

A Professional Corporation

November 18, 2026

VIA ONLINE SUBMISSION ONLY TO:

California Labor & Workforce Development Agency

PAGAfilings@dir.ca.gov

Private Attorneys General Act
Attn. PAGA Administrator
455 Golden Gate Avenue, 9th Floor
San Francisco, CA 94102
VIA CERTIFIED MAIL / RETURN RECEIPT REQUESTED
Ulta Salon, Cosmetics & Fragrance, Inc.
1000 Remington Blvd. Suite 120
Bolingbrook, IL 60440
Certified Mail Tracking Number: 70222410000246223674

Rebecca Vang, Agent for Service
Ulta Salon, Cosmetics & Fragrance, Inc.
2710 Gateway Oaks Drive
Sacramento, CA, 95833
Certified Mail Tracking Number: 70222410000246223681

Re: Labor Code § 2698, *et seq.* Penalties—PAGA Notice Letter to the LWDA
Katharine S. Alcazar v. Ulta Salon, Cosmetics & Fragrance, Inc., et al.
Superior Court for the County of Orange

To Whom It May Concern:

This office represents Katharine S. Alcazar ("Claimant") in connection with violations of California Labor Code §§ 510, 226.7, and 203, *et seq.*, and applicable provisions of the Industrial Welfare Commission (IWC) Wage Order(s). The violations described below affected Claimant and other similarly situated non-exempt, hourly employees (collectively, "Aggrieved Employees").

The purpose of this letter is to comply with the Private Attorneys General Act of 2004, pursuant to California Labor Code § 2698 *et. seq.* ("the Act"). Claimant intends to bring a representative action under the Act on behalf of herself, all other similarly situated Aggrieved

Employees, and the State of California against ULTA SALON, COSMETICS & FRAGRANCE, INC., a Delaware corporation, and DOES 1 through 50, inclusive (collectively, "Defendants").

I. Factual Statement

Claimant was employed by ULTA Salon, Cosmetics & Fragrance, Inc. as a non-exempt salon employee, classified as an elite stylist, at its La Habra, California location (Store #1107), from June 22, 2021, through September 22, 2026.

Throughout the relevant period, Claimant was paid weekly. Her compensation consisted of a base hourly wage of approximately $21.00–$22.00 during the relevant period, service commissions identified on her wage statements as "Services Pay," and nondiscretionary incentive compensation identified as "Spiff" bonuses and service rewards. As an elite stylist, Claimant earned weekly service commissions calculated as a percentage of her service sales for that week. Her weekly compensation therefore included both hourly wages and additional earnings tied to her services and incentive compensation.

Claimant personally suffered the violations described below within the limitations period prescribed by Code of Civil Procedure section 340 (Cal. Civ. Proc. Code § 340), and therefore satisfies the standing requirement of Labor Code section 2699(c)(1) (Cal. Lab. Code § 2699).

Claimant alleges that ULTA failed to account for the required components of her compensation when calculating the regular rates used to pay rest-period premiums, meal-period premiums, and overtime. The alleged errors differed by payment category: ULTA omitted her base hourly wage from its rest-period premium calculations and failed to include all applicable commissions and nondiscretionary incentive compensation in other regular rate calculations. These omissions reduced the rates used to calculate the affected payments and resulted in underpayments during workweeks in which the omitted compensation should have been included.

II. The Employer

The employer is ULTA Salon, Cosmetics & Fragrance, Inc. ("ULTA" or "Employer"), a Delaware corporation doing business in California, with its principal executive offices at 1000 Remington Blvd., Suite 120, Bolingbrook, Illinois 60440, and retail operations throughout California. At all relevant times, ULTA employed one or more employees and is an "employer" subject to the Labor Code and the applicable Industrial Welfare Commission ("IWC") Wage Order (Wage Order No. 7-2001, Mercantile Industry).

III. The Other Aggrieved Employees

The other Aggrieved Employees are all current and former non-exempt California employees of ULTA who, during the period from one year before the date of this notice through the present (the "Covered Period"), were paid on an hourly basis plus commissions and/or nondiscretionary incentive pay and were subject to the pay practices described below. This group includes other stylists, including elite stylists, working at ULTA locations throughout California who received the applicable forms of compensation and whose rest-period premiums, meal-period premiums, or overtime were calculated using the challenged methods.

Claimant alleges, on information and belief, that the challenged calculation practices were applied to similarly situated stylists and other Aggrieved Employees at ULTA locations throughout California. The statewide allegations concern the methods used to calculate the payments, including the exclusion of base hourly wages from rest-period premium rates and the omission of applicable commissions or nondiscretionary incentives from other regular rate calculations. Each employee's commissions, incentives, applicable regular rate, and resulting underpayments depended on that employee's compensation and hours worked during the workweek at issue. Employees subject to the same calculation methods were underpaid when those methods omitted compensation that should have been included in the applicable rate.

The recurring calculation discrepancies alleged in Claimant's weekly wage statements illustrate the challenged practices. On information and belief, those practices also affected other stylists and Aggrieved Employees receiving the same types of compensation at ULTA locations elsewhere in California. ULTA's payroll and timekeeping records will identify the affected employees, their compensation and hours worked, the rates used to calculate their payments, and the workweeks and pay periods in which underpayments occurred.

IV. The Alleged Labor Code Violations

The violations share a common factual core: ULTA failed to include the required components of employee compensation when calculating payments that depend on the regular rate. Claimant's base hourly wage, service commissions, and nondiscretionary incentives were distinct components of her compensation. The alleged miscalculations arose when ULTA excluded one or more required components from the rate used to calculate a particular payment.

For rest-period premiums, Claimant alleges that ULTA used a rate that omitted her base hourly wage. For meal-period premiums and overtime, Claimant alleges that ULTA did not consistently include all applicable nondiscretionary compensation. The resulting underpayments also affected the accuracy of wage statements and the payment of wages due at separation, as described below. On information and belief, the same calculation practices caused corresponding violations for other Aggrieved Employees throughout California.

A. Failure to pay rest-period premiums at the regular rate of compensation — Labor Code § 226.7 and Wage Order No. 7-2001, § 12

Labor Code section 226.7(c) requires payment of one additional hour of pay at the employee's "regular rate of compensation" for each workday a compliant rest period is not provided (Cal. Lab. Code § 226.7). Under *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858 (*Ferra v. Loews Hollywood Hotel, LLC*, 11 Cal. 5th 858, 489 P.3d 1166 (2021)), the "regular rate of compensation" is synonymous with the overtime "regular rate of pay" and must include all nondiscretionary payments, not merely the base hourly wage.

Facts and theory: ULTA paid Claimant rest-period premiums identified on her wage statements as "Restbreak" using rates that omitted her base hourly wage. Claimant's wage statements reflect a recurring discrepancy between the rates used for rest-period premiums and meal-period premiums: the rest-period premium rate generally reflected the meal-period premium rate less the base hourly rate. Claimant alleges that ULTA thereby treated the

additional compensation component as the entire rest-period premium rate, rather than including both the base hourly wage and the applicable additional compensation.

For example, for the workweek of January 18–24, 2026, ULTA paid Claimant a rest-period premium at approximately $17.30 per hour even though her base hourly wage was $21.00. The premium rate was therefore approximately $3.70 below her base hourly wage, before accounting for the additional compensation required to be included in the regular rate. This example illustrates the alleged failure to include the base hourly wage in the rest-period premium calculation.

For the workweek of June 14–20, 2026, ULTA paid Claimant a rest-period premium at approximately $75.72 per hour, while her alleged correct regular rate of compensation, based on her base wages and the per-hour value of commissions for that week, was approximately $94.56. The alleged difference was approximately $18.84 for each premium hour paid at that rate.

On information and belief, ULTA used the same rest-period premium calculation method for other similarly situated stylists and Aggrieved Employees throughout California. Those employees were likewise underpaid when ULTA omitted their base hourly wages or other required compensation from the applicable premium rates. The amounts varied with each employee's compensation and the workweeks at issue. ULTA thereby underpaid rest-period premiums to Claimant and other Aggrieved Employees in violation of section 226.7.

B. Failure to pay meal-period premiums at the regular rate of compensation — Labor Code §§ 226.7, 512 and Wage Order No. 7-2001, § 11

Labor Code § 512(a) and Wage Order No. 7-2001, § 11 require ULTA to provide a non-exempt employee a 30-minute, duty-free meal period for a work period of more than five hours, and a second 30-minute meal period for a work period of more than ten hours. When a required meal period is not provided, is shortened, is late, or is not duty-free, Labor Code § 226.7(c) and Wage Order No. 7-2001, § 11(B) entitle the employee to one additional hour of pay at the employee's "regular rate of compensation" for each workday on which the violation occurs.

As with rest premiums, the "regular rate of compensation" for meal-period premiums is synonymous with the overtime "regular rate of pay" and must include **all** nondiscretionary remuneration — hourly wages, commissions, and nondiscretionary bonuses and incentive pay — not merely the base hourly wage. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858; *Alvarado v. Dart Container Corp. of California* (2018) 4 Cal.5th 542. A nondiscretionary bonus or incentive earned over a period longer than a single workweek must be apportioned back over the workweeks of the period during which it was earned and included, on a per-hour basis, in the regular rate for each of those workweeks. *Alvarado*, supra, 4 Cal.5th 542.

Facts and theory: ULTA paid Claimant meal-period premiums identified on her wage statements as "Penalty Time." The rate ULTA used for those premiums reflected her base hourly wage and her service commissions, but omitted her nondiscretionary incentive compensation — her weekly "Spiff" bonuses, her service rewards, and, most significantly, an annual nondiscretionary reward reflected on her wage statements (identified as a service reward) that exceeded $14,000 for its annual earning period. Because that reward and the other nondiscretionary incentives were nondiscretionary remuneration for Claimant's work, they were required to be apportioned across the workweeks in which they were earned and included in the

regular rate of compensation used for each meal-period premium. ULTA included none of that incentive compensation in the premium rate.

For example, during the workweek of June 14–20, 2026, ULTA paid Claimant meal-period premiums ("Penalty Time") at approximately $97.72 per hour — a rate reflecting her base hourly wage and service commissions but excluding her nondiscretionary incentive compensation. Claimant's annual nondiscretionary reward, apportioned across the workweeks in which it was earned, added approximately $10 to $11 per hour to her regular rate of compensation for that workweek, and her weekly "Spiff" and service-reward incentives added further amounts. ULTA omitted those amounts from the premium rate, underpaying each meal-period premium hour by the per-hour value of the excluded nondiscretionary compensation. Claimant personally received, and was underpaid on, meal-period premiums calculated in this manner in numerous workweeks during her employment, including workweeks in 2026.

On information and belief, ULTA used the same calculation practices for other stylists and Aggrieved Employees throughout California who received the applicable incentives and were owed meal-period premiums. Those employees were likewise underpaid in every workweek in which required nondiscretionary compensation was omitted from their meal-period premium rates, in violation of §§ 226.7 and 512.

C. Failure to pay all overtime at the correct regular rate of pay — Labor Code §§ 510, 1194, 1198 and Wage Order No. 7-2001, § 3

Labor Code section 510 requires overtime at one and one-half (and double) the "regular rate of pay" (Cal. Lab. Code § 510), which under *Alvarado v. Dart Container Corp. of California* (2018) 4 Cal.5th 542 (*Alvarado v. Dart Container Corp. of California*, 4 Cal. 5th 542, 411 P.3d 528 (2018)) includes the per-hour value of nondiscretionary bonuses and incentive pay.

Facts and theory: Claimant alleges that ULTA failed to include all applicable "Services Pay" commissions, nondiscretionary "Spiff" bonuses, and service rewards in the regular rate used to calculate her overtime compensation. Identifying and paying those earnings separately on a wage statement did not account for their effect on the overtime calculation. Claimant alleges that ULTA paid the underlying commissions or incentives but failed to include all required amounts when determining the additional overtime compensation owed for the workweeks to which those earnings applied.

A flat-sum nondiscretionary bonus must be divided by the non-overtime hours actually worked and applied at a 1.5 multiplier when computing overtime (*Alvarado v. Dart Container Corp. of California*, 4 Cal. 5th 542, 411 P.3d 528 (2018)). Claimant alleges that, to the extent her "Spiff" bonuses or service rewards were flat-sum nondiscretionary bonuses, ULTA failed to account for them in that calculation. Her allegations concerning service commissions separately concern ULTA's failure to include all applicable commission compensation in the overtime regular rate.

By excluding required commissions and nondiscretionary incentives, ULTA understated Claimant's overtime compensation in workweeks in which she worked overtime and earned compensation that should have been included in the calculation. On information and belief, ULTA applied the same calculation practices to other similarly situated stylists and Aggrieved

Employees throughout California, resulting in corresponding overtime underpayments when those employees worked overtime and received the applicable compensation.

D. Failure to furnish accurate itemized wage statements — Labor Code § 226(a) and § 226.3

Labor Code section 226(a) requires accurate itemized wage statements, including gross and net wages earned and the applicable hourly rates and hours worked at each rate (Cal. Lab. Code § 226). Because the rest-period premiums (and any underpaid overtime) are wages (*Naranjo v. Spectrum Security Services, Inc.* (2022) 13 Cal.5th 93 (*Naranjo v. Spectrum Sec. Servs., Inc.*, 13 Cal. 5th 93, 509 P.3d 956 (2022))), ULTA's failure to pay them at the correct rate caused the wage statements to misstate gross and net wages earned and the rates and amounts owed (*Naranjo v. Spectrum Sec. Servs., Inc.*, 13 Cal. 5th 93, 509 P.3d 956 (2022)). The wage statements ULTA furnished to Claimant and other aggrieved employees were therefore inaccurate in violation of section 226(a), subjecting ULTA to the civil penalty under section 226.3 (Cal. Lab. Code § 226.3).

Facts and theory: Claimant's wage statements reflected the rates and amounts ULTA used to make the challenged payments, rather than the full rates and wages allegedly owed. Claimant alleges, on information and belief, that wage statements issued to other Aggrieved Employees throughout California contained corresponding inaccuracies in pay periods affected by the same regular rate miscalculations.

E. Failure to timely pay all wages owed at separation — Labor Code §§ 201–203

For aggrieved employees whose employment ended during the Covered Period, ULTA willfully failed to pay all wages due at separation — including the unpaid rest-period premiums and any unpaid overtime, which are wages (*Naranjo*, *supra* (*Naranjo v. Spectrum Sec. Servs., Inc.*, 13 Cal. 5th 93, 509 P.3d 956 (2022))) — in violation of Labor Code sections 201 and 202, subjecting ULTA to waiting-time penalties under section 203 (Cal. Lab. Code § 203).

Facts and theory: Claimant's employment ended on September 22, 2026. Claimant alleges that ULTA did not pay the outstanding amounts arising from the regular rate miscalculations described above when her employment ended. On information and belief, ULTA likewise failed to pay corresponding outstanding amounts to other Aggrieved Employees whose employment ended during the Covered Period and whose wages were subject to the same calculation practices.

V. Relief Sought

On behalf of herself, the State of California, and all other Aggrieved Employees, Claimant intends to commence a representative civil action under Labor Code section 2699 seeking:

1. Civil penalties for each of the above violations, including the default civil penalty under Labor Code section 2699(f) (Cal. Lab. Code § 2699) for provisions carrying no separately recoverable civil penalty (e.g., sections 226.7 and 510), the civil penalties under Labor Code section 558 (Cal. Lab. Code § 558) for the hours-and-wages violations, and the civil penalty under Labor Code section 226.3 (Cal. Lab. Code § 226.3) for the wage-statement violations, for each aggrieved employee for each pay period during the Covered Period;

2. Distribution of recovered civil penalties as provided by Labor Code section 2699(m) (65% to the LWDA; 35% to the aggrieved employees) (Cal. Lab. Code § 2699);

3. Underpaid wages to the extent recoverable in this action and, as appropriate, through related individual or class claims;

4. Injunctive relief requiring ULTA to correct its regular-rate and premium-pay calculation practices; and

5. Reasonable attorneys' fees and costs, including the filing fee, under Labor Code section 2699.

Claimant reserves the right to amend or supplement this notice and to assert additional Labor Code violations revealed by ULTA's records.

VI. Procedural Statement

This notice is filed online with the LWDA and served on the Employer by certified mail, accompanied by the $75 filing fee required by Labor Code § 2699.3 — subdivision (a)(1)(B) for the violations of provisions listed in § 2699.5 (e.g., §§ 201–203), and subdivision (c)(1)(B) for the non-enumerated provisions (e.g., §§ 226.7, 510, 512, and 226). Claimant will commence a civil action upon the earliest of the LWDA's notice that it does not intend to investigate or the expiration of the applicable waiting period under Labor Code § 2699.3, and will provide the LWDA with a file-stamped copy of the complaint within 10 days of filing as required by Labor Code § 2699(s)(1).

Best regards,

Christopher Taylor

TAYLOR LABOR LAW P.C.
Christopher W. Taylor
Attorney for Katharine S. Alcazar