



As previously discussed [here](#), the California Supreme Court determined that "missed-break premium pay constitutes wages" for purposes of waiting-time penalties pursuant to California Labor Code Section 203 in *Naranjo v. Spectrum Security Services, Inc.* The Supreme Court also found that employers must include missed-break premium pay on wage statements. It then remanded the case to the California Second District Court of Appeal, Division Four, to determine (1) whether the trial court erred in finding the employer acted "willfully" in failing to timely pay employees premium pay and (2) whether the failure to include missed-break premium pay on a wage statement was "knowing and intentional."

On remand, the Court of Appeal [held](#) that (1) the employer's failure to pay meal premiums was not "willful" pursuant to Labor Code section 203 and (2) "because an employer's good faith belief that it is in compliance with

section 226 precludes a finding of a knowing and intentional violation of that statute, the trial court erred by awarding penalties, and the associated attorneys' fees, under section 226." Had the Court of Appeal held otherwise, the Labor Code could have subjected the employer to significant penalties, including, for example, penalties equivalent to 30 days' wages under California Labor Code section 203 and additional penalties under California Labor Code 226(e) for knowingly and intentionally failing to provide a complete and accurate wage statement.

Although the Court of Appeal's decision was based on the facts presented in the case, employers facing wage-and-hour class actions may wish to refer to the Court of Appeal's analysis regarding "willfulness" and "knowing and intentional" violations.

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