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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF ORANGE

KATHLEEN GRACE, REGINA DELGADO,
ALICIA GRIJALVA, JAVIER TERRAZAS,
and all others similarly situated,

Plaintiffs,

v.

THE WALT DISNEY COMPANY, WALT
DISNEY PARKS AND RESORTS, US INC.,
SODEXO, INC., SODEXOMAGIC, LLC and
Does 1-100,

Defendants.

Case No. 30-2019-01116850-CU-OE-CXC

**SECOND AMENDED CLASS ACTION
COMPLAINT FOR DAMAGES,
INJUNCTIVE AND DECLARATORY
RELIEF**

1. Violation of Anaheim Living Wage Ordinance, Anaheim Muni. Code, Ch. 6.99 (Wages)
2. Violation of Anaheim Living Wage Ordinance, Anaheim Muni. Code, Ch. 6.99 (Service Charges)
3. Violation of Labor Code § 203 (Waiting Time Penalties)
4. Violation of Business & Professions Code §17200 *et seq.*
5. Violation of Labor Code §§ 510, 1194 & 1198 (Overtime Wages)
6. Violation of Labor Code § 226
6. Private Attorneys General Act, Representative Action for Civil Penalties, Labor Code § 2698 *et seq.*

JURY TRIAL DEMANDED

On behalf of themselves and all others similarly situated, and on behalf of the general public, plaintiffs KATHLEEN GRACE, REGINA DELGADO, ALICIA GRIJALVA and JAVIER TERRAZAS (“Plaintiffs”), bring this action against Defendants THE WALT DISNEY COMPANY and WALT DISNEY PARKS AND RESORTS, US INC. (collectively, “Disney” or “Disney Defendants”), Defendants SODEXO, INC. and SODEXOMAGIC, LLC (collectively, “Sodexo” or “Sodexo Defendants”), and Does 1-100, inclusive (collectively, “Defendants”), for: back wages, restitution, liquidated damages, penalties, interest, declaratory and injunctive relief, costs and attorneys’ fees resulting from Defendants’ unlawful conduct and unfair business practices, and as grounds therefore allege:

INTRODUCTION

1. Plaintiffs seek relief for themselves and the Plaintiff Class to remedy Defendants’ failure to compensate them in accordance with Anaheim’s Living Wage Ordinance, Anaheim Municipal Code Chapter 6.99 (“Living Wage Ordinance” or “Chapter 6.99”), enacted by initiative as Measure L in November 2018, which became effective on December 4, 2018. The Living Wage Ordinance required all businesses in the hospitality industry in the Anaheim Resort and the Disneyland Resort who benefit from subsidies received from the City of Anaheim to pay their employees at least \$15 an hour effective January 1, 2019. Disney Defendants have not complied with the Living Wage Ordinance for Plaintiffs and the Plaintiff Class despite being the recipient of massive subsidies from Anaheim in the form of tax rebates. Sodexo Defendants, subcontractors and/or lessees of Disney, have also failed to comply with the Living Wage Ordinance despite being beneficiaries of the city subsidies.

2. The City of Anaheim gave Disney over \$200 million dollars to help finance the construction of California Adventure and a parking garage to serve the new park. Disney had total discretion and control of this money, including the selection of architects, engineers and contractors for the work. The parking garage is on Disney property. Disney operates it and keeps all the revenues. When all of the construction costs are paid back, Disney will own the garage free and clear.

3. All this was paid for with what Disney would have otherwise paid in taxes. The money Anaheim gave Disney was raised by the issuance of municipal bonds. The bonds are repaid with and secured by Disney taxes. Instead of going to the City for general purposes, almost all of Disney’s

transient occupancy, sales and real property taxes go to payments on the bonds, which will not be paid off until 2036. Disney got a rebate of the best kind: it got its taxes back before it paid them.

4. In order to further secure the bonds to make them attractive to buyers, the bonds are supported by a Disney Credit Enhancement. Under this provision, Disney is obligated to make up any shortfall between bond payments that are due and Disney's taxes that are dedicated to the bonds. If this happens, the City is obligated to pay Disney back by rebating Disney's taxes, including the taxes that Disney pays after the bonds have been retired. Despite meeting all of the conditions for coverage under Chapter 6.99, including particularly benefitting from a city subsidy, Defendants have failed to comply with Chapter 6.99 for Plaintiffs and Plaintiff Class. As a consequence, they have also failed to pay overtime compensation at the proper rate and have failed to pay full compensation for all hours worked at the time when certain members of the Plaintiff Class terminated their employment.

5. Plaintiffs seek relief for themselves and the Plaintiff Class to remedy these violations. Plaintiffs and the Plaintiff Class also seek remedies for the violation of Labor Code section 226 for failure to furnish accurate itemized wage statements, and equitable remedies in the form of restitution pursuant to Business & Professions Code Section 17200 and the common law. In addition, Plaintiffs seek civil penalties on behalf of themselves and other aggrieved employees pursuant to the Private Attorneys General Act ("PAGA"), Labor Code Section 2698, *et seq.*

PARTIES

6. Plaintiffs Kathleen Grace and Javier Terrazas reside in Orange County, California, and they are citizens of California.

7. Plaintiff Alicia Grijalva resides in Los Angeles County, California, and she is a citizen of California.

8. Plaintiff Regina Delgado resides in San Bernardino County, California, and she is a citizen of California.

9. Each of the Plaintiffs, all aggrieved employees, and all members of the Plaintiff Class as defined below are, were, or will be employed by Defendants, within the State of California during the relevant statutory period.

10. Plaintiffs bring their claims on behalf of a class ("Plaintiff Class") which consists of all

1 nonexempt current, former, and future individuals employed by Defendants in Disney theme park and
2 hotels in Anaheim, California, who reside in California. Members of the Plaintiff Class were not
3 compensated in the amounts required by the Anaheim Municipal Code, California Labor Code, and
4 California Business & Professions Code.

5 11. Plaintiffs also bring this action on behalf of themselves, the general public, and all others
6 similarly situated pursuant to Business and Professions Code § 17200 *et seq.*

7 12. In addition, Plaintiffs seek relief on behalf of themselves and other aggrieved employees
8 pursuant to Labor Code § 2698, *et seq.*

9 13. Defendant The Walt Disney Company is incorporated in Delaware and its principal place
10 of business is in Los Angeles County, California.

11 14. Defendant Walt Disney Parks and Resorts U.S., Inc. is incorporated in Delaware and its
12 principal place of business is in Florida.

13 15. Defendants The Walt Disney Company and Walt Disney Parks and Resorts U.S., Inc.
14 (collectively “Disney” or “Disney Defendants”) conduct business within the County of Orange,
15 California. On information and belief, Defendant Walt Disney Parks and Resorts U.S., Inc. is a wholly-
16 owned subsidiary of Defendant The Walt Disney Company. Disney Defendants own and operate the
17 Disneyland and California Adventure theme parks in the City of Anaheim, California.

18 16. Defendant Sodexo, Inc. is incorporated in Delaware and its principal place of business is
19 Gaithersburg, Maryland.

20 17. Defendant SodexoMAGIC, LLC is incorporated in Delaware and its principal place of
21 business is Gaithersburg, Maryland.

22 18. Defendant Sodexo, Inc., and Defendant SodexoMAGIC, LLC (collectively “Sodexo” or
23 “Sodexo Defendants”) conduct business within the County of Orange, California. On information and
24 belief, SodexoMAGIC, LLC is a joint venture between Sodexo, Inc. and Magic Johnson Enterprises.
25 Sodexo Defendants own and/or operate food service establishments, including the Starbucks store, in the
26 Disneyland and California Adventure theme parks located in the City of Anaheim, California.

27 19. Sodexo Defendants are subcontractors and/or lessees of Disney Defendants and own or
28 operate food service establishments at the Disneyland and California Adventure theme parks in the City

of Anaheim, California, including the Starbucks store at the Disneyland theme park.

20. Plaintiffs are ignorant of the true names and capacities of defendants sued herein as DOES 1 through 100, inclusive, and therefore sue these defendants by such fictitious names and capacities. Plaintiffs will seek leave to amend this complaint to allege the true names and capacities of said fictitiously-named defendants once they have been ascertained. Plaintiffs are informed and believe, and on that basis allege, that at all relevant times, each of the fictitiously-named defendants was an agent or employee of the named Defendant and/or was acting within the course and scope of said agency or employment at the time of the events herein alleged, and/or was acting directly or indirectly in the interest of Defendants in relation to Plaintiffs and the Plaintiff Class. Plaintiffs are further informed and believe and on that basis allege that each of the fictitiously-named defendants aided and assisted the named Defendant in committing the wrongful acts alleged herein, and that Plaintiffs' damages, as alleged herein, were proximately caused by such defendants. To the extent that the conduct and omissions alleged herein were perpetrated by one or more defendants, the remaining defendants confirmed and ratified said conduct and omissions.

21. Plaintiffs are informed and believe and thereupon allege that at all times material herein, each defendant named herein, including DOES 1 through 100, acted as the agent, joint venturer, representative, or alter ego of or for the other defendants, and all aided and abetted the wrongful acts of the others.

JURISDICTION

22. This action is properly brought in the Superior Court of the State of California. Each cause of action enumerated below arises from California state law or the law of a municipality – the City of Anaheim – located therein.

23. Venue is proper based on the location of work performed by Plaintiffs in Orange County, the location of the Disneyland and California Adventure theme parks, the performance of various contracts pertaining to working conditions by Defendants in Orange County, as well as the location of the commission of the acts alleged herein in Orange County.

THE ANAHEIM LIVING WAGE LAW

24. Measure L added a new Chapter 6.99 to Title 6 of the Anaheim Municipal Code.

Employers subject to Chapter 6.99 must pay their employees specified minimum wages which are above federal and state-mandated minimum wage rates. Section 6.99.010.020 provides:

On and after January 1, 2019, an Employer shall pay a wage of no less than Fifteen Dollars per hour, which shall increase by One Dollar per hour on each January 1 thereafter through January 1, 2022.

Starting in 2023, the minimum wage rate increases according to a formula based on the increase in the cost of living. Section 6.99.070.030. Section 6.99.020 provides:

25. Service charges shall not be retained by an Employer but shall be paid in the entirety by the Employer to the Employee(s) performing services for the customers from whom the service charges are collected. No part of these amounts may be paid to supervisory or managerial Employees. The amounts shall be paid to the Employee(s) equitably and according to the services that are or appear to be related to the description of the amounts given by the Employer to the customers. The amounts shall be paid to the Employee(s) in the next payroll following collection of an amount from the customer. This subsection does not apply to any tip, gratuity, money, or part of any tip, gratuity, or money that has been paid or given to or left for an Employee by customers over and above the actual amount due for services rendered or for goods, food, drink, or articles sold or served to the customer. Not all employers in the City of Anaheim are subject to this law. Chapter 6.99 has a series of definitions to determine which employers are covered. The central definition is of the key term “Employer” in Section 6.99.070.060:

“Employer” means any business in the hospitality industry which benefits from a City Subsidy and directly or indirectly or through an agent or any other person, including through the services of a temporary service or staffing agency or similar entity, employs or exercises control over the wages, hours or working conditions of 25 or more employees.

26. To fall within the definition of “Employer”, an enterprise must meet several tests.

(A) The first is whether it is a “business.” Section 6.99.070.010 provides, “‘Business’ means any for-profit enterprise operated by one or more persons.”

(B) The business must be in the hospitality industry. Section 6.99.070.100 defines this term to mean “a hotel, motel, amusement or theme park, or a restaurant, snack bar, bar, tavern, lounge, club or other venue offering food or beverages which is within or adjacent to a hotel, motel or amusement or theme park, or a retail store which is within or adjacent to a hotel, motel or amusement or theme park,

located in whole or in part within The Anaheim Resort as established under Chapter 18.116 or the Disneyland Resort as established under Chapter 18.114.”

(C) It must also benefit from a City subsidy. Section 6.99.070.040 provides that a “business ‘*benefits from a City Subsidy*’ if the person or an affiliate of the person receives a City Subsidy directly or is an Employer which is a contractor or subcontractor, lessee or sublessee, or tenant or subtenant, with respect to a person or an affiliate of a person who receives a City Subsidy.”

(D) A “*City Subsidy*” is defined in Section 6.99.070.030 as “any agreement with the city pursuant to which a person other than the city has a right to receive a rebate of transient occupancy tax, sales tax, entertainment tax, property tax or other taxes, presently or in the future, matured or unmatured.”

(E) Finally, it must employ or exercise control over the wages, hours or working conditions of 25 or more employees.

FACTUAL ALLEGATIONS

27. Throughout the relevant statutory period, Plaintiffs and all members of the Plaintiff Class are and/or were nonexempt employees of Defendants and residents of California, entitled to all of the protections afforded to nonexempt employees under the Living Wage Ordinance and the California Labor Code.

28. At relevant times Defendants failed to pay Plaintiffs in accordance with requirements of the Living Wage Ordinance and failed to comply with other requirements of those statutes as alleged herein.

29. Plaintiffs allege that at all times material herein, Defendants have been aware of the Anaheim municipal law requiring payment of a living wage and service charges to employees, and have nevertheless engaged in widespread and flagrant violations of these laws.

30. Disney Defendants come within the definition of Employer under the Living Wage Ordinance. Disney is a for-profit business which owns and operates the Disneyland and California Adventure theme parks, both located in the Disneyland Resort as established under Anaheim Municipal Code Chapter 18.114. Disneyland and California Adventure are amusement or theme parks, which include restaurants, snack bars, bars, taverns, lounges, clubs and other venues offering food and

1 beverages and retail stores. Disney benefits from a City Subsidy because it has the right to receive
2 rebates of transient occupancy taxes, sales taxes and property taxes now and in the future, both matured
3 and unmatured, as a result of a series of agreements with the City of Anaheim in 1996, which are still in
4 effect, under which over \$500 million dollars in these taxes is rebated to Defendant to finance part of the
5 cost of Defendant's development of California Adventure ("1996 Agreement"), as alleged more
6 specifically below.

7 31. Sodexo Defendants come within the definition of Employer under the Living Wage
8 Ordinance as subcontractors and/or lessees of Disney who have similarly failed to comply with the
9 Living Wage Ordinance despite being beneficiaries of the city subsidies.

10 32. In late 1996, the City of Anaheim, the Anaheim Public Authority ("Authority"), Walt
11 Disney World Co. and The Walt Disney Company entered into an "Infrastructure Parking Finance
12 Agreement." The City and Walt Disney World Co. also entered into a "Development Agreement."
13 These are referred to collectively as the "1996 Agreements" in the following paragraphs of this
14 Complaint.

15 33. The purpose of the 1996 Agreements is to "provide for The Disneyland Resort Project"
16 and the expansion of the Anaheim Convention Center as well as enhancing the visual appearance and
17 improving the operation of public services in the Anaheim Resort.

18 34. "The Disneyland Resort Project" means Theme Parks, Hotel Rooms, and Retail, Dining
19 and Entertainment Uses on the Disney Property (defined as all of Disneyland, California Adventure and
20 "Strawberry Fields," parcels of real property on Katella Avenue expected to eventually become another
21 theme park).

22 35. "Disney Property" was defined as the entirety of Disneyland and California Adventure as
23 well as the "Strawberry Fields" segment.

24 36. The deal was structured as follows: the Authority issued bonds to raise \$395 million in
25 financing. The Authority leased the Convention Center and other properties (not including any of the
26 Disney Property) to the City. The City pays Disney tax revenues to the Authority as lease payments and
27 the Authority then uses these revenues for bond payments. Walt Disney World Co. and the Walt Disney
28 Company were both expressly acknowledged to be third party beneficiaries of the lease.

1 37. The revenues used to make the lease payments are the entire transient occupancy tax
2 (“TOT”) increment for all of the then-existing Disneyland hotels, plus the 750 rooms anticipated for the
3 Grand California Hotel, plus 250 more rooms (the “Supplemental Future Hotel Rooms”); the entire
4 incremental sales tax for all of Disneyland and California Adventure; and the entire incremental property
5 tax for all of Disneyland, California Adventure and “Strawberry Fields.” In each case, the increment is
6 the amount above a 1996 baseline and for the TOT and sales tax, the baseline increases by the Consumer
7 Price Index but no less than 2% per year.

8 38. There is a cap: the lease payments do not include TOT on rooms over the 1000 additional
9 rooms, and sales tax for more than 400,000 square feet of Retail, Dining and Entertainment uses
10 (defined as such uses “outside of the admission gate,” which means Downtown Disney a retail and
11 restaurant zone on Disney Property). If Downtown Disney were to exceed 400,000 square feet, then
12 sales tax on the excess would not be part of the lease payment stream. But all of the increment in sales
13 tax on sales inside the theme parks would still go to the lease payments.

14 39. The debt service on the classes of bonds used to finance California Adventure and the
15 parking garage was to increase to match the expected revenues. In other words, as prices increase, taxes
16 increase and the amounts available for lease payments increase.

17 40. Three percent of TOT for the entire City of Anaheim (except the Disney hotels) also goes
18 to the lease payments. This is where the money for the Convention Center improvements comes from,
19 with the result that Disney is only paying for the California Adventure and the parking garage and every
20 other hotel and motel is paying for the Convention Center.

21 41. The 1996 Agreements acknowledged that the ability of the Authority to pay debt service
22 on the bonds “will depend, in part, upon the timely completion and opening” of California Adventure.
23 Disney was not required to proceed with California Adventure unless the bonds were issued and the
24 proceeds met the target.

25 42. The 1996 Agreements also provided that the City could exercise its eminent domain
26 powers to secure land for either its own improvements or California Adventure. Disney was required to
27 pay for any land the City gave it, but only from its tax-financed account of bond proceeds.

28 43. A condition for the entire arrangement was that the Anaheim electorate approve Measure

1 B, which allowed Anaheim to keep TOT at 15%. The “impartial analysis” of Measure B by then-City
2 Attorney Jack White was disingenuous because it stated that the taxes “are used for a variety of general
3 governmental services, programs and capital improvements,” giving “police and fire services, as well as
4 the convention center and libraries, and repair of local streets and roads” as examples. No reference was
5 made to the planned diversion of the Disney TOT increment to the development of California Adventure
6 and the new Disney parking garage.

7 44. The bond proceeds were divided up into separate accounts. The City had one account to
8 be used for improvements on public property around California Adventure and the Convention Center
9 expansion. Disney had the other account, for California Adventure and the parking garage. The bond
10 proceeds could not be used for any other purpose. Disney had investment discretion over its account
11 and gave instructions directly to the bond Trustee for disbursements to itself, without going through the
12 City. Disney was paid directly by the Trustee from the construction account for Disney improvements,
13 after Disney submitted requisitions meeting certain requirements. No City approval or involvement was
14 called for.

15 45. The obligations on the bonds were secured by the lease payments (the tax revenues) and
16 the Disney Credit Enhancement. The “Disney Credit Enhancement” is defined as “the agreement
17 between The Walt Disney Company and the Municipal Bond Insurer for the Subordinate Lien Bonds
18 with respect to the payment of Principal Installments or interest on the Subordinate Lien Bonds,” which
19 were just the classes of bonds used to finance California Adventure and the parking garage. Disney is
20 obligated to make up any shortfall between bond payments that are due and Disney’s taxes that are
21 dedicated to the bonds. The Disney Credit Enhancement must remain in place for the term of bonds.

22 46. The lease payments from the City to the Authority, derived exclusively from Disney
23 taxes, are also to be used to reimburse the Disney for any unreimbursed amounts advanced pursuant to
24 the Disney Credit Enhancement. The bond Trustee maintains a Reimbursement Fund to reimburse
25 Disney for amounts paid under the Disney Credit Enhancement. If Disney has to pay out anything under
26 the Disney Credit Enhancement and it is not reimbursed by the end of the term of the bonds, then the
27 tax-based lease payments must be continued for up to 10 additional years in order for Disney to be paid
28 in full.

47. The California Adventure Parking Garage is on property owned by Disney, leased to the Authority, and then leased back to Disney. Disney operates garage and retains all the revenues from the garage except those from identifiable Convention Center guests.

48. The California Adventure Parking Garage is reserved for Disney's use during holidays and other peak periods. The City's use of the California Adventure Parking Garage started at 1000 spaces out of a projected 7500. This could be increased by agreement between Disney and the City but if the City's use increased to 2500, then the number of days Disney would have exclusive use of the garage (in addition to holidays) would increase from 20 to 45.

49. At the end of the lease, the parking garage belongs to Disney “free and clear” of any claims from the City or the Authority. It does not even have to allow any Convention Center use.

50. The parking garage was built on Disney property using funds derived exclusively from Disney's tax payments, and after all the costs of construction are paid back with Disney taxes, Disney owns the building and all public use is extinguished.

51. The grand total of Disney improvements paid for with tax money was \$208,279,728, including the California Adventure Parking Garage, for \$90 million dollars. This was a rebate to Disney of its taxes on a grand scale. Because Disney got the money up-front, and the bonds to raise the money of course bear interest, the total time-value amount of the rebate now exceeds half a billion dollars.

52. **Plaintiffs’ Right of Action to Enforce the LWO** – Anaheim Municipal Code Section 6.99.050.020 authorizes a private action by employees in this court to enforce the LWO. They are entitled to recover the amounts they should have been, but were not, paid under the LWO and damages, reinstatement or injunctive relief.

CLASS ALLEGATIONS

53. Proposed Class and Nature of the Class Claims. The individual Plaintiffs, as Class Representatives, bring this action on their own behalf and on behalf of a class comprised of all nonexempt current, former, and future individuals employed by Defendants in Disney theme park and hotels in Anaheim, California, who reside in California during the relevant statutory period.

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Specifically, Plaintiffs seek certification of the following class:

All nonexempt current and former individuals employed by Defendants in Disney theme parks and hotels in Anaheim, California, on or after January 1, 2019, who reside in California, and who were not paid hourly wages of at least the amounts required by Title 6, Chapter 6.99 of the Anaheim Municipal Code at any time from January 1, 2019, to the entry of judgment in this action.

Plaintiffs additionally seek certification of the following service charge class only as to the Disney Defendants:

All nonexempt current and former individuals employed by Disney in Disney theme parks and hotels in Anaheim, California, on or after January 1, 2019, who reside in California, and who were not paid service charges of at least the amounts required by Title 6, Chapter 6.99 of the Anaheim Municipal Code at any time from January 1, 2019, to the entry of judgment in this action.

54. Numerosity. The size of the Plaintiff Class makes a class action both necessary and efficient. On information and belief, Plaintiffs estimate that the Plaintiff Class consists of more than four hundred current and former employees and an indefinite number of future employees. Members of the Plaintiff Class are ascertainable but so numerous that joinder is impracticable. The Plaintiff Class includes future class members whose joinder is inherently impossible.

55. Typicality. The claims of the Class Representatives are typical of the claims of the class as a whole. Each of the Class Representatives is and/or was employed by Defendant during the relevant statutory period. Each of the Class Representatives was underpaid, and continues to be underpaid, because of Defendants' unlawful employment policies and practices. The unlawful policies and practices that have operated to deny the Class Representatives wages, other compensation, and protections required by law are typical of the unlawful practices that have and will continue to operate to deny other class members the compensation and benefits to which they are entitled.

56. Common Questions of Law and Fact. This case poses common questions of law and fact affecting the rights of all class members, including but not limited to: Whether the following compensation policies and practices are unlawful under the Living Wage Ordinance, California Labor Code and/or IWC Wage Orders:

- A. Failure to pay employees a “living wage,” as required by the Anaheim Living Wage Ordinance (‘LWO’) Anaheim Municipal Code, Chapter 6.99;
- B. Failure to pay employees wages for overtime hours worked at a rate in compliance with the LWO;
- C. Failure to pay the entirety of service charges to the employee(s) performing services for the customers from whom the service charges are collected;
- D. Failure to pay waiting time penalties, as required by Labor Code § 203;
- E. Failure to comply with the wage statement requirements of Labor Code § 226;
- F. What relief is necessary to remedy Defendants’ unfair and unlawful conduct as herein alleged; and
- G. Other questions of law and fact.

57. Adequacy of Class Representation. The Class Representatives can adequately and fairly represent the interests of the Plaintiff Class as defined above, because their individual interests are consistent with, not antagonistic to, the interests of the class.

58. Adequacy of Counsel for the Class. Counsel for Plaintiffs possess the requisite resources and ability to prosecute this case as a class action and are experienced labor and employment attorneys who have successfully litigated other cases involving similar issues.

59. Propriety of Class Action Mechanism. Class certification is appropriate because Defendants have implemented a scheme which is generally applicable to the Plaintiff Class, making it appropriate to issue final injunctive relief and corresponding declaratory relief with respect to the class as a whole. Class certification is also appropriate because the common questions of law and fact predominate over any questions affecting only individual members of the class. Further, the prosecution of separate actions against Defendants by individual class members would create a risk of inconsistent or varying adjudications which would establish incompatible standards of conduct for Defendants. For all these and other reasons, a class action is superior to other available methods for the fair and efficient adjudication of the controversy set forth in this complaint.

ALLEGATIONS OF CLASS REPRESENTATIVES

60. Plaintiffs Kathleen Grace and Javier Terrazas reside in Orange County, California. Plaintiff Regina Delgado resides in San Bernardino County, California, and Alicia Grijalva resides in Los Angeles County, California. Plaintiffs and all members of the Plaintiff Class as defined below are, were, or will be employed by Defendants, within the state of California during the relevant statutory

1 period.

2 61. Kathleen Grace. Kathleen Grace was employed by Sodexo Defendants starting in August
3 2016. Throughout her employment with Defendants, Ms. Grace was classified as a nonexempt
4 employee. She is employed as a barista at the Starbucks store owned and/or operated by Sodexo
5 Defendants in the Disneyland theme park. Sodexo Defendants have consistently not paid Ms. Grace in
6 accordance with the applicable living wage law since January 1, 2019. Her hourly wage was \$14.25 in
7 December 2019.

8 62. Regina Delgado. Regina Delgado was employed by Disney Defendants starting in June
9 2014. Throughout her employment with Disney Defendants, Ms. Delgado was classified as a
10 nonexempt employee. She works as a cashier at the Plaza Inn restaurant inside the Disneyland theme
11 park. Disney Defendants have consistently not paid Ms. Delgado in accordance with the applicable
12 living wage law from January 1, 2019 to October 1, 2019. Her hourly wage was \$12.00 prior to October
13 1, 2019.

14 63. Alicia Grijalva. Alicia Grijalva has been employed by Disney Defendants since October
15 2017. Throughout her employment with Disney Defendants, Ms. Delgado has been classified as a
16 nonexempt employee. She works in the Disneyland theme park as a make-up artist and stylist. Disney
17 Defendants have consistently not paid Ms. Grijalva in accordance with the applicable living wage law
18 from January 1, 2019 to July 1, 2019. Her hourly wage was \$12.00 prior to July 1, 2019.

19 64. Javier Terrazas. Javier Terrazas has been employed by Disney Defendants since
20 September 2011. Throughout his employment with Defendants, Mr. Terrazas has been classified as a
21 nonexempt employee. He is a banquet event server at the Disneyland Hotel. Disney Defendants have
22 consistently not paid Mr. Terrazas in accordance with the applicable living wage law since January 1,
23 2019. His hourly wage was \$12.00 as of December 2019.

24 **FIRST CAUSE OF ACTION**
25 **CLASS ACTION CLAIM FOR FAILURE TO PAY LIVING WAGE**

26 [Plaintiffs against All Defendants]

27 65. Plaintiffs reallege and incorporate by reference the allegations contained in paragraphs 1
28 through 64 above.

66. At all relevant times, Defendants failed to conform their pay practices to the requirements of the law as follows: As set forth in Chapter 6.99, employers are required to pay each employee, at a minimum, \$15 per hour, increasing by \$1 per hour on each January 1 thereafter through January 1, 2022 and thereafter according to a formula based on the increase in the cost of living.

67. Defendants, at all times subsequent to the effective date of said ordinance, compensated members of the Plaintiff Class by paying them lower wages than those required by the ordinance. Defendants' actions resulted in members of the Plaintiff Class not receiving the compensation required under the ordinance, and Defendants failed to pay and deduct required payments for Social Security, Medicare, disability, unemployment insurance taxes, and employment training tax.

68. Defendants' actions also resulted in widespread workers' compensation premium fraud, and deprived employees of employer contributions for their Social Security retirement, unemployment, and disability benefits.

SECOND CAUSE OF ACTION
CLASS ACTION CLAIM FOR FAILURE TO PAY REQUIRED SERVICE CHARGES UNDER
THE LIVING WAGE ORDINANCE

[Plaintiffs against The Walt Disney Company, Walt Disney Parks and Resorts, US Inc.]

69. Plaintiffs reallege and incorporate by reference the allegations contained in paragraphs 1 through 68 above.

70. At all relevant times, Defendants The Walt Disney Company and Walt Disney Parks and Resorts, US Inc. failed to conform their pay practices to the requirements of the law as follows: As set forth in Section 6.99.020, employers are required to pay the entirety of service charges to the employee(s) performing services for the customers from whom the service charges are collected.

71. Defendants The Walt Disney Company and Walt Disney Parks and Resorts, US Inc., at all times subsequent to the effective date of said ordinance, failed to pay the entirety of service charges to the employee(s) performing services for the customers from whom the service charges are collected. Said Defendants' actions resulted in members of the Plaintiff Class not receiving the compensation required under the ordinance, and Defendants failed to pay and deduct required payments for Social Security, Medicare, disability, unemployment insurance taxes, and employment training tax.

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1 **THIRD CAUSE OF ACTION**
2 **CLASS ACTION CLAIM FOR FAILURE TO PAY TIMELY WAGES,**
3 **LABOR CODE SECTION 203**

4 [Plaintiffs against All Defendants]

5 72. Plaintiffs reallege and incorporate by reference the allegations contained in paragraphs 1
6 through 71 above.

7 73. At all relevant times, Defendants failed to conform their pay practices to the requirements
8 of the law as follows: Members of the Plaintiff Class who resigned or were terminated were not paid the
9 wages due to them at the time they left their employment, including, but not limited to, payments
10 associated with the company's obligations under the Living Wage Ordinance, entitling them to recover
11 waiting time penalties equal to up to thirty days' pay pursuant to Labor Code § 203.

12 **FOURTH CAUSE OF ACTION**
13 **UNFAIR BUSINESS PRACTICES**
14 **IN VIOLATION OF CALIFORNIA BUSINESS AND**
15 **PROFESSIONS CODE SECTIONS 17200, ET SEQ.**

16 [Plaintiffs against All Defendants]

17 74. Plaintiffs reallege and incorporate by reference the allegations contained in paragraphs 1
18 through 73 above.

19 75. This claim is brought by the Class Representatives on behalf of themselves, the Plaintiff
20 Class, and the general public, pursuant to Business and Professions Code §§ 17200, *et seq.*

21 76. Defendants' conduct in failing to pay the living wage to Plaintiffs and the Plaintiff Class
22 constitutes unfair, unlawful, and fraudulent business practices which have been and continue to be
23 deleterious to Plaintiffs and to those similarly situated and to the general public.

24 77. Business and Professions Code §§ 17200, *et seq.* prohibits unlawful, unfair, and
25 fraudulent business practices. Plaintiffs seek to enforce important rights affecting the public interest
26 within the meaning of Code of Civil Procedure § 1021.5.

27 78. Plaintiffs are "persons" within the meaning of Business and Professions Code § 17204,
28 with standing to bring this suit for injunctive relief, restitution, disgorgement, and other appropriate
equitable relief on behalf of all similarly-situated employees and on behalf of the general public.

1 79. Labor Code § 90.5(a) sets forth the public policy of this State to enforce minimum labor
2 standards vigorously, to ensure that employees are not required or permitted to work under substandard
3 and unlawful conditions, and to protect employers who comply with the law from those who attempt to
4 gain a competitive advantage by failing to comply with minimum labor standards.

5 80. Through the conduct alleged herein, Defendants have acted contrary to these public
6 policies, have violated specific provisions of the Labor Code, and have engaged in other unlawful and
7 unfair business practices in violation of Business and Professions Code §§ 17200, *et seq.*, depriving
8 Class Representatives, members of the Plaintiff Class, and other interested persons of rights, benefits,
9 and privileges guaranteed to all employees in California.

10 81. At all times relevant to this action, Defendants have committed unfair and unlawful
11 business practices within the meaning of Business & Professions Code §§ 17200, *et seq.* by engaging in
12 conduct which includes, but is not limited to, failing to pay legally-required Living Wage and the failure
13 to pay all wages owed at the time of termination.

14 82. As a direct and proximate result of these unfair business practices, Defendants have
15 received and continue to receive funds that rightfully belong to Plaintiffs.

16 83. Plaintiffs are entitled to, and hereby seek such relief as may be necessary to restore to
17 them the funds of which Plaintiffs have been deprived, by means of Defendants' unlawful and unfair
18 business practices.

19 84. Pursuant to Business and Professions Code § 17203, injunctive relief is necessary to
20 prevent Defendants from continuing to engage in unfair business practices as alleged herein.
21 Defendants, and persons acting in concert with them, have done, are now doing, and will continue to do
22 or cause to be done, the above-described unlawful acts unless restrained and enjoined by this Court.
23 Unless the relief prayed for below is granted, a multiplicity of actions will result. Plaintiffs have no
24 plain, speedy, or adequate remedy at law, in that it is difficult to measure the amount of monetary
25 damages that would compensate Plaintiffs or the general public for Defendants' wrongful acts. Further,
26 pecuniary compensation alone would not afford adequate and complete relief. The above-described acts
27 will cause great and irreparable damage to Plaintiffs and the general public if injunctive relief is not
28 granted.

FIFTH CAUSE OF ACTION
FAILURE TO PAY OVERTIME WAGES,
LABOR CODE SECTIONS 510, 1194 & 1198

[Plaintiffs against All Defendants]

85. Plaintiffs reallege and incorporate by reference the allegations contained in paragraphs 1 through 84 above.

86. At all relevant times, Defendants failed to conform their pay practices to the requirements of the law as follows:

87. During times relevant to this action, California Labor Code § 1198 and IWC Wage Orders required employers to pay employees, including all members of the Plaintiff Class, additional compensation beyond their regular wages in amounts specified by law for all overtime hours worked. California Labor Code §§ 1194(a) and 1194.2(a) provide that an employee who has not been paid overtime compensation as required by § 1198 may recover the unpaid balance of the full amount of such wages, interest, attorneys' fees and the costs of suit. At all times relevant herein, the IWC Wage Orders were applicable to the Plaintiff Class.

88. Labor Code § 510 and the applicable Wage Orders require employers to pay employees one-and-one-half times their regular hourly rate for all hours worked in excess of eight hours in a workday and 40 hours in a week, and double the regular rate of pay for hours worked in excess of 12 hours in workday.

89. Labor Code § 1194 provides that an employee who has been paid less than the legal overtime compensation may recover the unpaid balance of the full amount of all overtime wages owed, with interest thereon, together with reasonable attorney's fees and costs of suit.

90. At all relevant times, Defendants failed to conform their pay practices to the requirements of the law. This unlawful conduct includes, but is not limited to, failing to pay to Plaintiffs the overtime compensation to which they were and are entitled under the California Labor Code and the applicable IWC Wage Orders.

91. As a direct and proximate result of Defendants' acts and failures to act as alleged herein. Plaintiff and putative class members have suffered and will continue to suffer reasonable, foreseeable and ascertainable damages and are entitled to damages in amounts to be proven at trial.

SIXTH CLAIM FOR RELIEF
FAILURE TO FURNISH ACCURATE ITEMIZED WAGE STATEMENTS
LABOR CODE § 226

[Plaintiffs Against All Defendants]

92. Plaintiffs reallege and incorporate by reference the allegations contained in paragraphs 1 through 91 above.

93. Labor Code § 226(a) requires employers to provide itemized wage statements which accurately show the total hours worked by the employee, their rate or rates of pay, and their gross and net wages earned.

94. Labor Code § 226(e) provides that if an employer knowingly and intentionally fails to provide such an itemized statement, then the employee 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) 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.

95. Defendants knowingly and intentionally failed and continue to fail to provide each Plaintiff and member of the class with an accurate itemized statement in writing showing gross and net wages earned and all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the Plaintiff, in violation of California Labor Code § 226. Defendants' wage statements for each pay period worked by each member of the class understate the applicable straight-time wage rate, overtime wage rate and premium wage rates by using wage rates lower than those required by Measure L and reporting the lower rates on the wage statements.

96. Plaintiffs and the Plaintiff Class have suffered injury from Defendants' knowing and intentional violation of California Labor Code § 226 because they cannot promptly and easily determine from the wage statement alone the amount of the gross wages or net wages earned by them during each pay period or the applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate. Defendants make no allusions in the wage statements to the Living Wage Ordinance or the wage rates that the Living Wage Ordinance requires. Plaintiffs and the Plaintiff Class cannot use these wage statements to determine whether they had been paid properly without additional information about the applicable Living Wage Ordinance rates and mathematical re-

1 computation of earned wages based on those rates and calculation of the difference between what they
2 should have earned and what Defendants actually paid them.

3 97. Plaintiffs and the Plaintiff Class request the relief described below, including that the
4 applicable penalties be paid to them for each of Defendants' inaccurate wage statements.

5 **SEVENTH CAUSE OF ACTION**
6 **Representative Action for Civil Penalties**
7 **[Cal. Labor Code §§ 2698- 2699.5]**
8 **[Plaintiffs Against all Defendants]**

9 98. Plaintiffs reallege and incorporate by reference the allegations contained in paragraphs 1
10 through 97 above.

11 99. Each Plaintiff is an "aggrieved employee" within the meaning of Labor Code § 2699(c),
12 and a proper representative to bring a civil action on behalf of herself and other current and former
13 employees of Defendants pursuant to the procedures specified in Labor Code § 2699.3, because
14 Plaintiffs were employed by Defendants and the alleged violations of the Labor Code were committed
15 against Plaintiffs.

16 100. Pursuant to the California Private Attorneys General Act of 2004 ("PAGA"), Labor Code
17 §§ 2698-2699.5, Plaintiffs seek to recover civil penalties, including but not limited to, penalties under
18 Labor Code §§ 2699, 558, 1197.1, 1199, 226.3 and Section 20 of the applicable IWC Wage Orders,
19 from Defendants in a representative action for the violations set forth above, including, but not limited
20 to, violations of Labor Code §§ 201, 202, 203, 226, 510, 1194, 1197, and 1198. Plaintiffs are also
21 entitled to an award of reasonable attorneys' fees and costs pursuant to California Labor Code §
22 2699(g)(1).

23 101. On December 6, 2019, Plaintiffs sent notices to Defendants and the California Labor and
24 Workforce Development Agency (LWDA) notifying them of the specific violations and the facts and
25 theories supporting those violations.

26 102. Named Plaintiffs have exhausted their administrative remedies as required by Labor
27 Code section 2699.3(a). Plaintiffs through counsel notified the employer Defendants and the Labor and
28 Workforce Development Agency (LWDA) of the specific labor violations alleged in the original
complaint, along with the facts and theories supporting their claims. The LWDA did not investigate, did

not issue a citation, and failed to respond to the notice within 65 days.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs respectfully pray that this Court award relief as follows:

1. An order certifying this case as a class action and appointing Plaintiffs and their counsel to represent the Class;
2. Unpaid wages, unpaid service charges, statutory penalties, and PAGA penalties, according to proof;
3. Preliminary and permanent injunctions enjoining and restraining Defendants from continuing the unfair and unlawful business practices set forth above and requiring the establishment of appropriate and effective means to prevent future violations;
4. Restitution of all compensation due, including but not limited to unpaid wages, as a result of Defendants' unlawful and unfair business practices, according to proof;
5. An award of disgorgement of profits and all other equitable relief for Defendants' unlawful and unfair business practices, according to proof;
6. Declaratory relief;
7. Reasonable attorneys' fees and costs;
8. Interest; and
9. Such other and further relief as the Court deems just and proper.

JURY TRIAL DEMAND

Plaintiffs hereby demand a jury trial on all issues so triable.

DATED: December 31, 2024

Respectfully submitted,

MCCRACKEN, STEMERMAN & HOLSBERRY, LLP

HADSELL STORMER RENICK & DAI LLP



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