

Starbucks Ordered to Repay Baristas Over \$100 Million; Paying Supervisors from “Tip Pool” Unlawful and Must Stop Says Court

March 20, 2008, San Diego, CA

A Superior Court in San Diego, California today ordered Starbucks to repay Baristas over \$100 million in tip pool money that Starbucks used to compensate Shift Supervisors. Last month, the Court ruled that Starbucks’ practice of paying Shift Supervisors from the tip pool violates California law. Judge Patricia Yim Cowett ordered the Seattle-based coffee company to begin complying with California law immediately.

On February 28, 2008, the Court ruled that Shift Supervisors are “agents” under California law because they “supervise and direct” the work of Baristas, and therefore cannot share in the same tip pool as Baristas. The Court’s restitution order covers over 100,000 current and former Baristas who worked for Starbucks in California from October 8, 2000 through the date of trial. The case is *Chau v. Starbucks Corporation*, GIC 836925.

“I feel vindicated,” said named plaintiff Jou Chau, a college student who worked as a Barista in 2003-2004. “Tips really help those receiving the lowest wages. I think Starbucks should pay Shift Supervisors higher wages instead of taking money from the tip pool.”

“Today’s verdict sends a clear message that even a huge corporation like Starbucks is not above the law. The Court held Starbucks accountable,” said lead trial counsel, David Lowe, a partner at Rudy, Exelrod & Zieff in San Francisco.

Nicole Dorsey, a current Starbucks Shift Supervisor, feels the Court’s order is fair. “I enjoy working at Starbucks, and I think it’s important for Starbucks to follow California law. If that means I can’t receive tips from the tip pool with Baristas, I’m fine with that decision and am happy to continue working for Starbucks.”

“Starbucks illegally took a huge amount of money from the tip pool to pay Shift Supervisors, rather than paying them out of its own pocket. The Court’s verdict rightfully restores that money to the Baristas,” said Laura L. Ho, who tried the case with Mr. Lowe, and is a partner at Goldstein, Demchak, Baller, Borgen & Dardarian in Oakland, CA.

The Court has set a further hearing to take place on May 1, 2008 for post-judgment proceedings.

The named plaintiff and the class members were represented at trial by David Lowe of Rudy, Exelrod & Zieff, LLP, Laura L. Ho of Goldstein, Demchak, Baller, Borgen & Dardarian, A. Eric Aguilera of Bohm, Matsen, Kegel & Aguilera, LLP, and Terry J. Chapko of the Law Offices of Terry J. Chapko.

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