IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
CIVIL DIVISION

DISTRICT OF COLUMBIA, a municipal corporation 400 6th Street NW Washington, DC 20001, *Plaintiff*, v. **476 K LLC d/b/a CLOAKROOM** 476 K Street NW Washington, DC 20001, and **ANTONIOS CAVASILIOS** 449 Salk Drive Gaithersburg, MD 20878, and **CARLOS HORCASITAS** 2700 Southwest 27th Avenue, Apt. 816 Miami, FL 33133, *Defendants.*	Case No.: Judge: **JURY TRIAL DEMANDED**

COMPLAINT

Plaintiff the District of Columbia ("District"), through the Office of the Attorney General, brings this enforcement action against Defendants 476 K LLC d/b/a Cloakroom ("Cloakroom" or "Club"), and Antonios Cavasilios and Carlos Horcasitas (the "Individual Defendants") for violations of the District of Columbia's Human Rights Act ("HRA"), D.C. Code § 2-1401.01, *et seq*.; Minimum Wage Revision Act ("MWRA"), D.C. Code § 32-1001, *et seq*.; Wage Payment and Collection Law ("WPCL"), D.C. Code § 32-1301, *et seq*.; Consumer Protection Procedures

Act ("CPPA"), D.C. Code § 28-3901, *et seq*.; Sick and Safe Leave Act ("SSLA"), D.C. Code § 32-531.01, *et seq.*; and Wage Transparency Act ("WTA"), D.C. Code § 32-1451, *et seq*. In support of its claims, the District states as follows:

INTRODUCTION

1. All District workers have the right to be safe at work and to be paid lawful wages. But for years, Cloakroom—a large "luxury" adult entertainment venue in Washington, D.C.— has sexually harassed workers, systematically stolen from workers, and punished workers who complain. Entertainers, whose performances are at the heart of Cloakroom's business, get the worst of it. Cloakroom's owners and managers—including Individual Defendants—have not only tolerated the abuse, but perpetuate the abuse themselves.

2. Defendants have created an environment of daily hostility and exploitation for the Club's female employees. Club managers and other Club employees have regularly insulted and demeaned female employees about their looks, weight, and productivity. Female employees, including entertainers and bartenders, endure routine sexual harassment, inappropriate touching, and occasional physical assault—not only from Club patrons, but also from Club owners and managers. Defendant Cavasilios, an owner, is notorious among Club employees for harassing, groping, and forcibly kissing entertainers. One former Club manager even implemented a quid pro quo system of sexual favors in exchange for sick leave and time off. Club owners and managers, including Individual Defendants, were aware of this behavior and did nothing to stop it.

3. Defendants have also stolen hundreds of thousands of dollars in tips and wages from Cloakroom employees. In particular, Defendants have stolen a flat percentage of entertainers' tips, demanded entertainers "clock out" before mandatory nightly meetings, and failed to pay entertainers minimum wages. Defendants have further allowed other Club employees, like VIP

Managers, security guards, and DJs to demand "tip-outs" from entertainers' tips and commissions every night.

4. When entertainers have resisted or complained about their wages being stolen, Defendants have punished them. Defendants have harassed some entertainers who complained with insults and threats. They have financially penalized others by deliberately interfering with their earnings. They also fired at least one worker for complaining about pay. And worst of all, Defendants have deliberately exposed certain entertainers who have complained to harassment and threats of violence. When an entertainer refuses to "tip-out" a Club manager or security guard, the manager or security guard sometimes retaliates by refusing to intervene when a patron threatens or inappropriately touches the entertainer. Other times, the manager or security guard refuses to walk the entertainer to her car at the end of the night, which is otherwise a standard practice because entertainers routinely face harassment, including threats of violence, from patrons.

5. Until recently, Defendants also failed to provide employees with paid sick leave they have accrued under the law. Instead, Defendants forced employees to work while sick and occasionally punished workers who requested paid leave, or even unpaid leave, for protected absences.

6. The District brings this suit under the HRA, MWRA, WPCL, CPPA, SSLA, and WTA to recover damages for employees and penalties to the District, and to require Defendants come into compliance with the law, by ensuring that all employees are safe from harassment and are fairly paid for their labor.

JURISDICTION

7. The Court has jurisdiction over the subject matter of this case pursuant to D.C. Code §§ 11-921, 32-1306(a)(2), 28-3909, 2-1403.16a, and 32–1455(b-1)(2).

8. This Court has personal jurisdiction over Defendants Cloakroom and the Individual Defendants pursuant to D.C. Code § 13-423(a).

PARTIES

9. Plaintiff District of Columbia, a municipal corporation empowered to sue and be sued, is the local government for the territory constituting the seat of the federal government. The District is represented by and through its chief legal officer, the Attorney General for the District of Columbia. The Attorney General has general charge and conduct of all legal business of the District and all suits initiated by and against the District and is responsible for upholding the public interest. The Attorney General is also charged with enforcing violations of the HRA pursuant to § 2–1403.16a(a), the District's wage laws, including the MWRA, WPCL, and SSLA, pursuant to D.C. Code § 32-1306(a)(2)(A), the CPPA pursuant to D.C. Code § 28-3909(a), and the WTA pursuant to D.C. Code § 32-1455(b-1)(2).

10. Defendant 476 K, LLC d/b/a Cloakroom is a District of Columbia limited liability company with its principal address located at 476 K Street NW, Washington, D.C. 20001.

11. Defendant Antonios Cavasilios is an owner of Cloakroom and an employer of all Cloakroom employees. During all relevant times, Defendant Cavasilios has managed Cloakroom's operations from the company's address of 476 K Street NW, Washington, D.C. 20001. Defendant Cavasilios has had and exercised the authority to control the conduct of Defendant Cloakroom, including the conduct that violated the District's HRA, MWRA, WPCL, CPPA, SSLA, and WTA. Defendant Cavasilios has had and exercised the authority to hire, fire, and discipline Club employees, determine Club employees' rates of pay, and otherwise supervise and direct Club employees' work. Defendant Cavasilios has exercised day-to-day control over all aspects of Cloakroom's operations and has been consistently present during business hours. When Defendant

Cavasilios is not personally at the Club, he receives regular updates on operations of the Club, including about staffing decisions, personnel issues, customer incidents, safety concerns, and the Club's financial performance. Defendant Cavasilios has also directly participated in the sexual harassment of employees at the Club and has had knowledge or control to prevent it.

12. Defendant Carlos Horcasitas is an owner of Cloakroom and an employer of all Cloakroom employees. During all relevant times, he has managed Cloakroom's operations from the company's address of 476 K Street NW, Washington, D.C. 20001. Defendant Horcasitas has had and exercised the authority to control the conduct of Defendant Cloakroom, including the conduct that violated the District's HRA, MWRA, WPCL, CPPA, SSLA, and WTA. Defendant Horcasitas has had and exercised authority to hire, fire, and discipline Club employees and otherwise direct their work. Defendant Horcasitas has made decisions about critical aspects of Club operations, including decisions about Club employees' pay rates. Defendant Horcasitas has received regular updates on operations of the Club, including about staffing decisions, personnel issues, customer incidents, safety concerns, and the Club's financial performance.

FACTUAL ALLEGATIONS

13. Cloakroom is a large, multi-story venue with approximately 80 employees on the payroll at any given time: dozens of entertainers—all women—who provide adult entertainment in public areas of the Club and in private "VIP" rooms; many servers, bartenders, front desk staff, and cleaners—also all women—who help serve guests, with the help of barbacks—all men; and a handful of security guards and DJs—almost all men.

14. A series of managers and "hosts"—typically all men—oversee day-to-day operations at the Club. Managers supervise all Club activities and report to Cloakroom owners. Club owner Defendant Cavasilios also functions as a day-to-day manager, directing Club

operations and employees both remotely and on-site. "Hosts" also exercise managerial authority over Club employees, including by making hiring and firing decisions, making staffing and scheduling decisions, and periodically supervising "VIP" rooms. The Club also employs one "Controller" who oversees payroll and serves as the de facto Human Resources department at the Club.

15. Collectively, Club owners, managers, and hosts have created a hostile work environment for female Club employees and have stolen hundreds of thousands of dollars from their workers.

I. Defendants Cloakroom and Cavasilios Have Created and Perpetuated a Work Culture That Demeans and Exploits Female Employees.

16. Defendants Cloakroom and Cavasilios have created a hostile work environment and maintained a pervasive culture of sexual harassment, discrimination, and retaliation against female employees at the Club, including against entertainers, servers, bartenders, front desk staff, and cleaning staff—all of whom are women. This hostility has permeated every aspect of female employees' experiences at the Club. As a result, female employees have routinely felt humiliated, anxious, and threatened while at work.

17. Female Club employees are subject to persistent, sexualized verbal harassment by Club managers, employees, and patrons. Cloakroom managers, including Defendant Cavasilios, routinely degrade female workers by calling them sexist and demeaning names like "slut," "whore," and "dumb bitch;" making sexist comments about their body and appearance, including their weight; and making lewd, sexual comments to them. This behavior by Cloakroom management has encouraged similar comments from male Club employees and patrons.

18. In contrast, male employees have not been demeaned with comments about their weight or appearance, or with sexually explicit and lewd remarks.

19. Female Club employees, especially entertainers, also endure persistent, unwanted touching and physical harassment by Cloakroom managers, employees, and patrons. Managers, including Club owner Defendant Cavasilios, are often present at the Club and have routinely, inappropriately touched entertainers and made unwelcome sexual advances, both verbal and physical. In particular, Cloakroom managers, including Defendant Cavasilios, prey on less-experienced, younger entertainers, many of whom are teenagers. And, as one entertainer describes it, when managers regularly inappropriately touch entertainers at the Club, it gives permission to other male employees and patrons at Cloakroom to do the same, creating an environment in which female Club employees are never fully safe from harassment while at work.

20. Male employees at the Club are not subject to regular unwanted touching.

21. And while female Club employees have routinely endured groping while working in public areas of the Club, Defendant Cavasilios has also lured some of them to private areas of Cloakroom where he has sexually assaulted them out of view of Club surveillance cameras. On *at least* one occasion, Defendant Cavasilios cornered a female employee on the rooftop, where he knew there were no cameras recording their interaction. He proceeded to sexually assault the employee with unwanted kissing and forced digital penetration, leaving her traumatized.

22. Defendants have also harassed and exploited female employees in other aspects of their employment—from hiring to scheduling to firing. Some Club managers have hired entertainers on the express condition that they provide the managers with sex acts. One former Cloakroom host only permitted female employees to take leave or make schedule changes in

exchange for sex acts, and at times, fired employees for rejecting his sexual advances or becoming less sexually attractive to him personally, for example, by gaining weight.

23. Defendants Cloakroom and Cavasilios have perpetuated this hostile work environment against female Club employees for years. And Cloakroom has failed to take timely action against specific managers even after workers complained about their sexually harassing conduct. For example, over a year before the host referenced in the preceding paragraph was eventually fired, one Club employee complained to Cloakroom's Controller, Dina Chanaud, about the host's toxic conduct towards female employees. Nevertheless, the Club took no disciplinary action against the host and he remained in a managerial position, from which he continued to harass Cloakroom employees, for another year.

24. The hostile work environment at Cloakroom impacts all female employees at the Club. As a result of routine sexual harassment, female employees have experienced pain, suffering, and humiliation. Several workers have also suffered acute stress, anxiety, and depression, and dreaded coming into work. And at least one female employee who was sexually assaulted by Defendant Cavasilios reports enduring trauma.

II. Defendants Have Systematically Stolen Tips and Retaliated Against Employees Who Complain.

25. Above and beyond the hostile work environment Defendants have perpetuated against female workers at the Club, Defendants have stolen employees' tips and allowed other Cloakroom employees to do the same for years. Against the backdrop of daily harassment and abuse by Club owners and managers, employees have virtually no recourse to protest tip theft, and those who try face retaliation.

A. Defendants stole 10% of all tips in the form of funny money called "Cloakbucks."

26. Until recently, Defendants stole a flat percentage of employees' tips. Cloakroom encouraged its patrons to purchase Cloakroom-branded fake currency called "Cloakbucks" to use in-house to tip Club employees—primarily entertainers, but occasionally servers and bartenders too. When employees earned tips in the form of Cloakbucks, they would cash them out for real dollars with a Cloakroom cashier, who would deduct 10% to keep for the house. In other words, if an entertainer earned $100 in Cloakbucks tips from a customer, Cloakroom would keep $10, and the worker would take home $90. In the past three years alone, Cloakroom stole tens of thousands of dollars from workers through the Cloakbucks scheme.

27. This practice deceived the Club's customers too. A reasonable customer would expect that the amount of Cloakbucks they left as a tip would directly increase employees' pay by the corresponding amount, rather than contributing directly to Cloakroom's profits. But Cloakroom did not disclose to consumers that a portion of their Cloakbucks tips were going directly to Club profits and not employees. If Cloakroom had disclosed to customers that the Club kept 10% of the value of all Cloakbucks, some customers would have elected to tip in cash, on a credit card, or in different amounts.

28. Defendants knew about and were responsible for Cloakbucks tip theft, which was standard policy and practice at the Club. Individual Defendants were responsible for determining and enforcing Club policies, including those regarding Cloakbucks.

B. Defendants have stolen additional tips through involuntary "tip-outs" to other Club employees.

29. Defendants also have allowed other Cloakroom employees to steal a significant portion of entertainers' tips. Entertainers primarily perform two functions at the Club: (1) public dances, which take place on stage or on tables visible to all Club patrons, and (2) private "VIP"

dances, which take place in private rooms. When entertainers perform stage or table dances, patrons provide tips by leaving cash or Cloakbucks on the stage, table, or floor. After each performance, entertainers are expected to "tip out" approximately 10-20% to other Club employees, including DJs and security guards. On a slow night, these other employees might accept a flat amount, like $20, in lieu of a percentage of tips earned. These deductions from earnings are not reported on workers' paychecks. And this tip theft scheme is not a lawful tip pool because, among other reasons, entertainers have never been provided with written notice about how their tips are redistributed. In the past three years alone, Cloakroom has stolen tens of thousands of dollars from workers through this tip-out scheme.

30. This additional tip theft is enforced through retaliation. Sometimes, when an entertainer refuses to surrender enough tips to security guards, or complains about tip-outs to security guards, those guards punish the entertainer by refusing to intervene if the entertainer is accosted or even assaulted by patrons, or by refusing to walk the entertainer to her car at the end of the night. Further, when an entertainer refuses to surrender enough tips to a DJ, the DJ sometimes punishes the entertainer by playing unappealing and hard-to-dance-to music for her future performances, limiting her ability to earn tips.

31. This practice deceives customers too. A reasonable customer expects that their tips to entertainers for performances will directly increase entertainers' pay by the designated amount, rather than going to other Club employees. But Cloakroom has never disclosed to its customers that, in reality, a portion of all tips allocated for entertainers, whether in Cloakbucks or cash, will go to other Club employees. If Cloakroom disclosed this reality to customers, it could change customers' tipping behavior.

32. Defendants, including Individual Defendants, have not only been aware of this practice, they have encouraged it: "tip outs" are regarded as part of the standard compensation for DJs and security guards, which enables Defendants to attract and retain DJs and security guards with the promise of artificially-high earnings (subsidized by stolen tips), without increasing Defendants' labor costs.

III. Defendants Have Systematically Stolen Wages and Retaliated Against Employees Who Resist.

33. In addition to stealing tips, Defendants have stolen Club employees' wages in several other ways, which Defendants enforce through threats and retaliation.

A. Defendants have allowed "VIP Managers" to steal entertainers' commissions.

34. Cloakroom entertainers are expected to perform fully nude dances for patrons in private "VIP" rooms. Cloakroom maintains multiple "VIP" rooms of different sizes. Each night, a Club host—always a man—plays the role of "VIP Manager" by overseeing the private VIP rooms and negotiating room rates, i.e., prices, with patrons seeking private dances. Typically, the VIP Manager starts by advertising the largest and most expensive private room; if the patron indicates price sensitivity, the VIP Manager offers smaller, cheaper rooms, or potentially offers additional discounts.

35. Defendants promise entertainers that they will earn a fixed percentage commission on the rate charged to the patron for a private dance, and Cloakroom will retain the remaining profit. Initially, the split between the Club and entertainer was fifty/fifty: if a patron purchased a private dance for $1000, the entertainer's expected take-home pay would be $500. But after shut-downs related to the Covid-19 pandemic, when the Club suffered financially, Defendants adjusted the split to keep more for the Club by moving to a sixty/forty split: if a patron purchases a private

dance for $1000, the entertainer's expected take-home pay is now be $400. (For a few small rooms, the new split is 56% to the Club and 44% to the entertainer).

36. At all times, Cloakroom VIP Managers have consistently cut into entertainers' take-home commission for private dances by demanding that entertainers divert to them ("tip-out") a portion of that commission. Twenty percent of the entertainer's commission is the standard tip-out for most dances, so if an entertainer should earn a $400 commission, she will regularly take home only $320. VIP Managers will occasionally accept a lower tip-out, like 10%, if the overall room rate is lower, or if they have a preference for that entertainer. Conversely, some VIP Managers demand larger tip-outs from entertainers they do not personally like or whom they perceive as vulnerable or gullible. Some VIP Managers prey on the Club's youngest entertainers, many of them teenagers, by demanding the largest tip-outs from them. These tip-outs are not reported on workers' paychecks.

37. VIP Managers enforce their tip theft through retaliation. Sometimes, when an entertainer refuses to tip-out or tip-out enough of her commission to the VIP Manager, or complains about tip-outs, the VIP Manager will demean the entertainer with threats or insults. Other times, when an entertainer refuses to tip-out or tip-out enough, or complains, the VIP Manager will punish the entertainer by negotiating lower rates for her future dances, or by discouraging patrons from engaging her services at all. For example, VIP Managers have sometimes started by advertising the smallest and least expensive private room to a patron, rather than the largest and most expensive room, to undermine the entertainer's potential commission.

38. Worse, VIP Managers sometimes punish entertainers who do not tip-out enough by refusing or delaying to call security if the entertainer is threatened, attacked, or inappropriately touched by a patron while in a private room—a relatively standard occurrence in the Club—

thereby putting the entertainer in serious physical danger. Understanding these severe potential consequences, many entertainers are forced to stay silent and "tip-out" thousands of dollars of their earnings to VIP Managers.

39. Through "tip-outs" from entertainers' commissions, Defendants have facilitated hundreds of thousands of dollars of theft from entertainers. Individual Defendants have not only been aware of this practice, but have encouraged it. This practice has been regarded as part of the standard compensation for VIP Managers, which has enabled Defendants to attract and retain VIP Managers without increasing Defendants' labor costs.

B. Defendants have not paid entertainers for mandatory nightly meetings.

40. Cloakroom entertainers are instructed to "clock out," i.e., indicate the end of their work shift, as soon as they finish all performances for Club patrons. But Cloakroom has required entertainers to attend nightly "debrief" meetings after clocking out, which routinely last between thirty and ninety minutes, and occasionally last up to two hours. Cloakroom does not record entertainers' time spent in these nightly meetings, and entertainers have not been paid at all for time spent attending them.

41. The purpose of these meetings is twofold. Entertainers who finished their shifts are expected to wait until every other entertainer also concludes her shift, so that security guards can then escort all entertainers to their cars in the parking lot to protect them from harassment or attacks by Club patrons. Debrief meetings have also provided an opportunity for Club managers to give feedback to entertainers, which often takes the form of sexist verbal harassment, insults, and derogatory commentary on entertainers' physical appearances or comportment with patrons.

42. Entertainers are not allowed to leave during debriefs, even though they are not paid for this time. If an entertainer attempts to leave the Club before the end of the debrief, she is

typically rebuked by managers. And Club security guards occasionally retaliate against entertainers who attempt to leave early by refusing to walk them to their car in the parking lot, which is otherwise a standard Club practice, leaving the entertainer vulnerable to attack.

43. Through this scheme, Defendants have stolen tens of thousands of dollars in wages from entertainers. Individual Defendants have been aware of this practice and have failed to prevent it.

C. Defendants have paid the lower tipped minimum wage but have not been eligible to.

44. Defendants have paid entertainers, servers, bartenders, barbacks, and some hosts the District's lower-tipped minimum wage, i.e., they have claimed the benefit of a "tip credit."

45. Cloakroom, however, has failed to comply with the rules that allow an employer to claim the tip credit. As alleged above, it has stolen 10% of all employee tips in the form of Cloakbucks and has permitted Club managers and employees to steal additional portions of entertainer tips through "tip-outs"; it has failed to provide any notice of the rules for tipped employers to its employees; and it has failed to provide notice to any employees of any tip-sharing policy, despite the fact that employees' tips have been shared with Cloakroom and other Cloakroom employees.

46. Accordingly, Cloakroom has not been eligible to pay the tipped minimum wage to the employees who have received it and should have been paying these employees the full minimum wage for all hours worked.

47. Through this scheme, Cloakroom has saved hundreds of thousands of dollars at its employees' expense. Individual Defendants have been aware of this practice and have failed to prevent it.

D. Defendants have failed to pay overtime rates.

48. Multiple Cloakroom employees, including barbacks and hosts, occasionally work over 40 hours in one workweek but are not paid correct overtime rates. For regular hours worked, Defendants have paid these employees the District's lower tipped minimum wage, claiming the benefit of a "tip credit" for them. And when these employees have worked more than 40 hours in one workweek, Defendants have paid them an overtime rate, calculated as 1.5 times their regular, lower tipped minimum wage rate.

49. This is unlawful. For workers who are lawfully paid the District's lower tipped minimum wage, employers must pay those who work more than 40 hours in one work week their regular hourly rate, plus half of the District's full minimum wage, for each hour worked in excess of 40. Accordingly, even if Defendants were eligible to claim the tip credit for these employees, which they were not, Defendants would have paid insufficient, unlawful overtime rates. But further, as explained above, Defendants were not in fact eligible to claim the tip credit for these employees, and so they should have paid the full minimum wage per hour worked, and 1.5 times that amount for all overtime hours worked.

50. By calculating the additional overtime pay as one half of the tipped minimum wage, rather than one half the full District minimum wage, Defendants have illegally withheld thousands of dollars of earned wages from their employees. Individual Defendants have been aware of this practice and have failed to prevent it.

IV. Defendants Have Punished Employees for Inquiring About Pay.

51. Cloakroom and Individual Defendants have retaliated against workers to ensure that Club employees remain silent about poor wages, wage theft, retaliation, and harassment at the Club.

52. For example, in May of 2023, Horcasitas and Cloakroom illegally fired a worker in retaliation for her inquiring about how her pay rate was determined. Cloakroom's Controller emailed Horcasitas, stating: "I wanted to let you know we have been having issues with [ENTERTAINER] regarding room commissions. She complains every time she gets paid that it isn't enough. The most recent time she said 'it's pure greed of the owners.' I believe it's time to let her go. She is creating a toxic work environment." In other words, the Controller recommended terminating the entertainer's employment because she was questioning if she was being properly paid.

53. Horcasitas agreed with the Controller's recommendation and terminated the entertainer. Specifically, he responded: "Decidedly we cannot keep someone who believes what she said...We can't allow a toxic environment as it will affect other people."

54. In addition to firing at least this one worker, Cloakroom and Individual Defendants have retaliated in other ways against workers who complain or inquire about pay or wage theft, including by harassing them or taking them off the schedule.

55. Defendants, including Individual Defendants, were aware of this practice and not only refused to stop it but occasionally perpetuated it.

V. Defendants Failed to Provide Paid Sick Leave and Retaliated Against Workers Who Requested It.

56. For years, Cloakroom failed to provide any paid sick and safe leave to employees at all. When employees needed time off or schedule changes as a result of protected illnesses and injuries—including those related to the Covid-19 pandemic—employees were forced to take unpaid time off.

57. Defendants not only failed to provide paid sick and safe leave, they punished and retaliated against workers who requested paid sick leave they were legally entitled to. When workers requested leave for an SSLA-protected absence, they were told "no"; and when employees were forced to miss work as a result, they were often punished by being taken off the schedule and deprived of any wages for weeks at a time, or even fired. One employee requested time off to take care of a mental health condition—her managed laughed at her and called her a "slacker."

58. One Cloakroom manager, host Dastouri, was notorious among entertainers for demanding sex acts in exchange for granting even *unpaid* time off or schedule changes. On multiple occasions, entertainers asked him to authorize leave, including for SSLA-protected reasons, and he responded by indicating he would only authorize schedule changes in exchange for sexual favors. Typically, he demanded oral sex. On one occasion, in response to a request for leave, he lewdly grab his groin area and asked, "Well what are you going to do for it? It has to benefit me too if it benefits you."

59. Individual Defendants knew about this behavior and permitted it to persist: entertainers reported it to other managers multiple times to no avail.

60. Additionally, Cloakroom failed to provide any required notice of sick leave to workers and did not maintain records of sick leave taken and accrued.

61. By failing to provide accrued paid sick and safe leave, Defendants saved the Club hundreds of thousands of dollars at employees' expense. Individual Defendants were aware of this practice and failed to prevent it.

CAUSES OF ACTION

COUNT ONE
Creating a Hostile Work Environment in Violation of the HRA
D.C. Code § 2-1402.11(c-2)
(Against Defendants Cloakroom and Cavasilios)

62. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

63. The HRA is a remedial statute that is to be broadly construed and is designed "to secure an end . . . to discrimination" in the District on the basis of 23 protected traits, including sex. D.C. Code § 2-1401.01.

64. Under the HRA, it is an unlawful discriminatory practice in the employment context to "engage in harassment" "based on the actual or perceived . . . sex" of the employee. D.C. Code § 2-1402.11(a) and (c-2).

65. The HRA defines an "employer" as "any person who, for compensation, employs an individual, except for the employer's parent, spouse, or children, engaged in work in and about the employer's household; any person acting in the interest of such employer, directly or indirectly; and any professional association." D.C. Code § 2-1401.02(10).

66. The HRA defines an "employee" as "an individual employed by or seeking employment from an employer." D.C. Code § 2-1401.02(9)(A).

67. The HRA defines "harassment" as "conduct, whether direct or indirect, verbal or nonverbal, that unreasonably alters an individual's terms, conditions, or privileges of employment or has the purpose or effect of creating an intimidating, hostile, or offensive work environment." D.C. Code § 2-1402.11(c-2)(2)(A).

68. Further, "sexual harassment" means "[a]ny conduct of a sexual nature that constitutes harassment as defined in subparagraph (A) of this paragraph;" and "sexual advances, requests for sexual favors, or other conduct of a sexual nature where submission to the conduct is made either explicitly or implicitly a term or condition of employment or where submission to or rejection of the conduct is used as the basis for an employment decision affecting the individual's employment." D.C. Code § 2-1402.11(c-2)(2)(B)(i)-(ii).

69. Cloakroom and Defendant Cavasilios are employers of Cloakroom employees under the HRA.

70. Cloakroom workers are employees under the HRA.

71. Cloakroom and Defendant Cavasilios have violated and continue to violate the HRA's prohibition against sexual harassment both (1) directly, by sexually harassing Cloakroom employees; and (2) indirectly, by permitting sexual harassment to occur and continue.

72. Cloakroom and Defendant Cavasilios have further created and continue to create a hostile work environment based on sex in violation of the HRA by engaging in and otherwise permitting the harassing conduct described above and by repeatedly using and permitting the use of derogatory, misogynistic language directed at Cloakroom's female employees.

73. Each act or practice described herein and engaged in by Cloakroom and Defendant Cavasilios, including each day in which the hostile work environment persisted, constitutes a separate violation of the HRA, D.C. Code § 2-1402.11(c-2).

COUNT TWO
Wage Theft in Violation of the MWRA
D.C. Code § 32-1003(c)
(Against All Defendants)

74. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

75. Defendant Cloakroom is an "employer" under the MWRA. D.C. Code § 32-1002(3).

76. Individual Defendants are also "employers" under the MWRA. D.C. Code § 32-1002(3). At all relevant times, Individual Defendants have controlled, or had the ability to control, Defendant Cloakroom's conduct alleged in the Complaint to violate the MWRA.

77. The individuals who work for Cloakroom are Defendants' "employees" under the MWRA. D.C. Code § 32-1002(2).

78. The MWRA requires employers to ensure that employees retain all tips earned. D.C. Code §§ 32–1003(g)(3).

79. Defendants have violated and continue to violate the MWRA by failing to ensure that employees retain all tips earned, including by operating a scheme to steal 10% of all entertainers', servers', and bartenders' tips earned through "Cloakbucks," and by encouraging or permitting Cloakroom employees to obtain "tip outs" from entertainers for the tips they earn.

80. The MWRA requires employers to pay employees a set minimum wage for all hours worked, which is currently $17.50 and increases on an annual basis. D.C. Code § 321003(a).

81. Defendants have violated and continue to violate the MWRA by failing to pay employees the District's minimum wage for all hours worked, including attendance at mandatory nightly debrief meetings for entertainers.

82. The MWRA permits certain employers to pay employees a lower tipped minimum wage, but only if those employers comply with various requirements, including a requirement that employees keep all tips earned. *See* D.C. Code § 32-1003(f)-(g).

83. Defendants have violated and continue to violate the MWRA by paying the tipped minimum wage when they a have not been entitled to because they have failed to meet the requirements of D.C. Code § 32-1003(f)-(g), including the requirement that employees retain all tips earned.

84. When an employer pays the District's tipped minimum wage, they claim the benefit of a "tip credit" for the difference between the lower tipped minimum wage and the full minimum wage. The MWRA requires employers that claim a tip credit to pay employees an overtime rate of the tipped minimum wage, plus half the full minimum wage for all hours worked over 40, in a given workweek. When employers are not eligible to claim the tip credit, the MWRA requires employers to pay an overtime rate of 1.5 times the employees' base rate, i.e., 1.5 times at least the full minimum wage, for all hours worked over 40 in a given workweek. D.C. Code § 32–1003(c).

85. Defendants have violated and continue to violate the MWRA by paying overtime rates equal to only 1.5 times the tipped minimum wage.

86. Defendants have further violated and continue to violate the MWRA by failing to maintain accurate records of the name, address, and occupation of each employee, the rate of pay and the amount paid each pay period to each employee, and the precise times worked each day and workweek by each employee. D.C. Code § 32-1008(a)(1).

87. Defendants have further violated and continue to violate the MWRA by failing to furnish each employee, at the time of payment of wages, with an accurate itemized statement

showing any deductions from and additions to wages and hours worked during the pay period. D.C. Code § 32-1008(b)(3), (5).

88. Defendants have further violated and continue to violate the MWRA by failing to provide employees, at the time of hiring, with the required written notice containing the name of their employer, their employer's physical and mailing addresses, their employer's phone number, the employee's base of pay and the basis of that rate, and the employee's regular payday. D.C. Code § 32-1008(c).

COUNT THREE
Retaliation in Violation of the MWRA
D.C. Code § 32-1003(c)
(Against All Defendants)

89. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

90. Defendant Cloakroom is an "employer" under the MWRA. D.C. Code § 32-1002(3).

91. Individual Defendants are also "employers" under the MWRA. D.C. Code § 32-1002(3). At all relevant times, Individual Defendants have controlled, or have had the ability to control, Defendant Cloakroom's conduct alleged in the Complaint to violate the MWRA.

92. The individuals who work for Cloakroom are Defendants' "employees" under the MWRA. D.C. Code § 32-1002(2).

93. The MWRA makes it unlawful for an employer to "[d]ischarge, threaten, penalize, or in any other manner discriminate or retaliate against any employee or person" who attempts to exercise rights under the MWRA or who complains to the employer about suspected violations of the MWRA. D.C. Code § 32–1010(a)(3).

94. Defendants have violated and continue to violate the MWRA by retaliating against employees who attempt to exercise their MWRA rights or complain about suspected MWRA violations.

COUNT FOUR
Failure to Provide Paid Sick Leave in Violation of the SSLA
D.C. Code § 32-531
(Against All Defendants)

95. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

96. Defendant Cloakroom is an "employer" under the SSLA. D.C. Code § 32-531.01(3).

97. Individual Defendants are also "employers" under the SSLA. D.C. Code § 32531.01(3). At all relevant times, Individual Defendants have controlled, or have had the ability to control, Defendant Cloakroom's conduct alleged in the Complaint to violate the SSLA.

98. The individuals who worked for Cloakroom are Defendants' "employees" under the SSLA. D.C. Code § 32-531.01(2).

99. The SSLA requires employers with at least 25, but not more than 99, employees to provide each employee at least one hour of paid leave for every 43 hours worked, not to exceed 5 days per calendar year. D.C. Code § 32-531.02(a)(2).

100. Defendants have violated the SSLA by failing to provide employees with any accrued paid sick leave.

101. The SSLA prohibits employers from interfering with, restraining, or denying the existence of or the attempt to exercise any right under the SSLA. D.C. Code § 32–531.08(a).

102. Defendants have violated the SSLA by denying employees the exercise of their rights under the SSLA when they have denied employees' requests to use accrued paid sick leave.

103. Defendants have further violated the SSLA by failing to maintain records of paid sick leave accrued and taken by employees. D.C. Code § 32–531.10b(a).

104. Defendants have further violated the SSLA by failing to post and maintain in a conspicuous place a notice that sets forth the pertinent provisions of the SSLA. D.C. Code § 32–531.09(a).

COUNT FIVE
Retaliation in Violation of the SSLA
D.C. Code § 32-531
(Against All Defendants)

105. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

106. Defendant Cloakroom is an "employer" under the SSLA. D.C. Code § 32 531.01(3).

107. Individual Defendants are also "employers" under the SSLA. D.C. Code § 32531.01(3). At all relevant times, Individual Defendants have controlled, or have had the ability to control, Defendant Cloakroom's conduct alleged in the Complaint to violate the SSLA.

108. The individuals who worked for Cloakroom are Defendants' "employees" under the SSLA. D.C. Code § 32-531.01(2).

109. The SSLA prohibits employers from discharging or discriminating against an employee who opposes any unlawful practice under the SSLA or complains to the employer pursuant or related to the SSLA. D.C. Code § 32–531.08(b).

110. Defendants have violated the SSLA by discharging and discriminating against employees that attempt to use paid sick leave or complain about the lack of paid sick leave.

COUNT SIX
Wage Theft in Violation of the WPCL
D.C. Code § 32-1301, *et seq*.
(Against All Defendants)

111. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

112. Defendant Cloakroom is an "employer" that employs "employees" as defined by the WPCL. D.C. Code § 32-1301(1B)-(2).

113. Individual Defendants are also "employers" under the WPCL. At all relevant times, Individual Defendants have controlled, or have had the ability to control, Defendant Cloakroom's conduct alleged in the Complaint to violate the WPCL.

114. The WPCL requires that employers "shall pay all wages earned to his or her employees on regular paydays." D.C. Code § 32-1302.

115. Tips are "wages" as defined by the WPCL because District law requires employers to pay all tips earned, D.C. Code § 32–1003(g)(3), and therefore tips are "remuneration promised or owed . . . [p]ursuant to District or federal law," D.C. Code § 32-1301(3)(E)(iii).

116. Defendants have violated and continue to violate the WPCL by failing to pay employees all wages earned, including by operating a scheme to steal 10% of all entertainers', servers', and bartenders' tips earned through "Cloakbucks," and by encouraging or permitting other Cloakroom employees to obtain "tip outs" from the tips entertainers have earned.

117. Minimum wages are "wages" as defined by the WPCL because they are "remuneration promised or owed . . . [p]ursuant to District or federal law," D.C. Code § 32-

1301(3)(E)(iii); *see also* D.C. Code § 32-1003(a) (District law requirement to pay minimum wages).

118. Defendants have violated and continue to violate the WPCL by failing to pay employees all wages earned, including by failing to pay minimum wage for all time worked, including attendance at mandatory nightly debrief meetings for entertainers.

119. Overtime wages are "wages" as defined by the WPCL because they are "remuneration promised or owed . . . [p]ursuant to District or federal law," D.C. Code § 32-1301(3)(E)(iii); *see also* D.C. Code § 32–1003(c) (District law requirement to pay overtime wages).

120. Defendants have violated and continue to violate the WPCL by failing to pay employees all wages earned, including by failing to pay overtime rates for employees' overtime hours worked.

121. Paid sick leave constitutes "wages" as defined by the WPCL because it is "remuneration promised or owed . . . [p]ursuant to District or federal law," D.C. Code § 32-1301(3)(E)(iii); *see also* § 32–531.02 (District law requirement to provide paid sick leave).

122. Defendants have violated the WPCL by failing to pay employees for paid sick leave.

COUNT SEVEN
Retaliation in Violation of the WPCL
D.C. Code § 32-1301, *et seq*.
(Against All Defendants)

123. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

124. Defendant Cloakroom is an "employer" that employs "employees" as defined by

the WPCL. D.C. Code § 32-1301(1B)-(2).

125. Individual Defendants are also "employers" under the WPCL. At all relevant times, Individual Defendants have controlled, or have had the ability to control, Defendant Cloakroom's conduct alleged in the Complaint to violate the WPCL.

126. The WPCL makes it unlawful "for any employer to discharge, threaten, penalize, or in any other manner discriminate or retaliate against any employee or person" because they exercise rights under the WPCL or complains to the employer about suspected violations of the WPCL. D.C. Code § 32–1311(a).

127. Defendants have violated the WPCL by discharging, threatening, penalizing, and discriminating and retaliating against employees for exercising rights under the WPCL or complaining about suspected violations.

COUNT EIGHT
Retaliation in Violation of the WTA
D.C. Code § 32-1451, *et seq*.
(Against All Defendants)

128. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

129. Defendant Cloakroom is an "employer" that employs "employees" as defined by the WTA. D.C. Code § 32-1451(1A)-(2).

130. Individual Defendants are also "employers" under the WTA. At all relevant times, Individual Defendants have controlled, or have had the ability to control, Defendant Cloakroom's conduct alleged in the Complaint to violate the WTA.

131. The WTA prohibits any employer from discharging, disciplining, interfering with, negatively affecting the terms and conditions of employment, or otherwise retaliating against an

employee who "inquires about, discloses, compares, or otherwise discusses the employee's compensation or the compensation of another employee or is believed by the employer to have done so." D.C. Code § 32-1452(2).

132. Defendants violated the WTA by firing an entertainer for discussing her wages.

COUNT NINE
Violations of the CPPA
D.C. Code § 28-3901, *et seq*.
(Against All Defendants)

133. The District re-alleges the foregoing paragraphs of this Complaint as if fully set forth herein.

134. The CPPA is a remedial statute to be broadly construed. It establishes an enforceable right to truthful information from merchants about consumer goods and services that are purchased, leased, or received in the District of Columbia.

135. The services that Cloakroom provides are for personal purposes and therefore are consumer services.

136. By supplying consumer services in the ordinary course of business, Cloakroom is a merchant under the CPPA.

137. Cloakroom's patrons receive consumer services in the form of adult entertainment, food, and beverages bought from Cloakroom and are therefore consumers under the CPPA.

138. The CPPA prohibits unfair and deceptive trade practices in connection with the offer, sale, and supply of consumer goods and services.

139. Defendants' schemes to steal entertainers' earned tips for the Club and other Club employees constitute deceptive and unfair trade practices that violated and continue to violate the CPPA.

140. Under the CPPA, it is an unfair or deceptive trade practice to "misrepresent as to a material fact which has a tendency to mislead," D.C. Code § 28-3904(e).

141. Defendants have violated D.C. Code § 28-3904(e) by misrepresenting to consumers that entertainers retain the full amount of the "tips" they give to entertainers in either Cloakbucks or cash. Tips are commonly understood as an amount voluntarily paid by a consumer to a worker, which increases the worker's pay by the consumer-designated amount. At Cloakroom, this has not been true. When consumers tipped in Cloakbucks, those Cloakbucks increased the worker's pay by only 90% of the amount designated by the consumer, with the remaining 10% going to Cloakroom instead. And when consumers tip in cash, a significant amount of that money is used to "tip out" different and unrelated Cloakroom employees, like DJs and security guards, depleting the percentage of the tips that the worker retains.

142. Under the CPPA, it is an unfair or deceptive trade practice to "fail to state a material fact if such failure tends to mislead," D.C. Code § 28-3904(f).

143. Defendants have violated D.C. Code § 28-3904(f) by failing to disclose to consumers that only 90% of Cloakbucks increased worker compensation, and that some unknown percentage of cash tips do not go to entertainers but are instead "tipped out."

PRAYER FOR RELIEF

WHEREFORE, the District of Columbia respectfully requests:

a. A declaratory judgment that Defendants violated the law, including that:

   i. Defendants' creation of a hostile work environment based on sex—by, *inter alia*, committing, permitting, or failing to prevent sexual harassment and sexual assault of female employees and requiring sexual favors from female employees—violates the HRA;

   ii. Defendants' failure to ensure employees keep all tips earned violates the MWRA and WPCL;

iii. Defendants' failure to pay minimum wages violates the MWRA and WPCL;

iv. Defendants' failure to pay overtime rates violates the MWRA and WPCL;

v. Defendants' failure to comply with the rules relating to the tipped credit while paying the tipped minimum wage violates the MWRA and WPCL;

vi. Defendants' failure to provide required new hire notices, to maintain required employment records, and to furnish employees with itemized statements at the time of wage payment violates the MWRA and WPCL;

vii. Defendants' retaliatory actions against workers for attempting to exercise or complain about rights under the MWRA and WPCL violates the MWRA and WPCL;

viii. Defendants' failure to provide accrued paid sick leave violates the SSLA and WPCL;

ix. Defendants' retaliatory action against workers for attempting to exercise or complain about rights under the SSLA violates the SSLA and WPCL; and

x. Defendants' solicitation of "tips" from consumers, while failing to disclose that portions of tips would be stolen by the Club or distributed to non-tipped employees, violates the CPPA;

b. A permanent injunction prohibiting Defendants from committing further violations of the HRA, MWRA, WPCL, CPPA, SSLA, and WTA;

c. An award of damages, payable to Cloakroom's female employees, against Defendants Cloakroom and Cavasilios jointly and severally for their violations of the HRA, in an amount to be proven at trial;

d. An award of back wages, payable to Cloakroom's employees, against Defendants jointly and severally due to their failure to pay wages owed in violation of the MWRA, WPCL, and SSLA, in an amount to be proven at trial;

e. An award of liquidated damages under the MWRA and WPCL, payable to Cloakroom's employees, against Defendants jointly and severally and equal to treble the back wages unlawfully withheld, in an amount to be proven at trial;

f. An award of compensatory, punitive, and additional damages under the SSLA, payable to Cloakroom's employees, against Defendants jointly and severally in the amount of $500 for each accrued day of paid sick leave denied, with the total amount to be proven at trial;

g. An award of restitution and damages, payable to Cloakroom's employees, against Defendants jointly and severally for their violations of the CPPA, in an amount to be proven at trial;

h. Statutory civil penalties, payable to the District, against Defendants jointly and severally for each violation of the HRA, MWRA, WPCL, CPPA, SSLA, and WTA, in an amount to be proven at trial;

i. An award of reasonable attorneys' fees and costs payable to the District, as authorized by D.C. Code § 32-1306(a)(2)(A)(i), D.C. Code § 2-1403.16a(e), D.C. Code § 2-1403.13(a)(1)(E), D.C. Code § 28-3909(b), and D.C. Code § 32–1455(b-1)(2)(A); and

j. Any other relief that this Court deems just and proper.

JURY DEMAND

The District demands a trial by jury on all issues triable as of right by a jury in this action.

Respectfully submitted,

Dated: March 11, 2025

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