



MATERN LAW GROUP, PC

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October 31, 2024

Via Online Submission

California Labor & Workforce
Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

Via Certified U.S. Mail – Return

Receipt Requested

JKC Palm Springs Automotive, Inc.
541 N. Johnson Ave.
El Cajon, CA 92020

Via Certified U.S. Mail – Return

Receipt Requested

JKC Palm Springs Automotive, Inc.
1600 Valley River Dr, Suite 290
Eugene, OR 97401

Via Certified U.S. Mail – Return

Receipt Requested

JKC Palm Springs Automotive, Inc.
Agent: John Kiefer Sr
255 Aptos Ridge Circle
Watsonville, CA 95076

Re: Notice Pursuant to California Labor Code § 2699.3

Employee: Brian Villalpando

Employers: JKC Palm Springs Automotive, Inc.

To Whom It May Concern:

This office represents Brian Villalpando (“Mr. Villalpando”), who was employed by JKC Palm Springs Automotive, Inc. (“JKC” or “Defendant”). Pursuant to the California Labor Code Private Attorneys General Act of 2004 (“PAGA”), Labor Code § 2698, *et seq.*, this letter sets forth the specific provisions of the Labor Code and Industrial Welfare Commission (“IWC”) Wage Order No. No. 4-2001, which Mr. Villalpando alleges Defendant violated, including the facts and theories to support the alleged violations. Please be advised that this letter constitutes written notice required by Labor Code § 2699.3, subdivisions (a)(1)(A) and (c)(1)(A) and may lead to immediate action against Defendant in a court of law and/or administrative proceedings, as well as the imposition of substantial penalties and other remedies against Defendant. Enclosed please find a draft of Mr. Villalpando’s proposed complaint, which is incorporated by reference into this notice. Under separate cover, our office is sending a check in the amount of \$75.00 to the Accounting Unit of the Department of Industrial Relations for the requisite filing fee, pursuant to Labor Code § 2699.3, subdivisions (a)(1)(B) and (c)(1)(B).

This letter also serves as notice of Mr. Villalpando’s demand for preservation and non-spoilation of evidence, requesting that all relevant documents and data be saved and that all

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electronic files and hard-copy documents that are related to Mr. Villalpando's employment and potential claims must be preserved, even without a court order.

Spoliation of evidence may result in legal claims for damages and monetary and evidentiary sanctions, including "adverse inference" jury instructions. Furthermore, intentional spoliation of evidence may carry criminal consequences pursuant to California Penal Code § 135. A detailed preservation and non-spoliation of evidence letter will follow under separate cover.

We are investigating a potential representative action on behalf of Defendant's current and former non-exempt employees in the State of California regarding, among other things, the following violations: failure to provide meal and rest periods to employees in violation of Labor Code §§ 226.7 and 512, and Wage Order No. 4-2001, §§ 11 and 12; failure to pay one additional hour of compensation at the employee's regular rate of compensation for each workday that a meal or rest period is not provided in violation of Labor Code § 226.7, and Wage Order No. 4-2001, §§ 11(B) and 11(D); failure to pay employees minimum wages for all hours worked in violation of Labor Code §§ 1194, 1197 and 1197.1, and Wage Order No. 4-2001, § 4; failure to pay employees overtime wages in violation of Labor Code §§ 510 and 1194, and Wage Order No. 4-2001, § 3; failure to timely pay employees all wages earned in violation of Labor Code § 204; willful failure to pay all wages due to discharged and quitting employees in violation of Labor Code §§ 201-203; failure to furnish accurate itemized wage statements to employees in violation of Labor Code § 226; failure to maintain required records pursuant to Labor Code §§ 226, 1174 and 1174.5, and Wage Order No. 4-2001, § 7; and unlawful deductions and withholdings from employees' wages in violation of Labor Code §§ 221, 223 and 224.

The allegations made by Mr. Villalpando on behalf of himself and all other similarly-aggrieved current and former non-exempt employees of Defendant in the State of California during the four years preceding the date of this notice are based on the following facts and theories: meal periods were less than thirty minutes, late (first meal periods starting after the fifth hour of work and/or second meal periods starting after the tenth hour), not given at all (including second meal periods after ten hours of work), or interrupted; rest periods were less than ten minutes, not provided, interrupted, and/or late; employees were not provided one hour of pay for each workday a meal period was not provided; employees were not provided one hour of pay for each workday a rest break was not authorized and permitted; and employees were not paid proper minimum and overtime wages for all hours worked as required by California law.¹ Given the overtime, meal period and rest period violations and Defendant's failure to compensate its employees fully, as set forth above, employees' wage statements were inaccurate and failed to comply with California law. In short, Defendant's unlawful employment practices and policies have deprived its employees of earned wages and other compensation.

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¹ "[T]he statement that defendant has not provided its employees with proper rest periods states both the facts and the theory." *Gutierrez v. California Commerce Club, Inc.*, 187 Cal.App.4th 969, 979 n.5 (2010).

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Failure to Provide Meal Periods

Pursuant to Labor Code §§ 226.7 and 512, and Wage Order No. 4-2001, § 11, an employer is required to provide meal periods to its employees. An employer must provide a meal period to any employee who works a shift of more than five (5) hours and a second meal period to any employee who works a shift of more than ten (10) hours. Furthermore, an employer must pay one extra hour of compensation for each workday a meal period is not provided.

If an employee is not relieved of all duty during a meal period, the meal period shall be considered an “on duty” meal period and counted as time worked. A paid “on duty” meal period is permitted only when 1) the nature of the work prevents an employee from being relieved of all duties and 2) the parties have agreed in writing to on duty meal periods.

Mr. Villalpando and other aggrieved employees were and are non-exempt employees and are entitled to the protections of California Labor Code §§ 226.7 and 512, and Wage Order No. 4-2001, § 11. Defendant failed to provide its employees timely and uninterrupted thirty-minute meal breaks. Mr. Villalpando and other aggrieved employees were never told they were entitled to meal periods, and did not receive them. Rather, Mr. Villalpando and other aggrieved employees could only take breaks if they had time in between meetings with customers, which seldom was the case. Defendant also failed to provide Mr. Villalpando and other aggrieved employees an additional meal period when he and other aggrieved employees worked over 10 hours.

Defendant further violated Labor Code § 226.7, and Wage Order No. 4-2001, §§ 11 and 12, by failing to compensate Mr. Villalpando and other aggrieved employees who were not provided with meal periods in accordance with California law one additional hour of pay at each employee’s regular rate of compensation for each workday a meal period was not provided.

Failure to Authorize and Permit Rest Periods

Pursuant to Labor Code § 226.7 and Wage Order No. 4-2001, § 12, an employer is required to provide rest periods to its employees. An employer must provide a ten (10) minute rest period for every four (4) hours worked or major action thereof which insofar as practicable shall be in the middle of each work period. Furthermore, an employer must pay one extra hour of compensation for each workday a rest period is not authorized and permitted.

Mr. Villalpando and other aggrieved employees were and are non-exempt employees and are entitled to the protections of Labor Code § 226.7 and Wage Order No. 4-2001, § 12. Defendant failed to authorize and permit its employees to take required rest periods. Defendant maintained a practice of not authorizing or permitting Mr. Villalpando and other aggrieved employees to take one 10-minute rest break for shifts between 3.5-6.0 hours, a second rest break for shifts greater than 6 hours and less than or equal to 10 hours, and a third rest break for shifts in excess of 10 hours. Specifically, Defendant required employees to work on a commission basis, where employees’ rate of pay was determined by how many sales employees made. As a result, employees were not provided a rest break, and were only able to take a break throughout the day in the unlikely event that there were no customers on site. Even if an employee had a break in his

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schedule, employees were not permitted to leave the worksite to take their breaks. In fact, employees were incentivized not to take breaks, as each sale they made increased their wages. Accordingly, Defendant did not relieve its employees of their employment duties during their mandatory rest-periods, as required by law.

Defendant further violated Labor Code § 226.7 and Wage Order No. 4-2001, § 12 by failing to pay Mr. Villalpando and other aggrieved employees one additional hour of pay at each employee's regular rate of compensation for each workday a rest period was not authorized and permitted.

Failure to Pay Minimum Wages

Pursuant to Labor Code §§ 1194 and 1197 and Wage Order No. 4-2001, § 4, payment to an employee of less than the applicable minimum wage for all hours worked in a payroll period is unlawful.

Mr. Villalpando and other aggrieved employees are current and former non-exempt employees and are entitled to the protections of Labor Code §§ 1194 and 1197, and Wage Order No. 4-2001, § 4. Defendant failed to pay Mr. Villalpando and other aggrieved employees minimum wages for all hours worked by, among other things: requiring, suffering or permitting Mr. Villalpando and other similarly-situated individuals to work off-the-clock; requiring, suffering or permitting Mr. Villalpando and other aggrieved employees to work through their meal breaks but not compensating them for this time; refusing to permit Mr. Villalpando and other aggrieved employees to take unpaid meal breaks and paid rest breaks; illegally and inaccurately recording time worked by Mr. Villalpando and other aggrieved employees; failing to properly maintain Mr. Villalpando's and other aggrieved employees' records; failing to provide accurate itemized wage statements to Mr. Villalpando and other aggrieved employees for each pay period; and other methods to be discovered.

Defendant's conduct violates Labor Code §§ 1194 and 1197 and Wage Order No. 4-2001, § 4.

Failure to Pay Overtime Wages

Pursuant to California Labor Code §§ 510 and 1194 and Wage Order No. 4-2001, § 3, an employer must compensate its employees for all overtime, which is calculated at one and one-half (1 ½) times the regular rate of pay for hours worked in excess of eight (8) hours per day and/or forty (40) hours per week, and for the first eight (8) hours on the seventh consecutive work day, with double time for all hours worked in excess of eight (8) hours on the seventh day of any workweek, or after twelve (12) hours in any workday.

Mr. Villalpando and other aggrieved employees are current and former non-exempt employees and are entitled to the protections of Labor Code §§ 510 and 1194, and Wage Order No. 4-2001, § 3. Defendant failed to compensate Mr. Villalpando and other aggrieved employees for all overtime hours worked as required under the foregoing provisions of the Labor Code and

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IWC Wage Orders by, among other things: failing to pay overtime at one and one-half (1 ½) times or double the regular rate of pay as provided by Labor Code §§ 510 and 1194 and Wage Order No. 4-2001, § 3; requiring, suffering or permitting Mr. Villalpando and other aggrieved employees to work off-the-clock; requiring, suffering or permitting Mr. Villalpando and other aggrieved employees to work through meal periods but not compensating them for this time; failing to offer Mr. Villalpando and other aggrieved employees the ability to take paid rest breaks; failing to offer Mr. Villalpando and other aggrieved employees the ability to take unpaid meal breaks; illegally and inaccurately recording time worked by Mr. Villalpando and other aggrieved employees; failing to properly maintain Mr. Villalpando's and other aggrieved employees' records through falsifying hours worked; failing to provide accurate itemized statements to Mr. Villalpando and other aggrieved employees for each pay period; and other methods to be discovered.

In violation of California law, Defendant refused to perform its obligations to compensate Mr. Villalpando and other aggrieved employees for all wages earned and all hours worked. Defendant's conduct violates Labor Code §§ 510 and 1194, and Wage Order No. 4-2001, § 3.

Failure to Timely Pay All Wages Earned

Pursuant to Labor Code § 204, an employer must pay its employees at least twice a month for all wages earned during the preceding pay period. Labor Code § 204 provides that labor performed between the 1st and 15th days, inclusive, of any calendar month shall be paid for between the 16th and the 26th day of the month during which the labor was performed, and labor performed between the 16th and the last day, inclusive, of any calendar month, shall be paid for between the 1st and 10th day of the following month. An employer using an alternate payday schedule must pay wages within seven calendar days of the end of the payroll period in which the wages were earned.

Defendant failed to pay Mr. Villalpando and other aggrieved employees on their regularly scheduled payday for all work performed during the preceding pay period. Specifically, Defendant required Mr. Villalpando and other aggrieved employees to work off-the-clock without compensation and required Mr. Villalpando and other aggrieved employees to work through required meal breaks without compensation. Moreover, Defendant routinely failed to provide employees with their paychecks on the required date of payment. When payment was made, the total amount of wages to which employees were owed was not reflected on the paycheck. Additionally, Defendant failed to pay Mr. Villalpando and other aggrieved employees premium wages owed for each workday when a meal period was not provided and each workday when a rest period was not authorized and permitted.

Defendant also failed to pay Mr. Villalpando and other aggrieved employees for the overtime wages they earned, in violation of Labor Code § 204. Labor Code § 204 requires an employer to pay overtime wages no later than the payday for the next regular payroll period following the payroll period in which the overtime wages were earned. Defendant knew it was required to pay overtime wages, yet on many occasions failed to pay Mr. Villalpando and other aggrieved employees overtime wages on any payday.

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Failure to Pay All Wages Due Upon Separation

Pursuant to Labor Code §§ 201, 202 and 203, an employer is required to pay all earned and unpaid wages to an employee upon separation. Labor Code § 201 mandates that if an employer discharges an employee, the employee's wages accrued and unpaid at the time of discharge are due and payable immediately. Pursuant to Labor Code § 202, an employer is required to pay all accrued wages due to an employee no later than 72 hours after the employee quits his or her employment, unless the employee provided 72 hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

Labor Code § 203 provides that if an employer willfully fails to pay, in accordance with Labor Code §§ 201 and 202, any wages of an employee who is discharged or who quits, the employer is liable for waiting time penalties in the form of continued compensation to the employee at the same rate for up to thirty (30) days.

Defendant willfully failed to pay accrued wages and other compensation to Mr. Villalpando and other aggrieved employees in accordance with Labor Code §§ 201 and 202. Because Defendant required Mr. Villalpando and other aggrieved employees to work off-the-clock without compensation and through required meal breaks without compensation and failed to pay Mr. Villalpando and other aggrieved employees the premium wages for all meal periods which were not provided and all rest periods which were not authorized or permitted, Defendant failed and continue to fail to pay the full earned and unpaid wages due to Mr. Villalpando and other aggrieved employees upon separation.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226 requires every employer to furnish each of its employees an accurate itemized wage 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, (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 his or her 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.

Defendant failed to provide Mr. Villalpando and other aggrieved employees with timely and accurate itemized wage statements in writing showing each employee's gross wages earned, total hours worked, all deductions made, net wages earned, the inclusive dates of the period for which the employee was paid, the name and address of the legal entity or entities employing Mr. Villalpando and other aggrieved employees, and all applicable hourly rates in effect during each pay period and the corresponding number of hours worked at each hourly rate, in violation of Labor Code § 226 and Wage Order No. 4-2001, § 7.

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Specifically, Defendant had knowledge it was not providing its employees with proper meal and rest breaks; nevertheless, Defendant knowingly failed to include in the wage statements the extra hour of compensation owed for each workday a meal break was not provided and each workday a rest break was not authorized and permitted. As a result, Mr. Villalpando and other aggrieved employees lost wages. In addition, Defendant had knowledge it was requiring employees to work off-the-clock and was not properly compensating its employees for all hours worked, yet Defendant knowingly failed to include this time worked in the wage statements. As a result, Mr. Villalpando and other aggrieved employees lost wages. Defendant also did not properly calculate the regular rate of pay of Mr. Villalpando and other aggrieved employees. As a result, Mr. Villalpando's and other aggrieved employees' wage statements did not include all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate.

Failure to Maintain Required Records

Defendant failed to maintain records as required under Labor Code §§ 226 and 1174, and Wage Order No. 4-2001, § 7, including but not limited to the following records: total daily hours worked by each employee; applicable rates of pay; all deductions; meal periods; time records showing when each employee begins and ends each work period; and accurate itemized statements.

Specifically, Defendant had knowledge it was not providing its employees with proper meal and rest breaks; nevertheless, Defendant knowingly failed to include in the wage statements the extra hour of compensation owed for each workday a meal break was not provided and each workday a rest break was not authorized and permitted. In addition, Defendant had knowledge it was requiring employees to work off-the-clock and was not properly compensating its employees for all hours worked, yet Defendant knowingly failed to include this time worked in the regular rate of pay of aggrieved employees.

Failure to Indemnify Employees for Necessary Expenditures Incurred in Discharge of Duties

Labor Code § 2802(a) requires an employer to indemnify an 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. Defendant failed to indemnify Mr. Villalpando and other aggrieved employees for all business expenses and/or losses incurred in direct consequence of the discharge of their duties while working under the direction of Defendant, including but not limited to expenses for cell phones, personal computers, and other employment-related expenses, in violation of Labor Code § 2802.

This notice is hereby given to Defendant and any and all related and/or alter ego companies, corporations, partnerships, and/or business entities, as well as against any and all officers, owners, directors, managers, managing agents, or entities who are or may be liable under California law

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for any of the violations alleged herein as to any locations or employees who worked at any time in the State of California.

This notice is made on behalf of all persons who are, were, or will be non-exempt employees of Defendant, or any related or alter-ego company, corporation, partnership, and/or business entity at any time on or after a date four years prior to the date of this letter in the State of California.

This notice shall be construed as extending without limitation to any past, present, future, or continuing violation of the Labor Code, the applicable IWC Wage Order, or any applicable regulation which might be discovered as a result of a reasonable and diligent investigation made pursuant to this notice.

This notice shall further represent Mr. Villalpando's reasonable attempt to settle his dispute with Defendant prior to litigation. Pursuant to *Graham v. Daimler Chrysler Corp.*, 34 Cal. 4th 553 (2004), this notice serves to apprise Defendant of Mr. Villalpando's aforementioned grievances and the proposed remedies as detailed below, while affording Defendant reasonable opportunity to meet Mr. Villalpando's demands.

Demand is hereby made that Defendant shall agree, in writing received at this office no later than 30 calendar days from the postmark date of this notice, as follows:

1. Defendant shall pay Mr. Villalpando and all other similarly-situated persons employed by Defendant at any time during the past 48 months back pay and compensation for the above-referenced violations.
2. Defendant shall comply with all California labor laws and ensure that its non-exempt employees are paid proper overtime compensation and given required meal and rest periods.
3. Defendant shall conduct a survey or interview all current and former non-exempt employees in California during the past 48 months to obtain information from them regarding the number of meal breaks which were not provided, the number of rest breaks which were not authorized and permitted, and the number of employees who were required to pay for cell phones, personal computers, uniforms, travel-related expenses or other expenditures in the discharge of their duties, with the investigation to be completed within 60 days.
4. Defendant shall pay each employee one hour of pay for each workday he or she was not authorized and permitted one or more rest periods, as required by Labor Code § 226.7. Defendant also shall pay each employee one hour of pay for each workday he or she was not provided one or more and meal periods, as required by Labor Code § 226.7.
5. Defendant shall reimburse those employees who were forced to pay for any business expenses incurred for Defendant's benefit, including but not limited to cell phone, personal computers, uniform, and travel-related expenses.

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6. Defendant shall pay waiting time penalties, equal to thirty days of pay, to each former employee who was not paid all wages due as described herein.

7. Defendant shall pay accrued interest to all employees at the rate of ten percent per annum for said unpaid wages.

8. Defendant shall pay all penalties arising from the violations of the Labor Code and IWC Wage Order sections referenced above and pursuant to PAGA, Labor Code § 2698 *et seq.*, including but not limited to penalties under Labor Code §§ 206.5, 210, 225.5, 226.3, 558, 1174.5, 1182.12, 1197.1, 1198, 1199 and 2699, and Wage Order No. 4-2001, § 20.

If the Labor and Workforce Development Agency intends to investigate the allegations set forth herein, please notify this office of that decision by certified mail addressed to Matern Law Group, PC, 1230 Rosecrans Avenue, Suite 200, Manhattan Beach, California 90266. Additionally, please advise us if the Agency or Defendant require additional information regarding Mr. Villalpando's complaints.

Thank you for your prompt attention to this matter.

Very truly yours,

MATERN LAW GROUP, PC



Joshua D. Boxer, Esq.

Nora R. Katz, Esq.