

HAINES LAW GROUP
EMPLOYMENT ATTORNEYS

November 12, 2024

VIA LWDA WEBSITE

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

Re: *Victor Orozco v. Magnetic Component Engineering, LLC, et al.*

To Whom It May Concern:

Please be advised that this law firm represents Victor Orozco ("Mr. Orozco") in claims arising from his employment with Magnetic Component Engineering, LLC, a Delaware Limited Liability Company; Dexter Magnetic Technologies, Inc., a New York Corporation; Magnetic Holdings, LLC, a California Limited Liability Company; and Does 1 through 100 ("Defendants"). Mr. Orozco is an "aggrieved employee" within the meaning of Labor Code section 2699.3 as to all of the violations alleged herein. The purpose of this letter is to comply with Labor Code § 2699.3, which requires aggrieved employees to notify their employer and the Labor and Workforce Development Agency ("LWDA") of the specific provisions of the Labor Code allegedly violated. For purposes of this letter, "aggrieved employees" includes all of Defendants' employees who worked for Defendants in California during the one year immediately preceding the date of this letter through the present.

Defendants operate permanent magnet and magnetic assembly designing and manufacturing facilities, including a location in Torrance, California. Mr. Orozco was employed by Defendants as an aggrieved CNC Machinist at Defendants' Torrance, CA location from approximately July 2017, until August 7, 2024. Mr. Orozco's primary job duties include operating and maintaining Computer Numerically Controlled (CNC) machines to create magnetic components.

Throughout Mr. Orozco's employment with Defendants, Defendants have failed to pay Mr. Orozco and other aggrieved employees for all hours actually worked, due to Defendants' unlawful rounding and/or time-shaving policies and/or practices. Specifically, Defendants required Mr. Orozco and other aggrieved employees to clock-in and out through an electronic timekeeping system which recorded Mr. Orozco's and other aggrieved employees' clock-in and clock-out time punches to the minute. However, the electronic timekeeping system used by Defendants rounded Mr. Orozco's and other aggrieved employees' total hours worked to the nearest quarter-hour. Defendants' timekeeping policies/practices were not even handed and have resulted in Mr. Orozco and other aggrieved employees not being compensated for all hours worked. Further, on

occasions when Mr. Orozco worked over eight hours in a workday and/or forty hours in a workweek, Defendants' timekeeping policies/practices deprived him of additional overtime wages earned. Due to Defendants' timekeeping policies/practices that fail to compensate for all hours worked, Mr. Orozco and other aggrieved employees were not compensated for all required minimum and overtime wages.

Throughout Mr. Orozco's employment, Defendants have failed to provide Mr. Orozco and other aggrieved employees with all legally compliant meal periods due to Defendants' unlawful meal period policies/practices, which have resulted in late (commencing after the fifth hour of work), short (less than 30 minutes of net rest) and missed meal periods. Specifically, Defendants required Mr. Orozco and other aggrieved employees to begin their meal break after the fifth hour of work. On those occasions when Defendants failed to provide Mr. Orozco and other aggrieved employees with all legally compliant meal periods to which they were entitled, Defendants failed to always compensate Mr. Orozco and other aggrieved employees with an additional hour of premium pay at the employee's regular rate of pay for each workday there was a meal period violation, as mandated by Labor Code § 226.7.

Defendants pay Mr. Orozco and other aggrieved employees "Bonus" and/or other forms of pay that are not excludable from an employee's "regular rate" of pay (hereinafter the aforementioned forms of pay are collectively referred to as "Bonus Pay"). However, Defendants failed to properly incorporate the value of all earned Bonus Pay into the employees' regular rate of compensation when paying meal period premiums, instead paying these wages at the base rate of pay, thereby underpaying Mr. Orozco's and other aggrieved employees' meal period premiums under Labor Code § 226.7. See *Ferra v. Loews Hollywood Hotel, LLC*, 11 Cal.5th 858 (2021) (holding "regular rate of compensation" in Labor Code § 226.7 to be synonymous with "regular rate of pay" in Labor Code § 510, and encompasses not only hourly wages but all nondiscretionary payments for work performed by the employee.). As a result, Defendants have failed to pay Mr. Orozco and other aggrieved employees an additional hour of premium pay at their respective regular rates of pay for each workday in which a meal period violation occurred, as required by Labor Code § 226.7.

Defendants failed to pay Mr. Orozco and other aggrieved employees all overtime wages owed to them. Defendants' policies and practices dictate that overtime payments be made and one and one-half times an employee's base rate of pay, as opposed to their regular rate of pay. Because Mr. Orozco and other aggrieved employees receive Bonus Pay that is required to be included when calculating their respective regular rates of pay, but were not, Mr. Orozco and other aggrieved employees have not been paid all overtime wages owed to them.

Defendants also failed to pay Mr. Orozco and other aggrieved employees all sick pay wages owed to them. Defendants' policies and practices dictate that sick pay payments be made at an employee's base rate of pay, as opposed to their regular rate of pay. Because Mr. Orozco and other aggrieved employees receive Bonus Pay that is required to be

included when calculating their respective regular rates of pay, but were not, Mr. Orozco and other aggrieved employees have not been paid all sick pay wages owed to them.

As a result of Defendants' failure to accurately compensate Mr. Orozco and other aggrieved employees for all minimum and overtime wages, all meal period premium wages, and sick pay wages, Defendants have maintained inaccurate payroll records and failed to issue accurate itemized wage statements.

As described above, Defendants committed the following violations of the Labor Code and Industrial Welfare Commission Wage Order No. 1 ("Wage Order 1"):

Minimum Wage Violations

Wage Order 1, § 4 and California Labor Code §§ 1197 and 1182.12 establish the right of employees to be paid minimum wages for all hours worked, in amounts set by state law. Labor Code §§ 1194(a) and 1194.2(a) provide that an employee who has not been paid the legal minimum wage as required by Labor Code § 1197 may recover the unpaid balance together with attorneys' fees and costs of suit, as well as liquidated damages in an amount equal to the unpaid wages and interest accrued thereon. Defendants failed to conform their pay practices to the requirements of the law by failing to pay Mr. Orozco and members of the Minimum Wage Class for all hours worked including, but not limited to, all hours they were subject to the control of Defendants and/or suffered or permitted to work under the California Labor Code and Wage Order 1.

Overtime Wage Violations

Defendants were required to properly pay Mr. Orozco and members of the Overtime Class for all overtime hours worked pursuant to California Labor Code § 1194 and Wage Order 1. Wage Order 1, § 3 requires an employer to pay an employee "one and one-half (1½) times the employee's regular rate of pay for all hours worked in excess of eight (8) hours" per work day and/or in excess of 40 hours of work in the workweek. Defendants caused Mr. Orozco and other aggrieved employees to work overtime hours but did not compensate Mr. Orozco or other aggrieved employees at one and one-half times their regular rate of pay for all such hours.

Meal Period Violations

As alleged above, Defendants failed to provide Mr. Orozco and other aggrieved employees with all required and compliant meal periods. See Labor Code §§ 226.7 and 512; Wage Order 1, § 11. As a result, Mr. Orozco and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. See Labor Code § 226.7 ("If an employer fails to provide an employee a meal or rest or recovery period in accordance with ... [an] order of the Industrial Welfare Commission ... the employer shall pay the employee one additional

hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided.”).

Wage Statement Violations

Defendants knowingly and intentionally, as a matter of uniform policy and practice, failed to furnish Mr. Orozco and other aggrieved employees with complete and accurate wage statements with respect to gross wages earned, total hours worked, net wages earned, all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee, in violation of Labor Code § 226 *et seq.* Defendants' failures in furnishing Mr. Orozco and other aggrieved employees with complete and accurate itemized wage statements resulted in actual injury, as said failures led to, among other things, the non-payment of all overtime and minimum wages as well as meal and rest period premium wages and deprived them of the information necessary to identify the discrepancies in Defendants' reported data and whether they have been paid all wages earned.

Waiting Time Penalties

Labor Code §§ 201-203 require an employer to pay all wages earned immediately at the time of separation of employment in the event the employer discharges the employee, or if the employee provides at least 72 hours of notice of his/her intent to quit. In the event the employee provides less than 72 hours of his/her intent to quit, said employee's wages become due and payable no later than 72 hours upon said employee's last date of employment. Defendants failed to timely pay Mr. Orozco and other aggrieved employees all final wages due to them at the time of their separation, which includes, among other things, overtime and minimum wages, meal and rest period premium wages, and underpaid sick pay wages. Further, as a matter of uniform policy and practice, Defendants continue to fail to pay aggrieved employees all earned wages at the end of employment in a timely manner pursuant to Labor Code §§ 201-203. Defendants' failure to pay all final wages was willful within the meaning of Labor Code § 203. Defendants' willful failure to timely pay Mr. Orozco and other aggrieved employees their earned wages upon separation from employment, results in a continued payment of wages up to thirty (30) days from the time the wages were due.

Sick Time Pay Violations

Defendants were required to properly pay Mr. Orozco and other aggrieved employees for all vested sick time at their regular rate of compensation pursuant to Labor Code § 246. Defendants compensated Mr. Orozco and other aggrieved employees at their base rate of pay but did not compensate Mr. Orozco or other aggrieved employees at their regular rate of pay for all such hours.

As an “aggrieved employee”, Mr. Orozco will initiate a civil action on behalf of himself and other aggrieved employees to recover damages, statutory penalties, and civil

penalties (including an amount equal to the unpaid wages) resulting from the wage and hour violations alleged herein. Based on Mr. Orozco's own investigation, and on information and belief, Defendants committed and continue to commit the following Labor Code violations:

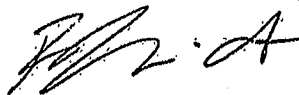
- a. Defendants violated Labor Code §§ 1182.12, 1194, 1194.2, and 1197 by failing to pay Mr. Orozco and other aggrieved employees the statutory minimum wage for all hours worked;
- b. Defendants violated Labor Code §§ 204, 510, 558, 1194 and 1198 by failing to pay Mr. Orozco and other aggrieved employees all overtime compensation earned;
- c. Defendants violated Labor Code §§ 226.7, 512, and 558, by failing to provide meal periods as required by law and failing to pay meal period premiums to Mr. Orozco and other aggrieved employees at these employees' respective regular rates of compensation for meal period violations;
- d. Defendants violated Labor Code § 226 by failing to furnish Mr. Orozco and other aggrieved employees with accurate and compliant itemized wage statements;
- e. Defendants violated Labor Code §§ 201-203 by failing to timely pay all final wages due to Mr. Orozco and other aggrieved employees;
- f. Defendants violated Labor Code § 246 by failing to pay Mr. Orozco and other aggrieved employees sick time pay at their regular rate of compensation;
- g. Defendants violated Labor Code §§ 558 and 1174 by failing to maintain accurate records on behalf of Mr. Orozco and aggrieved employees; and
- h. Defendants violated Labor Code § 204 by failing to pay Mr. Orozco and other aggrieved employees all wages earned at least twice during each calendar month.

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Pursuant to Labor Code § 2699.3, please notify us and Defendants if the LWDA intends to investigate these alleged violations of the Labor Code. Please contact me should you require additional information.

Very truly yours,
HAINES LAW GROUP, APC



Fletcher W. Schmidt

cc: Magnetic Component Engineering, LLC, Amanda Garcia, 300 N Brand Blvd, Ste 700 Glendale, CA 91203, agent for service of process (via certified mail)

Dexter Magnetic Technologies, Inc., Amanda Garcia, 300 N Brand Blvd, Ste 700 Glendale, CA 91203, agent for service of process (via certified mail)

Magnetic Holdings, LLC, Amanda Garcia, 300 N Brand Blvd, Ste 700 Glendale, CA 91203, agent for service of process (via certified mail)