

STATE OF MINNESOTA
COUNTY OF MOWER

DISTRICT COURT
THIRD JUDICIAL DISTRICT
Case Type 7: Employment

Daniel Lenway, Dalia Cruz Ayala,
Juan Cruz Gastelum, and Jason Novak,
individually and on behalf of those
similarly situated,

Case No. _____

Plaintiffs,

COMPLAINT

JURY TRIAL DEMANDED

v.

Hormel Foods Corporation,

Defendant.

Plaintiffs Daniel Lenway, Dalia Cruz Ayala, Juan Cruz Gastelum, and Jason Novak, on behalf of themselves and those similarly situated (the “Rule 23 Class”), allege for their Complaint as follows:

INTRODUCTION

1. This case arises under the Minnesota Earned Sick and Safe Time (“ESST”) statutes, which require employers in Minnesota to provide their employees with paid leave benefits that the employees may use to avoid loss of pay when absent from work for various enumerated reasons such as the employee’s illness or injury, to care for an ill or injured family member, to attend medical appointments, absences related to domestic abuse or sexual assault, closure of the workplace due to weather or public emergency, and various other circumstances defined by statute. *See* Minn. Stat. §§ 181.9445–.9448.

2. Defendant Hormel Foods Corporation (“Defendant”) employs, or has employed, hundreds of individuals, including Plaintiffs and the Rule 23 Class, who were entitled to accrue, use, and carry over paid ESST benefits beginning January 1, 2024, when Minnesota’s ESST law went into effect. *See* 2023 Minn. Laws ch. 53, art. 12, § 9.

3. Nonetheless, during the fourteen-month period from January 1, 2024, to March 1, 2025, Defendant willfully failed and refused to provide Plaintiffs and the Rule 23 Class with the paid ESST benefits required by Minnesota state law.

4. Plaintiffs therefore bring this lawsuit to recover the ESST benefits that they and the Rule 23 Class earned but did not receive from Defendant during that fourteen-month period, along with all other damages, including statutory liquidated damages, costs, attorney fees, and any other remedies allowed by law.

JURISDICTION AND VENUE

5. Plaintiffs re-allege and incorporate by reference the above paragraphs as if fully set forth herein.

6. Mower County District Court (“this Court”) has jurisdiction over this action pursuant to Minn. Stat. § 181.944.

7. This court has personal jurisdiction over Defendant pursuant to Minn. Stat. § 543.19, Subd. 1, because Defendant conducts business in Minnesota.

8. This Court is the proper venue for this action pursuant to Minn. Stat. §§ 542.08 and 542.09, because Defendant regularly conducts business in Mower County, it has a principal place of business there, the claims herein arose there, and labor for which money is due was performed by Plaintiffs and the Rule 23 Class there.

PARTIES

9. Defendant is a foreign business corporation that is organized under the laws of Delaware and registered to do business in Minnesota.

10. Defendant's registered office address is 1010 Dale Street N., Saint Paul, Minnesota, 55117-5603.

11. Defendant operates a pork processing facility located in Austin, Minnesota (the "Austin Facility"), where it employs more than 2,000 employees.

12. At all relevant times, Defendant was and is an "Employer" within the definition of the Minnesota ESST statutes because it is a corporation that employs one or more employees within the state of Minnesota. *See* Minn. Stat. § 181.9445, subd. 6 (defining "Employer").

13. Plaintiff Daniel Lenway is and has been an employee of Defendant working at the Austin Facility since December 1995. He currently resides in Austin, Minnesota.

14. Plaintiff Dalia Cruz Ayala is and has been an employee of Defendant working at the Austin Facility since September 2014. She currently resides in Austin, Minnesota.

15. Plaintiff Juan Cruz Gastelum is and has been an employee of Defendant working at the Austin Facility since September 2002. He currently resides in Austin, Minnesota.

16. Plaintiff Jason Novak is and has been an employee of Defendant working at the Austin Facility since August 1995. He currently resides in Rose Creek, Minnesota.

17. Plaintiffs and the Rule 23 Class are all current and former employees of Defendant at the Austin Facility who earned, but did not receive, all of the statutory

ESST benefits to which they were entitled through their work for Defendant from January 1, 2024 to March 1, 2025. *See* Minn. Stat. § 177.50, subd. 2 (providing a three-year limitations period for actions to recover damages for violations of the ESST statutes).

18. Plaintiffs bring this action for damages and other relief on behalf of themselves and the Rule 23 Class pursuant to Minn. Stat. §§ 177.50 and 181.944.

GENERAL FACTUAL ALLEGATIONS

19. Plaintiffs re-allege and incorporate by reference the above paragraphs as if fully set forth herein.

20. During the relevant time period, Defendant has employed more than 2,000 employees at the Austin Facility.

21. Approximately 1,600 of Defendant's employees at the Austin Facility work in production, maintenance, and quality control classifications.

22. The terms and conditions of employment for the production, maintenance, and quality control employees at the Austin facility are governed by a collective bargaining agreement ("CBA") and a "Seniority Rules Agreement" ("SRA") between Defendant and United Food and Commercial Workers Local 663 ("Local 663").

23. The CBA and SRA are effective by their terms from September 11, 2023, through September 12, 2027.

24. Per Article 3.1(a) of the CBA, Defendant recognizes Local 663 "as the sole and exclusive bargaining representative of all production and maintenance employees, and product control employees, employed at the employer's meat and meat-by-products facilities in Austin, Minnesota, excluding office and clerical employees, technical

employees (including engineering, laboratory, and Industrial Engineering employees), salesmen, professionals, guards and watchmen, and supervisors, as defined in the National Labor Relations Act” (hereinafter the “Bargaining Unit”).

25. Pursuant to Article 9 of the CBA and Rule 25 of the SRA, all Bargaining Unit employees become eligible for contractual vacation benefits upon reaching six months of continuous employment.

26. Article 9 of the CBA and Rule 25 of the SRA also set forth specific rules and procedures governing employee use of contractual vacation benefits.

27. For example, Article 9 of the CBA establishes an annual three-week vacation “sign-up” period that occurs in January and February, during which employees pre-schedule time off work, by seniority, throughout the rest of the vacation year.

28. Article 9 of the CBA also states that Bargaining Unit employees forfeit any unused vacation benefits at the end of the vacation year.

29. Rule 25(f) of the SRA states that “[a]ll vacation must be pre-arranged and approved by the Company.”

30. In May of 2023, the Minnesota Legislature enacted the Minnesota Earned Sick and Safe Time (“ESST”) law, which took effect on January 1, 2024. *See* Minn. Stat. §§ 181.9445 through 181.9448.

31. When the Minnesota ESST statutes went into effect on January 1, 2024, the Defendant had a statutory obligation to provide its employees, including all Bargaining Unit employees, with paid leave benefits that employees could use to receive pay during planned and unplanned absences resulting from various circumstances defined by statute,

including but not limited to an employee's own illness or injury, to care for an ill or injured family member, absences related to domestic abuse, sexual assault, or stalking; closure of the workplace due to weather, or to care for a family member whose school or place of care has been closed due to weather; and pandemics or other public health emergencies. *See* Minn. Stat. § 181.9447 ("Use of Earned Sick and Safe Time").

32. Since January 1, 2024, Defendant has had a statutory obligation to allow employees to use their accrued ESST benefits "in the same increment of time for which employees are paid," except that Defendant was not required to grant leave in less than 15-minute increments. *Id.* § 181.9447, subd. 5.

33. Defendant also has a statutory obligation to allow employees to carry over accrued, unused ESST benefits into the following year. *See* Minn. Stat. § 181.9446(b)(1).

34. As to the amount and manner of accrual of statutory ESST leave benefits as of January 1, 2024, Defendant had three choices for statutory compliance:

- a. Provide employees with one hour of ESST benefits for every thirty hours worked up to a maximum of 48 hours and allow employees to carry over accrued, unused ESST to the following year. Minn. Stat. § 181.9446(a) & (b)(1).
- b. Provide employees with a front-loaded bank of 48 hours of ESST benefits and pay each employee for any unused ESST benefits at the end of the year. *Id.* § 181.9446(b)(2)(i).

- c. Provide employees with a front-loaded bank of 80 hours of ESST benefits with no payout or carry over of unused ESST benefits at the end of the year.

Id. § 181.9446(b)(2)(ii).

35. Despite its clear statutory obligation to provide all Bargaining Unit employees with ESST benefits as of January 1, 2024, Defendant willfully failed and refused to comply with that obligation.

36. Instead, Defendant concocted a scheme to pass on the costs of the ESST statute's paid leave requirement to its Bargaining Unit employees by forcing them to use their *contractual vacation benefits* for ESST purposes so that Defendant could avoid the cost of providing additional paid leave benefits.

37. Defendant was aware that the CBA's vacation benefit terms did not meet the minimum standards and requirements of the ESST statutes.

38. Thus, in December 2023, Defendant announced that it intended to unilaterally "make some changes" to the CBA's vacation benefit terms.

39. Specifically, on or about December 12, 2023, Defendant announced that:

Our intent is to comply with the ESST law requirements using two different methods, one for bargaining unit team members with less than two (2) years of continuous service, and one for bargaining unit team members with two (2) or more years of continuous service.

40. As to Bargaining Unit employees with less than two (2) years of continuous service, Defendant announced that they would accrue 1 hour of ESST leave for every 30 hours worked, but only "up until their second March 1st of employment," at which time

“any remaining accrued ESST balance will drop to zero (0) and be replaced with their front-loaded two-week (80 hour) paid vacation allotment.”

41. And as for Bargaining Unit employees with 2 or more years of continuous service, Defendant announced that it would not provide them with any ESST benefits whatsoever.

42. Instead, Defendant stated that, beginning January 1, 2024, all Bargaining Unit employees with 2 or more years of continuous service would be required to “use their vacation allotments for qualifying ESST reasons each vacation year if they chose.”

43. As announced, starting January 1, 2024, Defendant forced all Bargaining Unit employees who had reached “their second March 1st of employment” to utilize their contractual vacation benefits in order to receive pay during ESST-covered absences.

44. On information and belief, several hundred Bargaining Unit employees were absent from work for ESST-covered reasons between January 1, 2024, and March 1, 2025, and Defendant refused to provide those employees with ESST benefits as required by Minnesota law.

45. Instead, Defendant forced those employees to use their contractual vacation benefits in order to avoid losing pay during those absences.

46. Local 663 filed a grievance pursuant to the CBA grievance procedure on April 11, 2024, challenging Defendant’s unilateral “changes” to vacation benefits governed by the CBA and SRA.

47. On February 6, 2025, Arbitrator Raleigh Jones sustained Local 663’s grievance and ruled that:

By unilaterally implementing changes to Article 9 vacation benefits such that employees must now use their vacation benefits whenever they exercise their right to paid ESST leave, the Employer has violated Article 9 by diminishing the vacation benefits that that article guarantees.

48. At the outset of his award, the Arbitrator explicitly, and correctly, noted that his authority was limited to resolution of the CBA violation alleged in the grievance, and he did not have authority to rule on any question of statutory compliance:

[T]he Employer has two legal obligations that are not mutually exclusive. It has to abide by the Minnesota ESST law and it has to abide by the parties' CBA. The question of statutory compliance is not before me – I'm only addressing whether the Company has violated the CBA by its actions here.

49. As to the merits of the grievance, the Arbitrator interpreted the CBA and ruled that:

[T]he Company is currently violating Article 9 of the CBA by requiring employees to use their contractual paid vacation benefits when exercising their statutory right to paid sick and safe time leave pursuant to the Minnesota Earned Sick and Safe Time statute.

50. And as a remedy, the Arbitrator ordered that:

[T]he Company shall cease and desist from violating Article 9 and make all affected employees whole. It shall do that by crediting any employee who has used paid vacation benefits to receive pay during an absence covered by the ESST statute with a corresponding amount of paid vacation time.

51. The Arbitrator thus ordered a remedy for the Defendant's contractual violation of Bargaining Unit employees' right to paid vacation benefits, but the Arbitrator could not and did not order a remedy for the Defendant's failure to provide the ESST benefits required by Minnesota law to the Plaintiffs and the Rule 23 Class.

52. After receiving the Arbitrator's award, effective March 1, 2025, Defendant began to provide Bargaining Unit employees with one hour of ESST benefits for every thirty hours worked, up to 48 hours total for the year, as required by the ESST statutes.

53. However, Defendant has willfully failed and refused to provide Plaintiffs and the Rule 23 Class with the ESST benefit accruals to which they are entitled for their work between January 1, 2024, and March 1, 2025.

54. All Bargaining Unit employees employed during calendar year 2024 were entitled to accrue ESST benefits at a rate of one hour of ESST benefits for every thirty hours worked, up to the statutory maximum of 48 hours.

55. On information and belief, the vast majority of Bargaining Unit employees worked sufficient hours during calendar year 2024 to accrue the statutory maximum of 48 hours of ESST benefits in that year.

56. But only Bargaining Unit employees who had not reached their "second March 1st" of employment received ESST benefit accruals from Defendant during calendar year 2024.

57. Thus, the vast majority of Bargaining Unit employees never received any of the ESST benefits that they earned in calendar year 2024 because Defendant refused to provide those ESST benefits as required by Minnesota law.

58. Moreover, when Bargaining Unit employees hired between March 1, 2022, and March 1, 2023, reached their "second March 1st" of employment on March 1, 2024, Defendant rescinded the ESST benefits that those employees earned during January and February 2024.

59. All Bargaining Unit employees who earned ESST benefits in calendar year 2024 had a right to carry over up to 48 hours of accrued, unused ESST benefits into calendar year 2025.

60. But because Defendant refused to provide most Bargaining Unit employees with ESST benefits that they earned in 2024, Defendant denied those employees their statutory right to carry over their accrued, unused ESST benefits into calendar year 2025.

61. Bargaining Unit employees employed during January and February 2025 were also entitled to accrue ESST benefits at a rate of one hour of ESST benefits for every thirty hours worked.

62. On information and belief, all or most Bargaining Unit employees also worked sufficient hours to accrue additional hours of ESST benefits in January and February of 2025.

63. All or most Bargaining Unit employees never received any of the ESST benefits that they earned in January and February 2025 because Defendant refused to provide those ESST benefits as required by law.

FACTS SPECIFIC TO PLAINTIFFS' INDIVIDUAL CLAIMS

64. Plaintiffs are individuals who were employed by Defendant at the Austin Facility during the entire fourteen-month period from January 1, 2024, through March 1, 2025.

65. Plaintiffs are all members of the Local 663 Bargaining Unit.

66. During that period, Plaintiffs were entitled to, but did not receive, statutory ESST benefits as required by Minnesota law.

A. Plaintiff Daniel Lenway.

67. During calendar year 2024, Plaintiff Daniel Lenway worked a total of approximately 1,980 hours.

68. Lenway was thus entitled to the statutory maximum of 48 hours of ESST benefits during calendar year 2024.

69. Defendant willfully failed and refused to provide Lenway with any ESST benefits in 2024.

70. Defendant did not allow Lenway to carry over any accrued, unused ESST benefits into calendar year 2025.

71. Lenway worked a total of approximately 330 hours in January and February 2025.

72. Lenway was thus entitled to receive approximately 11 additional hours of ESST benefits during January and February 2025.

73. Defendant willfully failed and refused to provide Lenway with the ESST benefits that he should have accrued in January and February 2025.

B. Plaintiff Dalia Cruz Ayala.

74. During calendar year 2024, Plaintiff Dalia Cruz Ayala (“Ayala”) worked a total of approximately 1,816 hours.

75. Ayala was thus entitled to the statutory maximum of 48 hours of ESST benefits during calendar year 2024.

76. Defendant willfully failed and refused to provide Ayala with any ESST benefits in 2024.

77. Defendant did not allow Ayala to carry over any accrued, unused ESST benefits into calendar year 2025.

78. Ayala worked a total of approximately 299 hours in January and February 2025.

79. Ayala was thus entitled to receive approximately 9 additional hours of ESST benefits during January and February 2025.

80. Defendant willfully failed and refused to provide Ayala with the ESST benefits that she should have accrued in January and February 2025.

C. Plaintiff Juan Cruz Gastelum.

81. During calendar year 2024, Plaintiff Juan Cruz Gastelum (“Gastelum”) worked a total of approximately 2,106 hours.

82. Gastelum was thus entitled to the statutory maximum of 48 hours of ESST benefits during calendar year 2024.

83. Defendant willfully failed and refused to provide Gastelum with any ESST benefits in 2024.

84. Defendant did not allow Gastelum to carry over any accrued, unused ESST benefits into calendar year 2025.

85. Gastelum worked a total of approximately 323 hours in January and February 2025.

86. Gastelum was thus entitled to receive approximately 10 additional hours of ESST benefits during January and February 2025.

87. Defendant willfully failed and refused to provide Gastelum with the ESST benefits that he should have accrued in January and February 2025.

D. Plaintiff Jason Novak.

88. During calendar year 2024, Plaintiff Jason Novak (“Novak”) worked a total of approximately 1,662 hours.

89. Novak was thus entitled to receive the statutory maximum of 48 hours of ESST benefits during calendar year 2024.

90. Defendant willfully failed and refused to provide Novak with any ESST benefits in 2024.

91. Defendant did not allow Novak to carry over any accrued, unused ESST benefits into calendar year 2025.

92. Novak worked a total of approximately 388 hours in January and February 2025.

93. Novak was thus entitled to receive approximately 12 additional hours of ESST benefits during January and February 2025.

94. Defendant willfully failed and refused to provide Novak with the ESST benefits that he should have accrued in January and February 2025.

MINNESOTA CLASS ACTION ALLEGATIONS

95. Plaintiffs reallege and incorporate by reference the above paragraphs as if fully set forth herein.

96. Plaintiffs bring this action individually on behalf of themselves and as a class action pursuant to Minnesota Rule of Civil Procedure 23. The Rule 23 Class is defined as follows:

- a. **Rule 23 Class:** All individuals who are or have been employees of the Hormel Foods Corp. at its pork processing facility located in Austin, Minnesota, who were covered by the collective bargaining agreement between Hormel Foods Corp. and United Food and Commercial Workers Local 663, and whom Hormel Foods Corp. did not provide, permit to use, and/or permit to carry over Earned Sick and Safe Time benefits as required by Minnesota law from January 1, 2024, through March 1, 2025.

97. The individuals in the Rule 23 Class as defined above are so numerous that joinder of all members is impractical. Although the precise number of such individuals is currently unknown, Plaintiffs assert their belief that the Rule 23 Class as defined above includes more than 1,600 members.

98. There are questions of law and fact common to the Rule 23 Class that predominate over any questions solely affecting individual members, including but not limited to:

- a. The nature and application of Defendant's policies and practices with regard to Bargaining Unit employees' entitlement to ESST benefits under Minnesota law from January 1, 2024, through March 1, 2025;
- b. Whether Defendant unlawfully deprived Bargaining Unit employees of their right to accrue, use, and/or carry over ESST benefits to which they

were entitled under Minnesota law from January 1, 2024, through March 1, 2025; and

c. The proper measure of damages that the Rule 23 Class sustained.

99. Plaintiffs' claims are typical of those of the Rule 23 Class. Plaintiffs, like all other members of the Rule 23 Class, were denied their right to accrue, use, and carry over ESST benefits from January 1, 2024, through March 1, 2025.

100. Given Plaintiffs' losses and injuries, Plaintiffs are committed to prosecution of this case as a Rule 23 class action. Plaintiffs will fairly and adequately represent and protect the interests of all members of the Rule 23 Class—*i.e.*, their coworkers. There are no conflicts between Plaintiffs and the Rule 23 Class that they seek to represent.

101. The counsel that Plaintiffs have retained are adequate to represent the Rule 23 Class.

102. This action is maintainable as a class action because the prosecution of separate actions by more than 1,600 individual members of the class would create a risk of inconsistent or varying adjudications, which would in turn create incompatible and conflicting standards of conduct for Defendant.

103. This lawsuit is maintainable as a class action because questions of law and fact common to the Rule 23 Class predominate over any questions affecting only individual members, and because a class action is superior to other methods for the fair and efficient adjudication of this action.

104. Upon certification of the Rule 23 Class, Plaintiffs intend to send notice to all members of the Rule 23 Class to the extent required by Rule 23 of the Minnesota Rules of Civil Procedure.

COUNT ONE

**VIOLATIONS OF THE MINNESOTA EARNED SICK AND SAFE TIME
STATUTES §§ 181.9445–.9448**

105. Plaintiffs restate and incorporate by reference the above paragraphs as if fully set forth herein.

106. Plaintiffs and the Rule 23 Class are or were “employees” within the meaning of Minn. Stat. § 181.9445, subd. 5, during the relevant time period.

107. Defendant is or was the “employer” of Plaintiffs and the Rule 23 Class within the meaning of Minn. Stat. § 181.9445, subd. 6, during the relevant time period.

108. Based on their hours of work, Plaintiffs and the Rule 23 Class were entitled under Minnesota law to accrue, use, and carry over paid ESST benefits pursuant to Minn. Stat. §§ 181.9446–.9447 during the time period of January 1, 2024, to March 1, 2025.

109. Defendant unlawfully refused to provide Plaintiffs and the Rule 23 Class with the ESST benefits that they were entitled to accrue, use, and/or carry over from January 1, 2024, to March 1, 2025, in violation of Minn. Stat. §§ 181.9446 –.9447.

110. As a direct result of Defendant’s actions, Plaintiffs and the Rule 23 Class were unlawfully deprived of their statutory right to accrue, use, and/or carry over paid ESST benefits that they earned through their work for Defendant.

111. Defendant's actions in violation of Minn. Stat. §§ 181.9445–.9448 were knowing and willful.

112. As a direct result of Defendant's unlawful conduct, Plaintiffs and the Rule 23 Class members have suffered damages in an amount to be determined at trial.

JURY TRIAL DEMANDED

113. Article I, Section 4 of the Minnesota Constitution guarantees a jury trial in all cases at law.

114. Plaintiffs hereby demand a jury trial on the Cause of Action set forth herein.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against Defendant as follows:

115. For class certification, for designation as class representatives, and for designation of the undersigned counsel as class counsel;

116. Declaring, adjudging, and decreeing that Defendant engaged in the violations of law set forth herein;

117. Finding that Defendant's violations of the Minnesota ESST statutes were willful;

118. Granting any appropriate temporary or permanent injunctive relief and other equitable relief as determined by the Court;

119. Granting damages based on:

- a. The amount of ESST benefits earned by Plaintiffs and the Rule 23 Class that Defendant should have provided, that could have been used, and/or that could have been carried over from January 1, 2024, to March 1, 2025;

- b. An additional equal amount as liquidated damages as allowed by Minn. Stat. § 177.50, subd. 7;
- c. All costs, disbursements, and attorney fees incurred in the litigation of this lawsuit pursuant to Minn. Stat. § 181.944; and
- d. All other damages recoverable at law.

120. Awarding all such further relief as the Court deems equitable, just, and appropriate.

Dated: July 30, 2025

LOURIS MARSHALL O'BRIEN, P.A.



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ATTORNEYS FOR PLAINTIFFS

ACKNOWLEDGMENT

By presenting this Complaint to the court, I certify that to the best of my knowledge, information, and belief, formed after inquiry reasonable under the circumstances, that the statements herein asserted have evidentiary support or are likely to have evidentiary support after a reasonable opportunity for investigation and/or discovery. Further, the claims, legal contentions, and allegations that I included in this Complaint is based on facts and supported by existing law, and I am not presenting this Complaint for any improper purpose.

I understand that sanctions may be imposed under Minnesota Statute § 549.211.

Dated: July 30, 2025

LOURIS MARSHALL O'BRIEN P.A.



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