perform work. Regardless, no employee is required to purchase equipment to perform their duties at the restaurant. Lastly, Mr. Rodriguez is not owed reimbursement for uniform maintenance because the uniforms are made of wash and wear materials. The Department of Labor has reasoned that if uniforms may be washed and dried with other personal garments and do not require special treatment, employers are not required to reimburse employees for maintenance costs. ARCS provides its employees with a free uniform (which includes two shirts, one hat, one name badge, and an apron for kitchen staff) upon hire.

Accordingly, Mr. Rodriguez is not owed reimbursement because he did not incur any expenditures or losses in connection with the discharge of his duties.

9. Failure to Pay Out Vacation Time

Mr. Rodriguez claims that ARCS violated Labor Code § 227.3 because it failed to pay its employees wages for unused, vested vacation time.

Labor Code § 227.3 provides as follows:

Unless otherwise provided by a collective-bargaining agreement, whenever a contract of employment or employer policy provides for paid vacations, and an employee is terminated without having taken off his vested vacation time, all vested vacation shall be paid to him as wages at his final rate in accordance with such contract of employment or employer policy respecting eligibility or time served; provided, however, that an employment contract or employer policy shall not provide for forfeiture of vested vacation time upon termination. The Labor Commissioner or a designated representative, in the resolution of any dispute with regard to vested vacation time, shall apply the principles of equity and fairness.

Mr. Rodriguez worked as a crew member for ARCS. ARCS policy is that crew members and shift managers are not offered vacation time; only Assistant Managers and General Managers are afforded that benefit. Therefore, Mr. Rodriguez accrued no vacation time and was therefore not entitled to a payout.

II. ARCS HAS TAKEN ALL REASONABLE STEPS TO COMPLY WITH THE LAW

Labor Code § 2699(h) provides:

- (1) In any civil action under this part for an alleged violation of this code, if within 60 days after receiving the notice of violation required by Section 2699.3, the person alleged to have committed the noticed violation has taken all reasonable steps to prospectively be in compliance with all provisions identified in the notice, the civil penalty that may be recovered in a civil action under this part shall not be more than 30 percent of the penalty sought under subdivision (a) or (f).
- (2) For purposes of paragraph (1), “all reasonable steps” may include, but are not limited to, taking an action to initiate any of the following: conduct an audit of the alleged violations and take action in response to the results of the audit, disseminate lawful written policies as to the alleged violations, train supervisors on applicable Labor Code and wage order compliance, or take appropriate corrective action with regard to supervisors. Whether the employer’s conduct was reasonable shall be evaluated by the totality of the circumstances and take into consideration the size and resources available to the employer, and the nature, severity and duration of the alleged violations. The existence of a violation, despite the steps taken, is insufficient to establish that an employer failed to take all reasonable steps.

According to the above, any PAGA penalties that may be assessed against ARCS must be capped at 30% if it can show that it took all reasonable steps to comply with the law within 60 days after

receiving a PAGA notice. Here, ARCS received the PAGA Notice on October 30, 2024. Therefore, ARCS has until December 29, 2024, to show that it has attempted to comply with the provisions identified in the PAGA Notice.

In an effort to show that ARCS takes PAGA complaints seriously and is dedicated to compliance, ARCS has taken the following actions:

- (1) Conducted an audit of the alleged violations and taken action in response to the results of the audit.
 - a. Upon receiving the PAGA Notice, ARCS immediately began investigating its practices and procedures in an attempt to determine whether it was committing any of the violations listed in the PAGA Notice. ARCS took the following actions:
 - i. Reviewed Mr. Rodriguez's time punches to see whether (1) he was afforded meal breaks if his shifts were longer than 5 hours; (2) he was afforded rest breaks if his shifts were longer than 3.5 hours; and (3) any overtime was properly recorded.
 1. ARCS found that Mr. Rodriguez clocked in and out for his meal breaks and took a meal break for each shift over 6 hours, with the exception of 7 shifts where he did not clock out. Rest breaks are monitored on a daily basis to ensure employees take them as required. Mr. Rodriguez was afforded and took all rest breaks owed to him.
 - ii. Reviewed Mr. Rodriguez's paystubs to see whether (1) he was paid for all hours worked; (2) he was paid for any overtime; (3) he was paid at least minimum wage; (4) the correct information was listed; and (5) his overtime rate was accurate.
 - iii. Confirmed that Mr. Rodriguez was not owed any reporting time pay.
 - iv. Instructed managers to ensure that employees are aware of their right to take breaks and the proper reporting procedure.
 - v. Confirmed that ARCS was providing employee uniforms free of charge.
 - vi. Inspected the employee crew room to ensure that employees had adequate resting facility where they could keep their belongings and take their breaks.
 - vii. Spoke to the restaurants' managers to determine whether any other employees have brought forth any workplace complaints. The managers confirmed that they have received no complaints.
 - viii. Administered an anonymous survey to its employees to assess satisfaction with the workplace and company culture.
- (2) Conducted a review of its Employee Handbook to ensure up-to-date compliance with California law.
- (3) Disseminated an email reminding employees of the policies touched on in Mr. Rodriguez's PAGA Notice, including:
 - a. Overtime pay
 - b. Meal/Rest breaks
 - c. Reporting time pay
- (4) Trained supervisors on applicable Labor Code and wage order compliance

- (5) Conducted an investigation into whether there were any managers/supervisors that were prohibiting employees from taking breaks or interfering with their right to do so.

III. CONCLUSION

ARCS has thoroughly reviewed the allegations presented in the PAGA Notice and found no evidence of any violations of the California Labor Code that would entitle Mr. Rodriguez or any other similarly situated employees to PAGA penalties. The evidence presented above, as well as the exhibits provided with this letter, clearly show that Mr. Rodriguez was paid for all hours worked (including overtime), afforded the opportunity to take legally compliant meal and rest breaks, furnished accurate wage statements, and paid timely and accurately upon separation.

Furthermore, ARCS has consistently taken all reasonable steps to comply with applicable labor laws and regulations, including maintaining comprehensive payroll records and timekeeping systems, conducting regular internal audits of wage and hour practices, providing required meal and rest breaks, paying all wages due, including overtime, in a timely manner, and training managers and supervisors on labor law compliance.

In response to the PAGA notice, ARCS has conducted a detailed internal investigation, which included an examination of payroll records for the relevant time period, a review of timekeeping data and practices, interviews with management and a representative sample of employees, and an analysis of company policies and procedures. This investigation confirmed ARCS' full compliance with all applicable labor laws and regulations.

Therefore, ARCS respectfully maintains that no penalties or other remedies are warranted in this matter.

We appreciate the opportunity to address these concerns and reaffirm our commitment to lawful and ethical business practices. ARCS remains open to further discussion to resolve any remaining questions or concerns.

Sincerely,



Brittany Toth, Esq. on behalf of ARCS

EXHIBIT A



Section 2:

Employment

Time Records

Biometric Time clocks have been installed to assure an accurate record of your work time for pay purposes. You are expected to be in uniform and ready to work at the time you clock in. Also, you are expected to clock out as you leave the floor at the end of your scheduled time. Retain the computer printed time record for your information. You will be paid for all hours worked at the restaurant. You may never perform any work off-the-clock. Please be sure to follow the proper time clock procedure so that your time is correctly recorded for each pay period. After finishing your shift and clocking out, you should not linger on the premises, either in the kitchen or the dining room. Loitering employees leave a poor impression on our customers.

Accuracy of Time

ARCS Restaurant Management INC / ARCS MGMT. goal is to ensure that all employees are properly paid for all their work. Therefore, it is every employee's responsibility to examine his or her paycheck and paycheck stub to ensure that he/she is being properly paid for all work time and that the paycheck and pay stub are accurate. If an employee believes that he/she is not being properly paid for all his/her work, the employee must immediately inform their General Manager or the office.

Additionally, no supervisor or manager can permit an employee to work "off the clock". If your supervisor or manager asks you to work "off the clock," you must immediately bring this issue to the Supervisor or Director of Operations at 800.570.1733. No employees are permitted to work "off the clock" at any time for any reason.

Supervisors or managers are only authorized to change an employee's time record to accurately reflect the employee's actual work hours. If you believe that a Supervisor or manager has modified your time record to inaccurately reflect an employee's work hours, again, you must immediately inform the Supervisor or Director of Operations of the alleged inaccuracy, in writing.

Overtime Policy

Due to operational demands and workloads, ARCS Restaurant Management INC / ARCS MGMT. may require an employee to work beyond their normal shift. The company will attempt to distribute overtime evenly and to accommodate individual schedules; however, when overtime is required, we appreciate your cooperation. Although an employee will be given advanced notice where feasible, this is not always possible.

Any hourly employee that works more than eight (8) hours a day, forty (40) hours in a workweek, or the first eight hours on the seventh consecutive day worked in our defined workweek will be paid overtime (time and 1/2 half) in accordance with California and Federal Law. ARCS Restaurant Management INC / ARCS MGMT. will also pay double the employee's regular rate of pay for all hours worked in excess of twelve (12) hours in any workday and for all hours worked in excess of eight (8) hours on the seventh consecutive day of work in our defined workweek. Again, if for any reason there is discrepancy between your paycheck and the hours you actually worked, you should contact the Supervisor or Director of Operations at 800.570.1733 immediately. You may also notify the Owner/Operator. It is ARCS Restaurant Management

INC / ARCS MGMT.'s policy to investigate any and all discrepancies and correct the situation within twenty-four (24) hours. Employees have an obligation to participate in and provide accurate and truthful information during the investigation.

Holidays and vacation hours paid, but not worked, are not included in calculating overtime.

Pay Days

Pay periods are as follows: We pay every two weeks and pay-days are every other Tuesdays

The two-week pay period closes on Tuesday of the week prior to pay-day. You may have questions about this since pay days don't fall on the same days each month. A payday and pay period calendar is posted in your restaurant's crew room. Please ask a manager for further explanation or contact the ARCS office.

Pay Cards or/and direct deposit are available for all employees.

If you receive your pay through a paycard or direct deposit your payroll stubs will still be available online at the employee portal on payday.

If you do not receive your paycheck through Pay Card or direct deposit, it will be mailed , on Pay Day, to the your home address you provide. If you lose your paycheck, you must report it immediately to the manager or contact ARCS Office. There is a \$35.00 service charge to replace the lost check and it may take up to 10 business days to receive the new check. Keep your check stubs and your W-2's (yearly).

EXHIBIT B

Meal and Rest Break Policy

All hourly employees are provided an unpaid, uninterrupted optional meal break of 30 minutes for every 5.5 hours of work. During this time, you are relieved of all duty and free to leave the restaurant. Your regular meal break will be made part of your schedule by you General Manager, and all hourly employees are required to take their meal break as assigned. Failure to take an assigned meal break may be grounds for discipline, including termination.

All hourly employees are authorized and permitted to take an uninterrupted 10-minute rest break for every 3.5 hours of work or major fraction thereof. Thus, you will receive one paid rest break if you work 3.5 hours in a day and 5.5 hours; two 10 minute breaks if they work 6 hours but less than 10 hours; three 10 minute breaks if they work more than 10 hours but less than 14 hours; and four 10 minute breaks if they work more than 14 hours but less than 18 hours. These breaks are paid. Your manager will determine an appropriate time, as close to the middle of each four-hour period of work as possible, to take your break(s). Failure to take rest breaks may be grounds for discipline. If you have any question about scheduling your rest break(s), you should contact your General Manager.

All managers have been instructed to make sure that all employees are being allowed to take their scheduled meal and rest breaks. When you take your meal break, ARCS Restaurant Management INC / ARCS MGMT. relieves you of all duty and you must perform no work. You are also free to leave the premises. If any of your managers are not permitting you to take your meal or rest breaks, request that your work through a break, will not let you leave the restaurant, or if you have any questions regarding your meal or rest breaks that you do not believe are being responded to adequately by your manager, you should contact the Supervisor or Director of Operations who can be reached at 800.570.1733.

ARCS Restaurant Management INC / ARCS MGMT. requires immediate notice of a violation of this Policy, so it can conduct a thorough investigation. If ARCS Restaurant Management INC / ARCS MGMT. determines that an employee has missed a meal or rest break due to work demands or a violation of the law occurred as it relates to meal and rest breaks, it will compensate the employee with premium pay pursuant to California Law. As a condition of employment, all employees must participate in the investigation and provide truthful and accurate information to the investigator. Failure to adhere to these requirements may be grounds for discipline, including termination.

Summary of California's Break Laws

HOURS WORKED	BREAK(S) REQUIRED
0 hours – 3 hours 29minutes	• No break required
3 hours 30 minutes – 5.59 hours	• 1 (paid) 10-minute break • 1 optional (unpaid) 30 minute break
6 hours – 9.59 hours	• 2 (paid) 10 minute breaks • 1 (unpaid) 30 minute break
10 hours 1 minute – 14 hours	• 3 (paid) 10 minute breaks • 2 (unpaid) 30 minute breaks

EXHIBIT C

Meal Period Waiver

No employer shall employ any person for a work period of more than five (5) hours without a meal period of not less than 30 minutes, except that when a work period of not more than six (6) hours will complete the day's work the meal period maybe waived by mutual consent of the employer and employee.

I have read this form and fully understand it and my rights to a meal period if I work between 5:00 hours and 5:59 hours. I agree to waive my right to a meal period by mutual consent. I understand that I can revoke this consent at any time.

☐ I am a minor, I have reviewed this form with my parent or legal guardian.

☒ I want to waive my right to the meal period.

☐ I do not want to waive my right to the meal period.

JOSE Rodriguez
Employee Name

Cristian
Manager Name

Elaine C.
Translator Name

10.27.2022
Date

EXHIBIT D

ARCS MGMT1060 E. WASHINGTON AVE SUITE 100
Colton, CA 92324**Pay Date:** 08/08/2023**Voucher #:** (58116)

Deposited To The Account(s) Of	Deposit #	Account Type	Account #	Transit ABA	Deposit
JOSE RODRIGUEZ	1	Checking		121000358	757.28

32223/200 2957 08/08/2023 (58116)

JOSE RODRIGUEZ**Non-Negotiable - This Is Not A Check**

#2957 - JOSE RODRIGUEZ

Voucher #(58116)

Pay Date: 08/08/2023

32223/200

Pay Period: 07/19/2023-08/01/2023

Earnings

	Rate	Hours	YTD	Current	YTD
OVERTIME			19.20		460.80
STANDARD	16.00	54.37	758.70	869.92	12,139.20
Gross Pay				869.92	12,600.00
Hours Worked		54.37	777.90		
Hours Paid		54.37	777.90		

Information & Announcements

*You can accrue up to 48 hours of paid sick leave, but can only take 24 hours each year beginning on your anniversary date

Tax Allowance Settings**Taxes Withheld**

Total	112.64	1,628.22
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Net Pay	757.28	10,971.78
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Check	0.00	2,833.55
Checking	757.28	8,138.23

Company Paid Benefits

	Current	YTD
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Accruals¹ For information purposes only. No effect on your net pay.

EXHIBIT E

Acknowledgment of receipt of final paycheck

I, JOSE Rodriguez, have received my final paycheck from ARCS Restaurant Management

- The total amount of the paycheck is: \$ 504.08
- The total amount of hours for this paycheck period were: 32.54

No additional money is owed to me by ARCS Management.

Name of Recipient: JOSE Rodriguez

Signature of Recipient ~~2-19-2024~~ Jose Rodriguez

Date 2-19-2024

Notes: _____

Reconocimiento de recibo del último cheque de pago

Yo, _____, he recibido mi cheque de pago final de ARCS Restaurant Management.

- El total del cheque de pago es: \$ _____
- El total de horas para este período de cheque de pago fueron: _____

ARCS Management no me debe ningún dinero adicional.

Nombre del destinatario: _____

Firma del destinatario: _____

Fecha: _____

Notas: _____

