

Eastern District of California Finds Joint Employer Liability Sufficiently Alleged and Permits Meal and Rest Break Claims to Proceed

In February 2022, the United States District Court for the Eastern District of California denied defendant park operators' motion to dismiss in part, finding that plaintiffs adequately pleaded joint employer liability along with their claims for meal and rest break violations, but granted without leave to amend plaintiffs' claims for minimum and overtime wages and inaccurate wage statements. Plaintiffs' second amended complaint alleges, among other things, that the "spread-out structure" of defendants' facilities and the "practice of understaffing these facilities" impeded plaintiffs from taking rest breaks, that defendants did not schedule sufficient employees to relieve nonexempt employees during their meal and rest breaks, and that plaintiffs "often" worked overtime hours, but were not paid for all overtime hours worked. In their motion to dismiss, defendants explained that defendants Sequoia, Yosemite, Kings Canyon, and Tenaya Lodge were wholly owned subsidiaries of DNC Parks & Resorts, which is the wholly owned subsidiary of Delaware North. The court concluded that plaintiffs' complaint adequately alleged a joint employer relationship under California law, where plaintiffs claimed that defendant Delaware North had authority to discipline and terminate plaintiffs and that plaintiffs were in fact disciplined under Delaware North policies, which was sufficient to show that Delaware North was "directly linked to plaintiffs and exercised some control over them." The court further found that plaintiffs' allegations—identifying specific instances where rest and meal breaks were not fully taken, explaining that meal breaks were taken late on certain days, and alleging that defendants had policies controlling where rest and meal breaks could be taken—were sufficient to state meal and rest break claims and led to the inference that the defendants were exercising control over where an employee's meal or rest breaks could be taken, contrary to California law. The court, however, dismissed plaintiffs' minimum and overtime wage claims, explaining that to successfully state a minimum or overtime wage claim, a plaintiff must identify "at least one workweek when he worked in excess of forty hours and was not paid for the excess hours in that workweek, or was not paid minimum wages." The plaintiffs fell short of stating a plausible claim for failure to pay minimum and overtime wages because they failed to allege the approximate number of hours worked per week during the applicable period or roughly how often plaintiffs worked more than 40 hours per week. Although plaintiffs included specific dates in their second amended complaint, their allegations remained vague and amounted only to legal conclusions with no supporting factual allegations. Finally, the court dismissed plaintiffs' claims under California Labor Code § 226, which requires employers to provide itemized wage statements to employees. The abbreviation of an employer's name on the wage statement was insufficient to state a cognizable claim, and the court explained that plaintiffs' allegation that one wage statement did not include all hours worked and did not state an accurate overtime rate of pay was "too vague" and did not allege a cognizable injury, pointing to similar California case law that dismissed a plaintiff's wage statement claim alleging only that "the amount he was paid was incorrect, not that the wage statements inaccurately reflected the wage he was paid." The court's decision confirms that while leave to amend is liberally granted, such leave is not without limits; where further amendments would be futile and unduly prejudicial to defendants, judges will take action to exclude claims where the allegations are insufficient to state a claim that is plausible on its face. For more information, the complete decision may be found at *Perez v. DNC Parks & Resorts at Asilomar, Inc.*, 2022 WL 411422 (E.D. Cal. 2022). Businesses and individuals with questions regarding California wage and hour laws should contact experienced counsel for guidance on related policies and practices.

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