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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

JONATHAN BUSTAMANTE, on behalf of all aggrieved employees and the State of California under the Private Attorneys General Act,

Plaintiff,

vs.

2775 XIBEI LLC; XI BEI, INC.; XIBEI FOODS LLC; NORTHWESTERN FOODTECH, INC; and DOES 1 through 50, inclusive,

Defendants.

Case No. 26STCV33821

REPRESENTATIVE ACTION COMPLAINT

1. Civil Penalties under the Private Attorneys General Act (Labor Code §§ 2698 *et seq.*)

Plaintiff JONATHAN BUSTAMANTE, on behalf of all aggrieved employees and the State of California under the Private Attorneys General Act ("Plaintiff") brings this REPRESENTATIVE ACTION COMPLAINT against Defendants 2775 XIBEI LLC; XI BEI, INC.; XIBEI FOODS LLC; NORTHWESTERN FOODTECH, INC; and DOES 1 through 50, inclusive (collectively "Defendants"), alleging as follows:

INTRODUCTION

1. This is representative action complaint brought under the California Private Attorneys General Act (Labor Code sections 2698 et seq.) ("PAGA") to recover civil penalties on behalf of the State of California for Labor Code violations.

2. Defendants failed to pay Plaintiff and aggrieved employees at the lawful minimum wage rate for all hours worked, facilitated by company-wide practices of manipulating time records, time-shaving, and recording meal periods that were never taken.

3. Defendants failed to pay all overtime wages by failing to account for all hours worked and by misclassifying earned overtime hours as regular hours.

4. Defendants failed to credit Plaintiff and aggrieved employees with all paid sick leave they actually accrued.

5. Defendants failed to properly distribute and keep records of gratuities and unlawfully retained employee tips.

6. Defendants failed to provide, authorize, and/or permit Plaintiff and aggrieved employees to take compliant meal and rest periods, yet did not pay all meal and rest period premiums.

7. Defendants failed to reimburse Plaintiff and aggrieved employees for necessary business expenses incurred in the discharge of their job duties.

8. Defendants failed to maintain accurate employee payroll records.

9. Defendants' employment policies, practices, and payroll administration systems enabled and facilitated these violations on a company-wide basis.

10. Defendants are further liable for derivative violations for wage statements, untimely payment, and other associated violations.

11. Plaintiff seeks to recover only non-individual civil penalties under PAGA on behalf of

the State of California for violations committed against aggrieved employees, plus attorneys' fees and costs.

JURISDICTION & VENUE

12. Jurisdiction of this action is proper in this Court under Article VI, Section 10 of the California Constitution as the cause of action is premised upon violations of California law.

13. The civil penalties sought exceed the jurisdictional minimum for an unlimited civil case.

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

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

PARTIES

A. Plaintiff Jonathan Bustamante

16. Plaintiff Jonathan Bustamante is an individual over 18 years of age who worked for Defendants in California as a non-exempt employee from about March 2026 to June 2026. Plaintiff worked as a Dishwasher.

17. The State of California, via the Labor and Workforce Development Agency ("LWDA"), is the real party in interest in this action. (*Kim v. Reins Int'l California, Inc.* (2020) 9 Cal. 5th 73, 81 [The "government entity on whose behalf the plaintiff files suit is always the real party in interest."]). To the extent permitted by law, including pursuant *Balderas v. Fresh Start Harvesting, Inc.* (2024) 101 Cal. App. 5th 533 and *Rodriguez v. Packers Sanitation Services Ltd., LLC* (2025) 109 Cal.App.5th 69, the PAGA claim is brought exclusively as a representative action and does not include arbitrable claims.

B. Defendants

18. Defendant 2775 Xibei LLC is a California limited liability company that maintains

operations and conducts business throughout the State of California, including in this county.

19. Defendant Xi Bei, Inc. is a California corporation that maintains operations and conducts business throughout the State of California, including in this county.

20. Defendant XiBei Foods LLC is a California limited liability company that maintains operations and conducts business throughout the State of California, including in this county.

21. Defendant Northwestern Foodtech, Inc is a California corporation that maintains operations and conducts business throughout the State of California, including in this county.

22. The true names and capacities, whether individual, corporate, or otherwise, of the parties sued as DOES 1 through 50, are presently unknown, unascertainable, or uncertain, and are sued by such fictitious names under Code of Civil Procedure section 474. Upon information and belief, each of DOES 1 through 50 constitutes a legal employer or is otherwise legally responsible in some manner for the acts and omissions alleged herein. This Complaint may be amended to reflect their true names and capacities once ascertained.

23. Upon information and belief, Defendants in this action are employers, co-employers, joint employers, and/or part of an integrated employer enterprise, as each of the Defendants exercised control over the wages, hours, and working conditions of the employees, suffered and permitted them to work, and otherwise engaged them as employees under California law.

24. Upon information and belief, at least some of the Defendants have common ownership, common management, interrelationship of operations, and centralized control over labor relations and are therefore part of an integrated enterprise and thus jointly and severally responsible for the acts and omissions alleged herein, including pursuant to Labor Code sections 558, 558.1, and 1197.1.

25. Upon information and belief, Defendants acted in all respects pertinent to this action as an alter-ego, agent, servant, joint employer, joint venturer, co-conspirator, partner, in an integrated enterprise, or in some other capacity on behalf of all other co-defendants, such that the acts and omissions of each defendant may be legally attributable to all others.

GENERAL ALLEGATIONS

26. Plaintiff and the aggrieved employees worked for Defendants as non-exempt employees and were compensated on an hourly basis.

27. Defendants employed Plaintiff in the position of Dishwasher from about March 2026 to June 2026. During their employment Plaintiff and the other aggrieved employees were subject to the wage and hour and employment protections set forth in the California Labor Code and IWC Wage Orders.

28. Defendants failed to pay Plaintiff and the aggrieved employees at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages.

29. On information and belief, Defendants engaged in an unlawful policy and practice of manipulating Plaintiff's and the aggrieved employees' time records with unlawful edits. For example, Defendants falsified Plaintiff's and the aggrieved employees' time records by recording compliant meal periods when no such meal periods were taken. Defendants manually edited Plaintiff's and the aggrieved employees' time records and subtracted one hour for meal periods Plaintiff and the aggrieved employees never took, which directly resulted in reducing the number of hours Plaintiff and the aggrieved employees were paid for.

30. Second, Defendants engaged in an unlawful practice of time-editing or time-shaving, where they reduced the hours Plaintiff and the aggrieved employees actually worked, resulting in unpaid hours worked. Plaintiff personally experienced this practice on his own time records and observed another aggrieved employee clock out and discover her calculated hours were incorrect. When Plaintiff and the aggrieved employees brought these discrepancies to Defendants' attention, Defendants offered to fix them, demonstrating a pattern of shaving hours that was only rectified when explicitly called out.

31. This practice compelled Plaintiff and the aggrieved employees to begin photographing their clock-in and clock-out records to verify their true hours. Additionally, Defendants' timekeeping system frequently malfunctioned, preventing Plaintiff and the aggrieved employees from clocking in and out, which led Defendants to make manual time adjustments that failed to compensate employees for all hours actually worked.

32. Defendants failed to pay Plaintiff and the aggrieved employees overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages. Not all of Plaintiff's and the aggrieved employees' working hours were accounted for due to Defendants' practices of

subtracting one hour from Plaintiff's and the aggrieved employees' time records to record compliant meal periods they did not actually take along with time shaving and manual timesheet adjustments that shorted Plaintiff and the aggrieved employees on hours worked. As a result, Defendants failed to account for all hours worked. To the extent that Plaintiff and the aggrieved employees worked more than 8 hours in a day or 40 hours in a workweek, Defendants failed to pay all overtime wages owed. This was common amongst the aggrieved employees.

33. Further, on information and belief, Defendants systematically underpaid Plaintiff and the aggrieved employees their overtime wages as evidenced by Defendants' own wage statements, which explicitly document regular hours far in excess of statutory limits, such as logging 89.84 regular hours (with only 9.99 OT hours) and 85.45 regular hours (with only 2.30 OT hours) in a single pay period, demonstrating on their face that Defendants routinely misclassified earned overtime hours as regular hours to conceal total overtime worked and avoid paying lawful overtime rates. As a result, Plaintiff and the aggrieved employees were not paid for all overtime labor they performed. These figures are reflected in Plaintiff's wage statements from 04/16/2026 to 04/30/2026 and from 05/16/2026 to 05/31/2026.

34. Defendants failed to comply with California's paid sick leave laws with respect to the aggrieved employees. Because Defendants failed to record and pay for all hours that Plaintiff and the aggrieved employees worked, Defendants failed to credit them with all sick leave hours that they actually accrued. Additionally, each time Plaintiff and the aggrieved employees worked off-the-clock, resulting in unpaid overtime, the overtime hours were not accounted for when calculating an employee's accrued paid sick leave. Therefore, Plaintiff and the aggrieved employees were not awarded the total accrued paid sick leave time they had earned.

35. Defendants maintained an unlawful gratuity policy and practice with respect to Plaintiff and the aggrieved employees, failing to properly account for or distribute earned gratuities. Specifically, on information and belief, Defendants unlawfully retained employee tips. For example, Defendants' General Manager explicitly announced in front of on-duty staff that he was keeping a $150.00 cash tip for himself. Thus, Plaintiff and the aggrieved employees did not receive all of the gratuities they were entitled to.

36. Plaintiff and the aggrieved employees routinely experienced missed, late, shortened, or interrupted meal periods due to high operational demands and lack of coverage. Specifically, because Defendants were assigning heavy workloads while understaffing their restaurants, Plaintiff and the aggrieved employees frequently took meal periods after their fifth hour of work or missed them entirely. For example, Plaintiff and the aggrieved employees were frequently required to eat while actively performing manual duties at their stations, wait until business "calmed down" before taking a meal period, or forgo meal periods entirely to ensure restaurants continued to operate smoothly. Further, Defendants utilized a practice and/or policy of recording compliant meal periods on behalf of Plaintiff and the aggrieved employees regardless of such meal periods being taken. As a result of Defendants' policies and/or practices, Plaintiff never once received a lawful meal period.

37. Every time Plaintiff and the aggrieved employees did not receive a compliant meal period, they were owed a meal period premium at their regular rate of compensation. However, during Plaintiff's employment with Defendants, Plaintiff never received a meal period premium. Plaintiff alleges, based on information and belief, that this was a matter of common policy and practice with respect to other aggrieved employees.

38. Defendants systematically failed to authorize and permit Plaintiff and the aggrieved employees to take timely, duty-free 10-minute rest periods for every four hours worked or major fraction thereof. Upon information and belief, Defendants utilized an unlawful practice and/or policy of requiring Plaintiff and the aggrieved employees to combine two 10-minute rest periods into a single 20-minute rest period. Further, due to the heavy workload and closing rushes, Plaintiff and the aggrieved employees were routinely forced to forgo rest periods entirely or take them late in their shifts.

39. When Plaintiff and the aggrieved employees received these non-compliant rest periods, they were owed rest period premiums at their regular rate of compensation. However, during Plaintiff's employment with Defendants, Plaintiff never received a rest period premium. Plaintiff alleges, based on information and belief, that this was a matter of common policy and practice. Defendants' unlawful practice of failing to provide mandated and compliant rest periods was common amongst the aggrieved employees.

40. Because Defendants failed to pay all wages and premiums in each pay period in which such wages were earned at the lawful rate, Defendants failed to pay all wages and premiums owed on the regular pay days scheduled each pay period within seven calendar days of the close of the payroll period.

41. Defendants failed to pay all wages and premiums owed to aggrieved employees during their employment, and also failed to timely pay those amounts to departing employees upon separation of employment. Defendants did not pay waiting time penalties for the late payments.

42. Defendants failed to provide accurate itemized wage statements to the aggrieved employees each pay period. Defendants did not list the correct "gross wages earned" or "net wages earned," as the employees earned wages and premiums that were not paid, resulting in an inaccurate reflection, and recording of "gross wages earned" on those wage statements. Likewise, Defendants failed to state on employee wage statements each pay period the applicable hourly rates in effect and the number of hours worked at that rate, as Defendants failed to pay all wages and premiums owed to employees. The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay stub.

43. Plaintiff and other aggrieved employees cannot promptly and easily determine from the wage statement alone the wages paid or earned without reference to other documents or information. Indeed, these wage statement violations are significant because they sow confusion among Plaintiff and other aggrieved employees with respect to what amounts were owed and paid, at what rates, the number of hours worked, and how those amounts were or should be calculated. The wage statements reflect a false statement of earnings and concealed the underlying problems and underpayments of employee wages.

44. Defendants required Plaintiff and the aggrieved employees to incur costs for work-related purposes without full reimbursement. In direct consequence of their job duties, Plaintiff and the aggrieved employees unavoidably and necessarily incurred these losses, expenditures, costs, and as a matter of policy and practice. Specifically, Defendants required Plaintiff and the aggrieved employees to download, install, and use the third-party messaging application "WeChat" on their personal cellular phones daily for work communications, directives, and shift schedules. Plaintiff was

not reimbursed for the costs of using his personal cell phone for work-related purposes.

45. Because of the policies and practices set forth above, including the failure to accurately account for wages earned or hours worked, Defendants failed to accurately maintain records in accordance with Labor Code section 1174 and the IWC Wage Orders.

CAUSE OF ACTION

CIVIL PENALTIES UNDER THE PRIVATE ATTORNEYS GENERAL ACT

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

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

46. All preceding paragraphs of this Complaint are incorporated into this section.

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

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

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

49. The State of California, via the Labor and Workforce Development Agency ("LWDA"), is the real party in interest in this action with respect to this cause of action. (*Kim v. Reins Int'l California, Inc.* (2020) 9 Cal. 5th 73, 81 [The "government entity on whose behalf the plaintiff files suit is always the real party in interest."])

50. Labor Code section 2699(a) provides: "Notwithstanding any other provision of law, any provision of this code that provides for a civil penalty to be assessed and collected by the Labor and Workforce Development Agency or any of its departments, divisions, commissions, boards, agencies, or employees, for a violation of this code, may, as an alternative, be recovered through a civil action brought by an aggrieved employee on behalf of the employee and other current or former employees against whom a violation of the same provision was committed pursuant to the procedures specified in Section 2699.3. "

51. Any allegations regarding violations of the IWC Wage Orders are enforceable as violations of Labor Code section 1198, which states: "[t]he employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful."

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

53. On or about **August 05, 2026**, Plaintiff paid the requisite PAGA filing fee and provided written notice (by online electronic filing with the LWDA and by certified mail to Defendants) of Defendants' alleged Labor Code violations, including the facts and theories to support the alleged violations.

54. A true and correct copy of Plaintiff's written PAGA notice, entitled "Notice of Labor Code Violations" is attached hereto as Exhibit 1 and incorporated by reference as though fully set forth herein (the "PAGA notice").

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

56. Within 33 calendar days of the postmark date of the notice sent by Plaintiff, neither Plaintiff nor Plaintiff's counsel has received written notice by certified mail from any defendant providing a description of any actions taken to cure the alleged violations.

57. Now that at least 65 days have passed from Plaintiff notifying Defendants of these violations, without notice of cure from Defendants or notice from the LWDA of its intent to investigate the alleged allegations and issue the appropriate citations to Defendants, Plaintiff exhausted all prerequisites and commenced this civil action under Labor Code section 2699 *et seq.*

58. As set forth in the PAGA notice attached as Exhibit 1 and incorporated into this Complaint, Defendants committed the following violations and are liable for all corresponding civil penalties:

a. ***Unpaid Hours Worked/Minimum Wage***. Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders.

b. ***Unpaid Overtime***. Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders.

c. ***Unpaid Paid Sick Leave***. Violation of Labor Code §§ 246 through 248.7.

d. ***Unpaid Gratuities***. Violation of Labor Code § 350.

e. ***Unpaid Meal Period Premium Wages***. Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders.

f. ***Unpaid Rest Period Premium Wages***. Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders.

g. ***Untimely Payment of Wages During Employment***. Violation of Labor Code §§ 204, 204b, 210.

h. ***Untimely Payment of Wages Upon Separation of Employment***. Violation of Labor Code §§ 201, 202, 203, 256.

i. ***Non-Compliant Wage Statements***. Violation of Labor Code §§ 226, 226.3.

j. ***Unreimbursed Employee Expenses***. Violation of Labor Code §§ 2802, 2804.

k. ***Failure to Maintain Accurate Records***. Violation of Labor Code § 1174; IWC Wage Orders.

59. Plaintiff seeks to collect all recoverable civil penalties for the Labor Code violations alleged in this Complaint and the PAGA notice (including amendments thereto) against Defendants pursuant to Labor Code section 2699(a) and (f), in addition to attorneys' fees, costs, and interest to the extent permitted by law, including under Labor Code section 2699(k).

PRAYER

Plaintiff prays for judgment as follows:

a. For this action to be maintained as a representative action under the PAGA;

b. For Plaintiff and counsel of record to be provided with all enforcement capability as if the action were brought by the State of California or the California Division of Labor Enforcement;

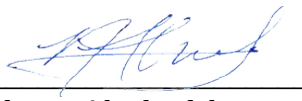
c. For recovery of all civil penalties and other recoverable amounts under the PAGA;

d. For reasonable attorneys' fees and costs of suit, including expert fees, to the extent permitted by law, associated with the PAGA claims pursuant to Labor Code § 2699, and Code of Civil Procedure section 1021.5 and any other applicable sections; and

e. For such other relief the Court deems just and proper.

Dated: October 21, 2026

Ferraro Vega Employment Lawyers, Inc.



Nicolas P. Ahadzadeh
Nicholas J. Ferraro
Attorneys for Plaintiff Jonathan Bustamante

EXHIBIT 1

Notice of Labor Code Violations

FERRARO VEGA
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August 05, 2026

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

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

2775 Xibei LLC
538 S 6th Ave
City of Industry, CA 91746

2775 Xibei LLC
2775 N Main St
Santa Ana, CA 92705

Xi Bei, Inc.
400 S. Baldwin Ave2045
Arcadia, CA 91007

XiBei Foods LLC
400 S. Baldwin Ave 2045
Arcadia, CA 91007

Northwestern Foodtech, Inc
534 S. 6th Ave
City of Industry, CA 91746

- PAGA Notice & Filing Fee -
Submitted electronically to the Labor and Workforce Development Agency

Dear LWDA Officer and Company Representatives:

This letter serves as written notice under Labor Code section 2699.3 on behalf of **JONATHAN BUSTAMANTE** ("Plaintiff(s)") and all other "covered employees" of the following "Defendant(s)":

2775 XIBEI LLC; XI BEI, INC.; XIBEI FOODS LLC; NORTHWESTERN FOODTECH, INC

Defendants shall mean and include the foregoing in addition to any other related employer entities, individuals under Labor Code sections 558 and 558.1, and all others who may be later added upon further investigation and discovery as liable employers.

This office serves as legal counsel for Plaintiff. If the California Labor and Workforce Development Agency ("LWDA") does not investigate the facts, allegations, and violations set

forth in this notice within the statutorily prescribed 65-day period under Labor Code section 2699.3, Plaintiff intends to commence a civil action against Defendants as a proxy and agent of the State of California under the Private Attorneys General Act ("PAGA"). "PAGA allows an 'aggrieved employee'—a person affected by at least one Labor Code violation committed by an employer—to pursue penalties for all the Labor Code violations committed by that employer." *Huff v. Securitas Security Services USA, Inc.* (2018) 23 Cal.App.5th 745, 751; *Kim v. Reins International California, Inc.* (2020) 9 Cal.5th 73, 79. Plaintiff maintains standing to pursue these claims against Defendants as an aggrieved employee.

Through this notice, Plaintiff requests that Defendants complete an internal investigation and audit of the wage and hour and employment practices at issue and make a good faith effort to correct any violations. Plaintiff attempts to identify the non-compliant policies and practices affecting the aggrieved employees so that the parties may resolve the underlying damages and penalties in judgment or settlement approved by the Superior Court of California under Labor Code section 2699(s). Defendants are notified that any attempt to resolve this case should be conducted in coordination with Plaintiff's counsel to protect the interests of Plaintiff, the aggrieved employees, and the State of California via the LWDA. Plaintiff advises Defendants this letter should be also considered a reasonable attempt at settlement of this matter, subject to an exchange of additional documents and information. *Graham v. Daimler Chrysler Corp.* (2004) 24 Cal.4th 553, 561.

- BACKGROUND -

Defendants employed Plaintiff during the PAGA Period in the position of Dishwasher from about March 2026 to June 2026. During their employment Plaintiff and the other covered (i.e., aggrieved) employees were subject to the wage and hour and employment protections set forth in the California Labor Code and IWC Wage Orders.

Through this notice, Plaintiff informs the LWDA of the Labor Code violations set forth herein. The "aggrieved employees" include Plaintiff and the following individuals:

> All current and former non-exempt employees who worked for Defendants in the State of California during one-year period preceding the date of this notice through the current date and the date of trial in any pending action (the "covered employees" and the "PAGA Period"). As defined, these covered current and former employees are "aggrieved employees" under PAGA.

Plaintiff reserves the right to expand or narrow the definition of the "covered employees" in the forthcoming civil action. Furthermore, Plaintiff seeks all recoverable civil penalties for Defendants' violations and reserves the right to supplement this notice as further investigation is completed and further facts, witnesses, and violations are uncovered.

- PAGA CLAIMS -

Unpaid Hours Worked/Minimum Wage
Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders

Defendants violated Labor Code sections 1194, 1197, and 1198, along with the California Minimum Wage Order, the applicable local minimum wage ordinances, and the "Hours and Days of Work" and "Minimum Wages" sections of the applicable IWC Wage Orders with respect to the covered employees.

Labor Code section 1194 renders it unlawful for an employee to receive less than the legal minimum wage for hours worked in California. Labor Code section 1197 further mandates that "[t]he minimum wage for employees fixed by the commission is the minimum wage to be paid to employees, and the payment of a lower wage than the minimum so fixed is unlawful." Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The California Minimum Wage Order and the applicable sections of the IWC Wage Orders further require payment of minimum wages for all hours worked. The "Minimum Wages" sections of the applicable IWC Wage Order provide that "[e]very employer shall pay to each employee, on the established payday for the period involved, not less than the applicable minimum wage for all hours worked in the payroll period, whether the remuneration is measured by time, piece, commission, or otherwise." The foregoing California wage laws require payment of "not less than the applicable minimum wage *for all hours worked* in the payroll period" and California law does not allow averaging of pay over the hours worked in the pay period, even if the total pay results in an average above the minimum wage. *Armenta v. Osmose, Inc.* (2005) 135 Cal.App.3d 314, 324.

Defendants failed to pay Plaintiff and the covered employees at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages.

On information and belief, Defendants engaged in an unlawful policy and practice of manipulating Plaintiff's and the covered employees' time records with unlawful edits. For example, Defendants falsified Plaintiff's and the covered employees' time records by recording compliant meal periods when no such meal periods were taken. Defendants manually edited Plaintiff's and the covered employees' time records and subtracted one hour for meal periods Plaintiff and the covered employees never took, which directly resulted in reducing the number of hours Plaintiff and the covered employees were paid for.

Second, Defendants engaged in an unlawful practice of time-editing or time-shaving, where they reduced the hours Plaintiff and the covered employees actually worked, resulting in unpaid hours worked. Plaintiff personally experienced this practice on his own time records and observed another covered employee clock out and discover her calculated hours were incorrect. When Plaintiff and the covered employees brought these discrepancies to Defendants' attention, Defendants offered to fix them, demonstrating a pattern of shaving

hours that was only rectified when explicitly called out. This practice compelled Plaintiff and the covered employees to begin photographing their clock-in and clock-out records to verify their true hours. Additionally, Defendants' timekeeping system frequently malfunctioned, preventing Plaintiff and the covered employees from clocking in and out, which led Defendants to make manual time adjustments that failed to compensate employees for all hours actually worked.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Unpaid Overtime
Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders

Defendants violated Labor Code sections 510, 1194, and 1198, along with the "Hours and Days of Work" sections of the applicable IWC Wage Orders with respect to the covered employees.

Labor Code section 510 requires "[a]ny work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee;" and "any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee;" and "any work in excess of eight hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee." Labor Code section 1194 renders it unlawful for an employee to receive less than the legal overtime rate for overtime hours worked in California. Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders further require payment of overtime wages for all overtime hours worked, including the "Hours and Days of Work" sections.

Defendants failed to pay Plaintiff and the covered employees overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages. As outlined in the "Unpaid Hours Worked" section above, not all of Plaintiff's and the covered employees' working hours were accounted for due to Defendants' practices of subtracting one hour from Plaintiff's and the covered employees' time records to record compliant meal periods they did not actually take along with time shaving and manual timesheet adjustments that shorted Plaintiff and the covered employees on hours worked. As a result, Defendants failed to account for all hours worked. To the extent that Plaintiff and the covered employees worked more than 8 hours in a day or 40 hours in a workweek, Defendants failed to pay all overtime wages owed. This was common amongst the covered employees.

Further, on information and belief, Defendants systematically underpaid Plaintiff and the covered employees their overtime wages as evidenced by Defendants' own wage statements, which explicitly document regular hours far in excess of statutory limits, such as logging **89.84 regular hours** (with only 9.99 OT hours) and **85.45 regular hours** (with only 2.30 OT hours) in a single pay period, demonstrating on their face that Defendants routinely misclassified earned overtime hours as regular hours to conceal total overtime worked and avoid paying lawful overtime rates. As a result, Plaintiff and the covered employees were not paid for all overtime labor they performed.

PAY	Hours	Rate	Current	YTD
Regular Pay	89.84	17.50	1,572.20	2,819.78
Overtime Pay	9.99	26.25	262.24	289.02
Paycheck Tips	-	-	301.57	433.22

Excerpt from Plaintiff's Wage Statement from 04/16/2026- 04/30/2026

PAY	Hours	Rate	Current	YTD
Regular Pay	85.45	18.00	1,538.10	5,766.92
Overtime Pay	2.30	27.00	62.10	786.09
Double Overtime Pay	-	36.00	0.00	22.32
Sick Pay	8.00	18.00	144.00	144.00
Paycheck Tips	-	-	127.64	755.94

Excerpt from Plaintiff's Wage Statement from 05/16/2026- 05/31/2026

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Unpaid Paid Sick Leave
Violation of Labor Code §§ 246 through 248.7

Defendants violated Labor Code sections 246 through 248.7 with respect to the covered employees.

Labor Code section 246 requires employers to provide paid sick leave to its workforce on the terms set forth in the statute. Employers must comply with the accrual, use, and notice provisions of Labor Code sections 246, 246.5, 247, and must further ensure that they maintain the paid sick leave records required by Labor Code section 247.5. Employers have the option of providing 40 hours of paid sick leave to employees or to allow employees to accrue paid sick leave each pay period. If an employer chooses the accrual method, employees must accrue sick leave at a rate of one hour for every thirty hours worked in a given pay period as set forth in Labor Code section 246(b)(1). Under the accrual method, employees must begin accruing paid sick leave at the commencement of employment.

Employers must pay sick leave in accordance with one of the three permissible methods provided in Labor Code section 246(l): (1) "the same manner as the regular rate of pay for the workweek;" (2) "by dividing the employee's total wages, not including overtime premium pay, by the employee's total hours worked in the full pay periods of the prior 90 days;" or (3) "for exempt employee … in the same manner as the employer calculates wages for other forms of paid leave time." Labor Code sections 248.6 and 248.7 similarly require paid sick leave to be paid at a regular rate-based calculation in excess of the base hourly rate and at the lawful accrual rate.

Under Labor Code section 246(i), employers must provide employees "with written notice of the amount of paid sick leave available … for use on either the employee's itemized wage statement … or in a separate writing provided on the designated pay date with the employee's payment of wages."

Defendants failed to comply with California's paid sick leave laws with respect to the covered employees. Because Defendants failed to record and pay for all hours that Plaintiff and the covered employees worked, Defendants failed to credit them with all sick leave hours that they actually accrued. Additionally, each time Plaintiff and the covered employees worked off-the-clock, resulting in unpaid overtime, the overtime hours were not accounted for when calculating an employee's accrued paid sick leave. Therefore, Plaintiff and the covered employees were not awarded the total accrued paid sick leave time they had earned.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Unpaid Gratuities
Violation of Labor Code §§ 350 *et seq.*

Defendants failed to properly distribute and keep records of tips left for Claimant and the covered employees, in violation of Labor Code sections 351, 353, and 354. Defendants also violated Labor Code section 351, which prohibited Defendants from collecting, taking or receiving any gratuity that is paid to, given to, or left for Claimant and other covered employees.

Labor Code section 351 states that no "employer" shall take any gratuity "left for an employee by a patron" and that "[e]very gratuity is hereby declared to be the sole property of the employee or employees to whom it was paid, given, or left for." Labor Code section 350, subdivisions (a) and (d), specifically define "employer" and "agent" to include "every person other than the employer having the authority to hire or discharge any employee or supervise, direct, or control the acts of employees. Only employees who are involved in the line of service are entitled to participate in what is commonly called a "tip pool." *Leighton v. Old Heidelberg, Ltd.* (1990) 219 Cal.App.3d 1062, 1069-70. Labor Code section 353 requires

employers to "keep accurate records of all gratuities received" and that "[s]uch records shall be open to inspections at all reasonable hours[.]" Labor Code section 354 makes renders violation of this statute a misdemeanor.

Defendants maintained an unlawful gratuity policy and practice with respect to Plaintiff and the covered employees, failing to properly account for or distribute earned gratuities. Specifically, on information and belief, Defendants unlawfully retained employee tips. For example, Defendants' General Manager explicitly announced in front of on-duty staff that he was keeping a $150.00 cash tip for himself. Thus, Plaintiff and the covered employees did not receive all of the gratuities they were entitled to.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Unpaid Meal Period Premium Wages
Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 512, and 1198, along with the related sections of the IWC Wage Orders with respect to the covered employees.

Labor Code section 512 and the IWC Wage Orders require that employers provide an uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work. *See Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal.4th 1004, 1049. Labor Code section 226.7 requires that if a meal period is late, missed, short, or interrupted, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). "[T]ime records showing noncompliant meal periods raise a rebuttable presumption of meal period violations, including at the summary judgment stage." *Donohue v. AMN Services, LLC* (2021) 11 Cal.5th 58, 61. Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 11 (Meal Periods), further require one uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant meal period is not provided. Pursuant to Section 11(A) of the IWC Wage Orders, the California Supreme Court has held that the on-duty meal period exception is "exceedingly narrow" and applies only when (1) "the nature of the work prevents the employee from being relieved of all duty" and (2) *both* "the employer and employee have agreed, in writing, to the on-duty meal period." *Augustus v. AMB Security Services, Inc.* (2016) 2 Cal.5th 257, 266-276 (emphasis added). If these two requirements are not met, then the employer owes the employee one hour of premium pay for each non-compliant meal period

taken under the purported on-duty meal arrangement. *Naranjo v. Spectrum Security Services, Inc.* (2019) 40 Cal.5th 444, 459.

Plaintiff and the covered employees routinely experienced missed, late, shortened, or interrupted meal periods due to high operational demands and lack of coverage. Specifically, because Defendants were assigning heavy workloads while understaffing their restaurants, Plaintiff and the covered employees frequently took meal periods after their fifth hour of work or missed them entirely. For example, Plaintiff and the covered employees were frequently required to eat while actively performing manual duties at their stations, wait until business "calmed down" before taking a meal period, or forgo meal periods entirely to ensure restaurants continued to operate smoothly. Further, as stated above, Defendants utilized a practice and/or policy of recording compliant meal periods on behalf of Plaintiff and the covered employees regardless of such meal periods being taken. As a result of Defendants' policies and/or practices, Plaintiff never once received a lawful meal period.

Every time Plaintiff and the covered employees did not receive a compliant meal period, they were owed a meal period premium at their regular rate of compensation. However, during Plaintiff's employment with Defendants, Plaintiff never received a meal period premium. Plaintiff alleges, based on information and belief, that this was a matter of common policy and practice with respect to other covered employees.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Unpaid Rest Period Premium Wages
Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders

Defendants violated Labor Code sections 226.7, 516, and 1198, and the related sections of the IWC Wage Orders with respect to Plaintiff and the covered employees.

Labor Code sections 226.7 and 516 and the IWC Wage Orders require that employers authorize and permit an uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) that an employee works. Labor Code section 226.7 requires that if a rest period is non-compliant, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 12 (Rest Periods), further require one uninterrupted 10-minute rest period for each four-hour period (or major faction thereof) worked and an additional hour of pay at

the employee's regular rate of compensation for each workday that a compliant rest period is not authorized or permitted.

Defendants systematically failed to authorize and permit Plaintiff and the covered employees to take timely, duty-free 10-minute rest periods for every four hours worked or major fraction thereof. Upon information and belief, Defendants utilized an unlawful practice and/or policy of requiring Plaintiff and the covered employees to combine two 10-minute rest periods into a single 20-minute rest period. Further, due to the heavy workload and closing rushes, Plaintiff and the covered employees were routinely forced to forgo rest periods entirely or take them late in their shifts. When Plaintiff and the covered employees received these non-compliant rest periods, they were owed rest period premiums at their regular rate of compensation. However, during Plaintiff's employment with Defendants, Plaintiff never received a rest period premium. Plaintiff alleges, based on information and belief, that this was a matter of common policy and practice. Defendants' unlawful practice of failing to provide mandated and compliant rest periods was common amongst the covered employees.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Untimely Payment of Wages During Employment
Violation of Labor Code §§ 204, 204b, 210

Defendants violated Labor Code sections 204 and/or 204b and 210, as applicable, with respect to Plaintiff and the covered employees.

Labor Code section 204(a) requires payment of "all wages" for non-exempt employees at least twice each calendar month. Labor Code section 204(d) states all wages due must be paid "not more than seven calendar days following the close of the payroll period." Labor Code section 204b applies to employees paid on a weekly basis and also requires the payment for all labor within the required pay periods. Labor Code section 210 provides "every person who fails to pay the wages of an employee as provided in Section … 204 … shall be subject to a civil penalty" of $100 for an initial violation and $200 plus 25% of the amount unlawfully withheld for a subsequent violation.

Because Defendants failed to pay all wages and premiums in each pay period in which such wages were earned at the lawful rate, Defendants violated Labor Code section 204 and/or 204b (for weekly employees, as applicable). Defendants violated Labor Code sections 204 and 204b by failing to pay all wages and premiums owed on the regular pay days scheduled each pay period within seven calendar days of the close of the payroll period, as a result of the policies and practices set forth in this notice.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Untimely Payment of Wages Upon Separation of Employment
Violation of Labor Code §§ 201, 202, 203, 256

Defendants violated Labor Code sections 201, 202, and 203 with respect to the covered employees by failing to pay all wages and premiums owed upon termination of employment.

Labor Code section 201 requires that if an employer fires an employee, the wages must be paid immediately. Labor Code section 202 requires that if an employee quits without providing 72 hours' notice, his or her wages must be paid no later than 72 hours thereafter. Labor Code section 202 states that if an employee provides 72 hours' notice, the final wages are payable upon his or her final day of employment. Labor Code section 203 requires an employer who fails to comply with Labor Code sections 201 or 202 to pay a waiting time penalty for each employee, up to a period of 30 days additional compensation.

Defendants failed to pay all wages and premiums owed to covered employees during their employment as set forth in this notice, and also failed to timely pay those amounts to departing employees upon separation of employment. Defendants did not pay waiting time penalties for the late payments. As a result, Defendants violated Labor Code sections 201, 202, and 203.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Non-Compliant Wage Statements
Violation of Labor Code §§ 226, 226.3

Defendants violated Labor Code sections 226(a) and 226.3 with respect to the covered employees by failing to furnish itemized wage statements each pay period that accurately list all information required by Labor Code section 226(a)(1) through (9).

Labor Code section 226(a) requires an employer to furnish wage statements to employees semimonthly or at the time of each payment of wages, "an accurate itemized statement in writing showing:" (1) gross wages earned, (2) total hours worked, (3) the number of piece rate units earned and applicable piece-rate in effect, (4) all deductions, (5) net wages earned, (6) the inclusive dates of the pay period, (7) the name of the employee and last four digits of SSN or an EIN, (8) the name and address of the legal name of the employer, and (9) all applicable hourly rates in effect during the pay period and the number of hours worked at each hourly rate by the employee.

Defendants failed to provide accurate itemized wage statements to the covered employees each pay period as a result of the policies and practices set forth in this notice. Defendants violated Labor Code section 226(a)(1) and (5) by not listing the correct "gross wages earned" or "net wages earned," as the employees earned wages and premiums that were not paid, resulting in an inaccurate reflection, and recording of "gross wages earned" on those wage statements. Likewise, in violation of Labor Code section 226(a)(9), Defendants failed to state on employee wage statements each pay period the applicable hourly rates in effect and the number of hours worked at that rate, as Defendants failed to pay all wages and premiums owed to employees. The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay stub.

Plaintiff and other covered employees cannot promptly and easily determine from the wage statement alone the wages paid or earned without reference to other documents or information. Indeed, these wage statement violations are significant because they sow confusion among Plaintiff and other covered employees with respect to what amounts were owed and paid, at what rates, the number of hours worked, and how those amounts were or should be calculated. The wage statements reflect a false statement of earnings and concealed the underlying problems and underpayments of employee wages.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Unreimbursed Employee Expenses
Violation of Labor Code §§ 2802, 2804

Defendants violated Labor Code section 2802 with respect to the covered employees by failing to reimburse the covered employees for all necessary expenditures or losses incurred as part of their job duties.

Labor Code section 2802 requires an employer to "indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer, even though unlawful, unless the employee, at the time of obeying the directions, believed them to be unlawful." *See, e.g., Espinoza v. West Coast Tomato Growers, LLC*, 2016 WL 4468175 at *4, n.2 (S.D. Cal. Aug. 24, 2016, No. 14-CV-2984 W (KSC)).

Labor Code section 2804 affirms that "[a]ny contract or agreement, express or implied, made by any employee to waive the benefits of this article or any part thereof, is null and void, and this article shall not deprive any employee or his personal representative of any right or remedy to which he is entitled under the laws of this State."

Defendants required Plaintiff and the covered employees to incur costs for work-related purposes without full reimbursement. In direct consequence of their job duties, Plaintiff and

the covered employees unavoidably and necessarily incurred these losses, expenditures, costs, and as a matter of policy and practice. Specifically, Defendants required Plaintiff and the covered employees to download, install, and use the third-party messaging application "WeChat" on their personal cellular phones daily for work communications, directives, and shift schedules. Plaintiff was not reimbursed for the costs of using his personal cell phone for work-related purposes.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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

Defendants violated Labor Code sections 1174 and the IWC Wage Orders by failing to maintain accurate employee payroll records with respect to Plaintiff and other covered employees.

Labor Code section 1174 requires that employers maintain accurate "payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments." Section 7(A) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates similar recordkeeping obligations.

Because of the policies and practices set forth in this notice, including the failure to accurately account for wages earned or hours worked, Defendants failed to accurately maintain records in accordance with Labor Code section 1174 and the IWC Wage Orders.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Attorneys' Fees and Costs
Labor Code § 2699(k)(1)

Plaintiff has been compelled to retain the services of counsel to protect the interests of other covered employees and the State of California. Plaintiff continues to incur attorneys' fees and costs, which are recoverable under California law, including Labor Code section 2699(k)(1).

- LITIGATION HOLD NOTICE –

This letter imposes a duty upon all defendants and their respective employees, officers, directors, executives, attorneys, human resource and payroll personnel, accountants, and other

agents to preserve all physical and electronic evidence, including electronically stored information and emails, which relate to the employment of Plaintiff and the covered employees specified in this notice. Evidence includes, but is not limited to, Defendants' written employment and payroll policies and handbooks; the covered employees' personnel files and payroll records, such as paystubs, time records, wage statements, compensation reports, as well as the underlying electronic data in Excel or similar format. Memoranda and internal and external correspondence relating to the subject matter of this notice shall also be maintained. Failure to preserve and retain relevant evidence may constitute spoliation of evidence and result in an adverse inference or sanctions.

If you have any questions regarding the scope of your obligations to preserve evidence, please consult your legal counsel and always err on the side of caution. Periodic or regularly scheduled purges or deletions of information covered by this hold must be suspended immediately.

- CONCLUSION -

If the LWDA does not pursue enforcement, Plaintiff intends to bring representative claims on behalf of the State of California and the covered employees seeking civil penalties for violations of the Labor Code and the IWC Wage Orders, along with attorneys' fees, costs, interest, and other appropriate relief.

Please advise if the LWDA intends to investigate any of the factual or legal allegations set forth in this notice. Defendants may contact Plaintiff's counsel with any questions regarding this letter or the forthcoming lawsuit.

Sincerely,



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MT

Cc Plaintiff Jonathan Bustamante

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Defense Counsel | Joshua Mizrahi|jmizrahi@buchalter.com