

WILSHIRE LAW FIRM, PLC

3055 Wilshire Blvd, 12th Floor
Los Angeles, CA 90010
Tel: (213) 381-9988
Fax: (213) 381-9989
wilshirelawfirm.com



Molly DeSario, Esq.
James Yoo, Esq.
Ruby Carrera, Esq.

December 27, 2024

LWDA

Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612
(Via Online Submission)

Space Exploration Technologies Corp.
1 Rocket Road
Hawthorne, California 90250
(Via Certified Mail, Return Receipt Requested)
9489 0090 0027 6620 2679 73

CSC – Lawyers Incorporating Service
Agent for Service of Process for: Space
Exploration Technologies Corp.
2710 Gateway Oaks Drive #150
Sacramento, California 95833
(Via Certified Mail, Return Receipt Requested)
9489 0090 0027 6620 2679 66

Re: ***Ricardo Perez v. Space Exploration Technologies Corp.***
Notice of Labor Code Violations and PAGA Penalties

To Whom It May Concern:

Please be advised that my office has been retained by Ricardo Perez (“Mr. Perez” or “Employee”) to pursue a Labor Code Private Attorneys General Act of 2004 (“PAGA”) representative action (Cal. Lab. Code §§ 2699, et seq.) against Employee’s former employer, Space Exploration Technologies Corp. (“Employer”).

The purpose of this letter is to comply with PAGA and set forth the facts and theories of California Labor Code violations, which we allege Employer engaged in with respect to Employee and potentially all of Employer’s Aggrieved Employees.

Employee wishes to pursue this action as an Aggrieved Employee, on behalf of the State of California, as well as on behalf of potentially all other persons who worked for Employer in California as a non-exempt or hourly-paid Employee at any time within the applicable statutory period (hereafter, the “Aggrieved Employees”).

Employee and the Aggrieved Employees, or some of them, suffered the Labor Code violations described below.

Employer owns and operates an industry, business, and establishment within the State of California and is, therefore, subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business & Professions Code.

Throughout Employee's tenure, Employer compensated him with an hourly wage and classified him as non-exempt from overtime. Employer generally scheduled Employee for at least five days a week and at least eight hours each day. However, Employee often worked more than eight hours per day and forty hours in a workweek.

Throughout Employee's tenure, Employer failed to compensate him for all hours worked, including minimum wage, straight time, and overtime wages. Employer also did not provide legally compliant meal periods, did not authorize or permit rest periods, and failed to reimburse business expenses. Additionally, Employer did not furnish accurate wage statements, did not pay all wages upon termination, and failed to compensate for on-call or standby time. Furthermore, Employer failed to provide paid sick leave, safe and healthy workplace, including personal protective equipment, to calculate the proper overtime rate, to pay minimum wage rate, to produce requested employment records, and to provide a proper § 2810.5 notice. As detailed below, Employee's experiences while working for Employer were typical and illustrative of these issues.

Mr. Perez's Employment with Employer

Employer is a corporation that designs, manufactures, and launches advanced rockets and spacecraft at various locations across the state, including Hawthorne County, where Employee was employed. Employee was an hourly, non-exempt worker. Mr. Perez worked for Employer as a Lead Orbital Tool Welder from approximately August 2012 to December 2023. His primary responsibilities included but were not limited to work from blueprints and approved drawings; cut and prepare all tubing and fittings used in the welding operation; and perform setup of the welding system.

In carrying out his duties and due to strict deadlines set by the Employer, Employee was frequently required to work off-the-clock, including overtime, without compensation. Employee often worked more than 12 hours per day off-the-clock and did not receive the appropriate overtime premium pay.

Due to understaffing and heavy workloads, Employee was often unable to take timely and compliant meal and rest breaks. Additionally, Employer failed to provide Employee and other Aggrieved Employees with the required meal and rest break premiums mandated by the Labor Code for every noncompliant break. Specifically, Employee's meal breaks were frequently delayed by and often interrupted. Employee was never provided a second meal period and was rarely able to get more than one rest break during his 8 hour or longer shifts. working day, if any

Furthermore, Employee and the Aggrieved Employees also incurred unreimbursed business expenses, which included, but were not limited to, using their personal cell phones for work-related communications and purchasing steel toe toe boots to perform their job duties, all without reimbursement as required under the law.

Employee's pay stubs did not include all the necessary information, such as payments for meal and rest breaks premiums owed to him for missed, late, and/or short meal and rest breaks as well as all wages for all hours worked, among other things.

Further, by not paying all meal and rest break penalties due and not paying all hours worked, Employer failed to pay all full and owed final wages in a timely manner.

Additionally, Employer failed to timely produce all the requested records.

These are just non-exhaustive examples of the facts and theories Employee asserts, which are described in more detail below.

Failure to Pay for All Hours Worked, Including Minimum, Straight Time, and Overtime Wages

Under California law, employers must pay for all hours worked by an employee. "Hours worked" is the time during which an employee is subject to the control of an employer and includes all the time the employee is suffered or was permitted to work, whether or not required to do so.

In addition, Labor Code § 510 provides that employees in California shall not be employed more than eight hours in any workday or forty (40) hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law.

Labor Code §§ 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code § 1198 states that the employment of an employee for longer hours than those fixed by the IWC is unlawful.

During the statutory period, Employer failed to compensate Employee and some of the Aggrieved Employees for all hours worked, including minimum wage, straight time, and overtime wages. At times, Employer required Employee and some Aggrieved Employees to work "off-the-clock" without pay. For instance, Employee often worked after clocking out to complete all job tasks assigned to him or meet all deadlines set by the Employer performing his regular duties. Employee regularly worked off-the-clock but was not compensated for the time he was subject to the Employer's control

California Labor Code § 510 requires that employer compensate an employee 1.5 times their regular rate of pay when the employee work over eight hours per day, 40 hours per week, or when the employee work up to eight hours on any seventh day of a workweek. Employer failed to properly calculate Employee's regular rate of pay when paying overtime, by failing to include all compensation in Employee's overtime calculations.

As a result, Employer is liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 210, 1197.1, and 2699(f)(2) for failing to pay for all hours worked, including minimum, straight time, and overtime wages.

Failure to Provide Meal Periods

Under California law, employers have an affirmative obligation to relieve employees of all duty in order to take their first 30-minute, duty-free meal periods no later than the end of the employee's fifth hour of work in a workday, and to allow the employee to take their second 30-minute, duty-free meal period no later than the start of the eleventh hour of work in the workday. Further, employees are entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s).

Despite these legal requirements, Employer occasionally failed to provide Employee and some of the Aggrieved Employees with their legally mandated 30-minute uninterrupted and duty-free meal periods. Employer maintained control over Employee and the Aggrieved Employees by requiring, pressuring, or encouraging them to complete work tasks that could not be done without skipping mandatory meal breaks. Additionally, Employer denied Employee and some Aggrieved

Employees permission to take meal periods as required by law, without properly compensating them for missed meal breaks. For example, due to the pressure to complete projects assigned to him within very tight deadlines set by the Employer, Employee's meal breaks were often delayed and frequently interrupted. As a result, Employer failed to provide meal periods to Employee and some Aggrieved Employees in accordance with California law.

Employee and the Aggrieved Employees, or some of them, are thus entitled to be paid one hour of additional wages for each workday they were not provided with all required meal period(s). Employer, however, at times, failed to pay Employee and the Aggrieved Employees, or some of them, the additional wages to which they were entitled for meal periods that were not provided.

As a result, Employer is liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to provide meal periods and pay meal period premium wages.

Failure to Authorize and Permit Rest Periods

An employer is required by California law to authorize and permit breaks of ten uninterrupted minutes for each four hours of work or major fraction of four hours (i.e., more than two hours). Thus, for example, if an employee's work time is six hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as is required is itself a violation of California's rest break laws.

Throughout the statutory period, Employer has occasionally failed to authorize and permit Employee and some of the Aggrieved Employees to take legally compliant rest periods as required by law. At times, Employer required Employee and some Aggrieved Employees to work more than four consecutive hours without allowing them a 10-minute uninterrupted and duty-free rest period for every four hours worked (or major fraction thereof), nor did Employer compensate them for any unauthorized or unpermitted rest periods. Employee rarely took rest breaks and does not recall ever getting more than one in a workday, if any.

Instead, Employer, at times, continued to assert control over Employee and the Aggrieved Employees, or some of them, by requiring, pressuring, or encouraging them to perform work tasks, which could not be completed without working in lieu of taking mandatory rest periods, or, at times, by denying Employee and the Aggrieved Employees, or some of them, permission to take a rest period. Accordingly, Employer, at times, failed to authorize and permit Employee and the Aggrieved Employees, or some of them, to take rest periods in compliance with California law.

Employee and the Aggrieved Employees, or some of them, are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s). Employer, however, at times, failed to pay Employee and the Aggrieved Employees, or some of them, the additional wages to which they were entitled for rest periods that they were not authorized and permitted to take.

As a result, Employer is liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code §§ 210 and 2699(f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

Failure to Indemnify for Necessary Expenditures

Labor Code § 2802(a) states that employers must indemnify their employees for all necessary business expenditures or losses incurred while directly discharging their duties.

Throughout the statutory period relevant to this cause of action, Employer has, at times, wrongfully

required Employee and some of the Aggrieved Employees to cover expenses they incurred in the direct performance of their duties for Employer. Employee and the Aggrieved Employees, at times, paid out-of-pocket for essential employment-related expenses. These employees incurred significant expenses as a direct result of their job duties for Employer, yet Employer failed to indemnify them for these costs. For example, Employee used his personal cell phone for work-related communications and purchased steel toe boots every year to perform his job duties, all without reimbursement.

As a result, Employer is liable to Employee and the Aggrieved Employees for the civil penalties outlined in Labor Code §§ 2802 and 2699(f)(2) for failing to indemnify them for necessary business expenditures.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code § 226(a) provides that every employer shall, semimonthly or at the time of each payment of wages, furnish their employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned, (2) total hours worked by an 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 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 an 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. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226(e)(2)(B)(iii).)

The statute further provides: “An employee suffering injury as a result of a knowing and intentional failure by employers to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars (\$50) for the initial pay period in which a violation occurs and one hundred dollars (\$100) per employee for each violation in a subsequent pay period, not to exceed an aggregate penalty of four thousand dollars (\$4,000), and is entitled to an award of costs and reasonable attorney’s fees.” (Lab. Code § 226(e)(1).)

During the statutory period, Employer has occasionally failed, and continues to fail, to provide Employee and some of the Aggrieved Employees with timely, accurate, itemized wage statements that meet all legal requirements. For instance, Employee’s pay stubs do not accurately reflect the rest and meal break premiums owed to him or the total wages for all hours worked, among other things.

Accordingly, Employee and similarly the Aggrieved Employees, or some of them, are entitled to recover from Employer the greater of their actual damages caused by Employer’s failure to comply with Labor Code § 226(a) and § 246(i) or an aggregate penalty not exceeding four thousand dollars (\$4,000) per employee. Moreover, Employer is liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code § 226(e)(2)(B)(iii) for failing to timely furnish accurate itemized wage statements.

Failure to Maintain Accurate Records of Hours Worked and Meal Periods

Employee seeks penalties under California Labor Code § 1174(d). Pursuant to California Labor Code § 1174.5, any person, including any entity, employing labor, who willfully fails to maintain accurate and complete records required by California Labor Code § 1174 is subject to a penalty under § 1174.5. Pursuant to the applicable IWC Order § 7(A)(3), every employer shall keep time

records showing when an employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

However, Employer occasionally failed to keep accurate records of the hours worked and all meal periods taken or missed by Employee and some of the Aggrieved Employees. Employer also altered, falsified, and manipulated these records.

Moreover, during the relevant time period, Employer engaged in company-wide practices and/or policies of failing to record actual hours worked (including falsifying time records by recording that compliant meal periods were taken regardless of if or when meal periods were actually taken), and thereby failed to keep accurate records of work period and meal period start and end times for Employee and the Aggrieved Employees, in violation of § 1198.

Employer's failure to provide and maintain records required by the California Labor Code and the applicable IWC Wage Orders deprived Employee and the Aggrieved Employees, or some of them, the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Employer's records. Therefore, Employee and the Aggrieved Employees, or some of them, had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Employer. As a direct result, Employee and the Aggrieved Employees, or some of them, have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorneys' fees in seeking to compel Employer to fully perform their obligation under state law, all to their respective damage in amounts according to proof at trial.

As a result of Employer's knowing failure, at times, to comply with the California Labor Code and applicable IWC Wage Orders, Employee and the Aggrieved Employees, or some of them, have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

Failure to Timely Pay All Wages at Termination

Labor Code §§ 201 and 202 provide that, if employers discharge an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves their employment, their wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of their intention to quit, in which case the employee is entitled to their wages at the time of quitting. Direct deposits of wages to an employee's bank, saving and loan, or credit union account that were previously authorized by the employee are immediately terminated when the employee quits or is discharged, and the payment of wages upon termination of employment in the manner described above shall apply unless the employee has voluntarily authorized that deposit and provided that employers comply with the provisions of Labor Code § 213(d) relating to the payment of wages upon termination or quitting of employment.

Within the applicable statute of limitations, the employment of Employee and many other Aggrieved Employees ended, i.e., was terminated by quitting or being discharged, and the employment of others will be terminated. However, during the relevant time period, Employer, at times, failed, and continue, at times, to fail, to pay Employee and terminated Aggrieved Employees, or some of them, without abatement, all wages required to be paid by Labor Code §§ 201 or 202 either at the time of discharge, or within seventy-two (72) hours of their leaving Employer's employment. These unpaid wages include wages for unpaid work time (including minimum, straight time, and overtime wages), and/or missed meal and rest period premium wages.

Failure to Pay for On Call/Stand by Time

An employer is obligated to pay the wages of an hourly employee for all time that an employee is under the control of the employer. This includes all the time the employee is suffered or permitted to work, whether or not required to do so. In IWC Orders 4 and 5, there is a modified definition of hours worked for specified occupations. (IWC, § 2).

On call or stand by time at the work site is considered hours worked for which Employee must be compensated even if Employee does nothing but wait for something to happen. “[A]n employer, if he chooses, may hire a man to do nothing or to do nothing but wait for something to happen. Refraining from other activities often is a factor of instant readiness to serve, and idleness plays a part in all employment in a stand-by capacity”. (*Armour & Co. v. Wantock* (1944) 323 U.S. 126.) Examples of compensable work time include, but are not limited to, meal periods and sleep periods during which times employees are subject to employer’s control. (See *Bono Enterprises v. Labor Commissioner* (1995) 32 Cal.App.4th 968 and *Aguilar v. Association For Retarded Citizens* (1991) 234 Cal.App.3d 21.)

Whether on call or stand by time off the work site is considered compensable must be determined by looking at the restrictions placed on an employee. A variety of factors are considered in determining whether employer-imposed restrictions turn the on-call time into compensable “hours worked.” These factors, set out in a federal case, *Berry v. County of Sonoma* (1994) 30 F.3d 1174, include whether there are excessive geographic restrictions on employee’s movements; whether the frequency of calls is unduly restrictive; whether a fixed time limit for response is unduly restrictive; whether the on call the employee can easily trade his or her on call responsibilities with another employee; and whether and to what extent the employee engages in personal activities during on-call periods. Travel time is considered compensable work hours where an employer requires its employees to meet at a designated place and use employer’s designated transportation to and from the work site. (*Morillion v. Royal Packing Co.* (2000) 22 Cal.4th 575.)

At times, Employer required Employee to be on call There were occasions when Employee was not compensated for being on call, even though management requested that he remain available, if needed.. Therefore, Employer violated the applicable IWC Wage Order concerning on call/stand by work.

Failure to Properly Calculate Employee’s Regular/Overtime Rate

Under §204(a) of Labor Code, all wages, other than those mentioned in Section 201, 201.3, 202, 204.1, or 204.2, earned by any person in any employment are due and payable twice during each calendar month, on days designated in advance by an employer as the regular paydays.

According to Title 8, §11040 California Code of Regulations, "Wages" includes all amounts for labor performed by employees of every description, whether the amount is fixed or ascertained by the standard of time, task, piece, commission basis, or other method of calculation.

Under §510 of Labor Code, 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. Nothing in this section requires an employer to combine more than one rate of overtime compensation in order to calculate the amount to be paid to an employee for any hour of overtime work.

Employee hereby asserts that Employer failed to properly calculate the regular basis of Employee’s rate of pay by failing to include all remuneration in addition to Employee’s base hourly pay and apply it to both regular and/or overtime payments. As a result, Employee and some of the Aggrieved Employees suffered damages equal to the difference between the proper rate and the actual rate paid.

Failure to Pay All Earned Wages Twice Per Month

Based on Employer's failure, at times, to pay Employee and the Aggrieved Employees, or some of them, for all wages as discussed above, Employer also violated Labor Code § 204.

Labor Code § 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, Employee and the Aggrieved Employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for overtime hours worked. However, at times, Employer failed and refused to pay Employee and the Aggrieved Employees all wages due, and failed to pay those wages twice a month, in that Employee was not paid all wages for all missed meal and rest periods and all wages for all hours worked.

As a result, Employer owed Employee the legally required wages for unpaid wages, and Employee and the Aggrieved Employees, or some of them, suffered damages in those amounts. Moreover, Employer is liable to Employee and the Aggrieved Employees, or some of them, for the civil penalties provided for in Labor Code § 210 for failing to pay all earned wages twice per month.

Statutory Wage Violations

Labor Code § 223 makes it unlawful for employers to secretly pay wages lower than required by statute while purporting to pay legal wages.

As described above, Employer, at times, willfully and systematically denied Employee and other Aggrieved Employees, or some of them, of minimum and overtime wage compensation for all hours worked which resulted in the payment of less than statutorily required wages owed to them. Employer, at times, acted with the intent to deprive some or all of them of statutory wages, including, but not limited to, overtime wages and minimum wages, to which they were entitled to under California law.

Thus, Employer, at times, paid Employee and other Aggrieved Employees, or some of them, lower wages than those to which they were entitled, while purporting that Employee and all Aggrieved Employees were properly paid. As such, Employee and Aggrieved Employees, or some of them, are entitled to recover penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code § 2699(f)-(g).

Action for Civil Penalties Under PAGA

Pursuant to Labor Code Sections 2699(a) and (f), Employee and the Aggrieved Employees are entitled to civil penalties for Employer's violations of Labor Code sections 210, 226.3, 1174.5, 1197.1, 2699 and the applicable IWC Wage Order.

Employee has placed Employer on notice by mailing a certified copy of this correspondence, as indicated on the first page. Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact me.

WILSHIRE LAW FIRM



Molly DeSario, Esq.