



**Protect Your Business - Prevent Penalties**

# **Restaurants**

Department of Industrial Relations  
Labor Enforcement Task Force (LETF)

2024



# Penalties

**NOT following the law will hurt your business.**

Here are some examples of the kinds of penalties you would owe your workers and state agencies.

<b>IF YOU:</b>	<b>YOU WOULD OWE:</b>
<b>Misclassify employees as independent contractors</b>	Fines of \$5,000 to \$25,000 per violation, plus unpaid payroll taxes
<b>Fail to pay the minimum wage or overtime; fail to provide rest and meal breaks</b>	All wages owed, plus penalties
<b>Fail to provide a pay stub</b>	\$250 per employee each time they are paid
<b>Violate health and safety regulations</b>	Up to \$25,000 for each serious violation and a possible shutdown of operating equipment
<b>Punish or retaliate against workers</b>	All wages owed, a fine of up to \$10,000 per employee, and workers get their jobs back
<b>Fail to have workers' compensation insurance</b>	At least \$1,500 per employee, and no one can work until all workers are covered
<b>TOTAL:</b>	<b>NOT WORTH THE RISK!</b>

In some cases, criminal charges may be filed. You may serve up to 10 years in jail.

This brochure describes some of the common problems LETF inspectors find in the restaurants. It also lists where you can get help.

## Labor Commissioner's Office Reaches \$2 Million Settlement with Restaurant.

An investigation began found that workers were paid a salary in cash and were not compensated for overtime, split shifts, meal periods and contract wages.

Provide a workplace free of discrimination and harassment

Pay at least minimum or prevailing wage and overtime for extra hours

Allow workers to bring up concerns without punishing them

Give rest and meal breaks

Pay all payroll taxes and keep records of employees and contractors

Provide a safe and healthy workplace

Have workers' compensation insurance

As an employer, some of your **KEY RESPONSIBILITIES** are to:

# Problems LETF finds in restaurants

## Employee Hiring

Restaurant employers are often cited for:

1. Misclassifying employees as independent contractors.

In September 2019, Governor Newsom signed Assembly Bill (AB) 5 into law. The law addresses the “employment status” of workers when they are claimed to be an independent contractor and not an employee. For more information, visit the Employment Status Portal:

<https://www.labor.ca.gov/employmentstatus/>.

2. Not keeping all required records.

You must keep records of all your employees for the past four years. This should include name, address, job type, and last four digits of the Social Security number. For minors under 18, you must list their dates of birth.

## Wages and Breaks

Restaurant employers are often cited for:

1. Not paying workers the wages they are owed.

- You must pay at least minimum wage for all hours worked. If the city where you are working or the federal government has a higher minimum wage than the state, then you must pay whichever of those rates is the highest. For minimum wage rates, see page 4.
- You must pay overtime (1½ times the regular rate of pay) and double-time (twice the regular rate of pay) according to the rules stated in Industrial Wage Commission Order No. 16-2001 (which must be posted at your workplace where employees can read it easily).

2. Counting tips toward the wages.

Tips are separate from wages. You cannot use tips as payment toward minimum wage.

For example, you cannot pay \$10 per hour and use a worker’s tips to reach the minimum wage

3. Not allowing rest or meal breaks.

Workers must receive:

- A paid 10-minute rest break for every 4 hours of work.
- An unpaid meal break of at least 30 minutes if they work more than 5 hours. (An employee can agree to skip meal breaks if the workday is 6 hours or less.)

4. Not giving pay stubs or not paying payroll tax.

You must give out pay stubs, list the deductions, and pay payroll tax. For each pay period, keep records of work hours and amounts paid to each worker.

Visit: [www.dir.ca.gov/dlse/DLSE-FAQs.htm](http://www.dir.ca.gov/dlse/DLSE-FAQs.htm) for more information on all the items that must be included in a wage stub.

## Worker Health and Safety

Restaurant employers are often cited for not complying with Cal/OSHA regulations, such as:

- Keeping permanent floors and platforms free of dangerous projections or obstruction, maintained in good repair, and reasonably free of oil, grease, or water (Section 3273).
- Storing and transporting compressed gas cylinders in a manner to prevent them from creating a hazard by tipping, falling, or rolling (Section 4650).
- Developing, implementing and maintaining an effective, written Hazard Communication Program (Section 5194).
- Ensuring proper care, use, inspection and maintenance of ladders (Section 3276).
- Providing and ensuring the use of personal protective equipment that workers need to work safely.
- Effectively establishing, implementing, and maintaining an Injury and Illness Prevention Program (IIPP) that, among other things, identifies and corrects hazards, trains workers on the hazards they may be exposed to and how to protect themselves, and allows workers to make suggestions without threat of being fired or punished (Section 3203).
- Effective hazard-specific employee and supervisor training and adequate documentation.

Safety training must be in a language that workers understand. Keep records that include date, type of training, name of trainer, and names of workers who attended. You must pay workers for the time they spend in training.

Refer to Title 8, California Code of Regulations ([www.dir.ca.gov/samples/search/query.htm](http://www.dir.ca.gov/samples/search/query.htm)) for details on all Cal/OSHA requirements, and guidance documents ([www.dir.ca.gov/dosh/PubOrder.asp](http://www.dir.ca.gov/dosh/PubOrder.asp)) that may be applicable to restaurant operations.



## Retaliation is illegal

Employers can be required to reinstate fired employees, pay employees' lost wages, and pay fines up to \$10,000 per employee if they punish or fire workers for:

- **Speaking up** about wages that are owed to them.
- **Reporting** an injury or a health and safety hazard.
- **Filing** a claim or complaint with a government agency.

## It is illegal for employers to threaten or retaliate against workers in any way.

For example, employers cannot:

- **Threaten** workers with deportation
- **Punish** workers with undesirable tasks
- **Fire** workers or send them home
- **Prevent** workers from getting a different job.

You do not have to agree with the workers. If you are complying with labor laws and Cal/OSHA regulations, you do not have to make the changes that are being requested. But everyone benefits when workers feel safe enough to bring up concerns. Listen to your employees and involve them in coming up with solutions that work for everyone.

## Stay up to date with new labor laws

Below are some resources to help you stay updated and comply with important recent changes to labor laws:

- **Paid Sick Leave.** Employers must do several things to comply with the Healthy Workplace Health Family Act; visit [www.dir.ca.gov/dlse/California-Paid-Sick-Leave.html](http://www.dir.ca.gov/dlse/California-Paid-Sick-Leave.html).
- **Piece-Rate Compensation.** Effective January 1, 2016, AB 1513 adds section 226.2 to the Labor Code concerning how to compensate piece-rate workers for required breaks and other nonproductive time. Visit [www.dir.ca.gov/pieceratebackpayelection/AB\\_1513\\_FAQs.htm](http://www.dir.ca.gov/pieceratebackpayelection/AB_1513_FAQs.htm).



## Schedule for California Minimum Wage Rate, 2020 - 2024

Date	Minimum wage for employers with 25 employees or less	Minimum wage for employers with 26 employees or more
Jan. 1, 2020	\$12.00/hour	\$13.00/hour
Jan. 1, 2021	\$13.00/hour	\$14.00/hour
Jan. 1, 2022	\$14.00/hour	\$15.00/hour
Jan. 1, 2023	\$15.50/hour	\$15.50/hour
Jan. 1, 2024	\$16.00/hour	\$16.00/hour

## Where to Get Help

There are resources that can help you understand which laws apply to you and how to comply.

### LETF

Call the Labor Enforcement Task Force (LETF) toll free at [855-297-5322](tel:855-297-5322) or go to [www.dir.ca.gov/letf](http://www.dir.ca.gov/letf).

### Cal/OSHA

Call Cal/OSHA Consultation at [800-963-9424](tel:800-963-9424) or go to [www.dir.ca.gov/dosh/consultation.html](http://www.dir.ca.gov/dosh/consultation.html).

Consultation Services provides free health and safety consultation to employers. Consultation Services is separate from the Cal/OSHA Enforcement Branch. All your communications with Consultation Services are confidential.

- Cal/OSHA provides a model Hazard Communication Program and IIPP, along with other guidance materials at [www.dir.ca.gov/dosh/PubOrder.asp](http://www.dir.ca.gov/dosh/PubOrder.asp).
- Go to [www.dir.ca.gov/samples/search/query.htm](http://www.dir.ca.gov/samples/search/query.htm) to find regulations about specific hazards (Title 8 standards).

### Other sources of help

- Restaurant Associations
- Small Business Development Centers
- Your workers' compensation insurance broker can offer assistance, including help with developing a safety plan.
- The Governor's Office of Business and Economic Development (GO-Biz): [www.business.ca.gov](http://www.business.ca.gov)



As a restaurant business owner, you have a lot to consider. You bring jobs to the community and create landscapes for people to enjoy. When you understand and comply with labor laws, you protect the investment you have made, promote a positive image, and avoid paying penalties.

Through the Labor Enforcement Task Force (LETF), under the direction of the Department of Industrial Relations, California agencies work together to make sure employers are following labor, health and safety, licensing, and payroll tax laws. LETF can help you understand which laws apply to you and how to comply. LETF also inspects businesses and cites employers if violations are found.

This booklet provides general information and is not meant to serve as legal advice. It was developed by the Department of Industrial Relations and its Labor Enforcement Task Force with assistance from the Labor Occupational Health Program at UC Berkeley.