



BUSINESS

L.A.'s kombucha empire exploited workers for years



GT's Living Foods, maker of kombucha brand Synergy, sells about \$275 million of the fermented tea drink and other beverages each year. (Los Angeles Times photo illustration; Photo by Jay L. Clendenin / Los Angeles Times)

BY SAM DEAN | STAFF WRITER

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Kombucha has treated George Thomas Dave well.

But Dave's kombucha factory treated workers terribly for years, according to a new ruling in a long-running lawsuit against his company, GT's Living Foods.

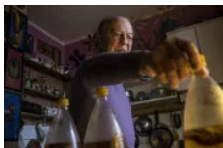
Dave started selling kombucha as a teenager in the 1990s, personally delivering bottles he brewed in his parents' Bel-Air home to Erewhon Market, and GT's Living Foods remains the leading company in the market. Today, candy-colored bottles of GT's drinks, including the popular Synergy brand, line the shelves at Walmart, CVS, Whole Foods and practically every other major retailer in the nation.

As the owner of GT's — which sells about \$275 million of the fermented tea drink and other beverages each year — Dave has become a billionaire, according to [Forbes](#) estimates. This year he [bought](#) a \$14-million hilltop estate just a few streets away from the two-home compound he already owned in Beverly Hills.

All along, he's insisted that good vibes and a positive attitude have been the secret to his success.

“People's energy has an influence on the quality of the kombucha,” Dave [told The Times](#) in 2008, along with an anecdote he's repeated multiple times in the 15 years since: He contended that the dark energy surrounding one early employee who was “suffering from depression” and then died of a heart attack caused the kombucha to go bad.

“As silly as it sounds, because of its living-life-force qualities, the kombucha is sensitive to the energy that surrounds it,” Dave reiterated [in 2015](#). Each bottle of his brew says right on the label: Made with “100% pure love!!!”



WORLD & NATION

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May 15, 2018

But according to a ruling filed last week in Los Angeles County Superior Court, Dave's kombucha company subjected a number of workers to “deplorable and abusive and

disturbing working conditions” in one of its factories in Vernon, just south of downtown Los Angeles, between 2010 and 2014.

The judge in the case, William Highberger, found that the company hired undocumented workers knowing that they could be “intimidated and abused,” that it required workers to clock 12- to 14-hour shifts without adequate breaks or overtime pay and that Dave himself, who testified in his own defense, “demonstrated a total absence of credibility” by contradicting himself in court.

Simon Rojas, one of the plaintiffs in the case who worked in the factory, said he was “very happy” with the ruling. “I want all of this to come out into the light because I know other companies are doing similar things. I want people to know that you don’t have to keep silent — if you’re exploited, you can speak up.”

Dave, for his part, said in a statement to The Times that he was “saddened” by the ruling. “Words such as ‘deplorable,’ ‘abusive’ and ‘disturbing working conditions’ are contrary to the standards I set for my Company since I began in 1995,” he wrote.

Responding to the judge’s assertion that he was not a credible witness, Dave wrote in his statement, “I did my best to speak truthfully, accurately, and sincerely. It is important to recognize that this case is over ten years old. Therefore, it can be difficult to specifically remember every detail, date and event.”

The ruling marks a milestone in a consolidated lawsuit that began a decade ago. In it, the court awarded more than \$450,000 in restitution to 11 workers at one of Dave’s kombucha factories under California’s unfair competition laws, with some awarded nearly \$59,000 in unpaid back wages. One worker, Arcemio Garay, was awarded a little more than \$180,000, in part because the court found that the company wrongfully pocketed wages garnished from his paycheck for a personal debt.

This suit is only the first phase of a number of linked lawsuits alleging that GT's Living Foods and its associated firms violated California labor laws. The violations have affected thousands of employees in the last decade, the lawsuits allege.



CALIFORNIA

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July 31, 2023

In testimony and in interviews with The Times, workers described the abuse and exploitation they experienced at the factory.

In the earliest period covered by the suit, workers were expected to line up outside the doors 15 minutes before their shifts began between 4 and 6 a.m. and were terminated if they were late, according to the ruling. Then, as they entered the facility, their names were checked off a list on a clipboard.

Inside, the job required boiling tea, transporting large jugs of liquid and working without adequate breaks for more than 10 hours per day, according to the ruling. Some workers testified that their workday often stretched to 12 or 14 hours.

Every two weeks, the company would ask the workers — some of whom the court found to be illiterate — to sign a time sheet indicating that they worked eight-hour days and released the employer “for any future claims on this pay period.”

Occasionally, workers would be paid in cash for their overtime work, but the court found the time sheets to be inadequate, the release to be illegal, and ultimately that “equity justifies disregarding the cash payments” because there was no way to determine whether the cash was enough to cover the hours worked.

Rojas testified that the tea-brewing areas of the factory were so hot that workers' sweat would fall into the tanks of brewing tea. He also said supervisors enforced strict

control of breaks, when they were granted, rushing workers out of the bathroom if they took too long.

Another worker, Amancio Palacios, told The Times that after he sued the company in 2013, his supervisors used the temperature gradients of the plant to punish him. First, Palacios said, he would work in the tea-brewing area of the factory, where he would stack up buckets of brewing kombucha onto pallets, and would end up “drenched with sweat.” Then, he said, supervisors would send him to the refrigerated containers where finished products were kept. “My sweaty clothes would turn ice cold,” Palacios said.

Dave disputed both workers’ accounts, writing in a statement that cleanliness is “absolutely essential” in his company’s production facilities and that the brew vessels have lids to keep them protected from outside contaminants. He added that “no evidence of retaliation of any kind was ever proven.”

In court, Dave testified that he believed the case to be frivolous. “Unfortunately, in this current state of the world we live in,” Dave said, lawsuits “just happen if you have any smell of success around you. ... That is the cross that I bear.”

On the stand, he also repeated the story of the employee with negative energy that damaged his kombucha: He described how one of his first managers, in the early 2000s, died of a heart attack a week after confiding in Dave that his wife had been cheating on him and that he planned to confront her.

“The reason why this is important,” Dave testified, is that every batch the manager touched during this period “all turned to mold.”

“That was my first indication that I can never take the nature of my product for granted,” Dave said. “It’s truly a living, breathing, empathetic, sensitive living food, which is why it keeps me honest with how we behave as a corporation.”



BUSINESS

Exiled in Beverly Hills, a refugee from Putin's Russia fights to keep his \$200-million fortune

July 24, 2023

When the attorney for the plaintiffs asked Dave if, given this philosophy, he intended to create an abusive work environment, Dave said he strove for the opposite and learned early on that workers want “kindness and compassion and respect.”

“If you give that to them, especially in the Latin community, you are immediately a family member,” Dave testified. “And they will do things that they wouldn’t ordinarily do because out of the kindness of their heart or because of this connection that you have established with them.”

Palacios told The Times that working at the GT’s Living Foods plant was “the worst experience of my life.”

Due to his precarious financial situation — and the fact that the job left him without time or energy to apply elsewhere — he kept working under the harsh conditions. “That place took a year of my life and it just threw it in the trash,” Palacios said. “For all the mistreatment I got, there were days I wanted to cry, but I had to take it because I had no other choice.”

Sergio Lopez, another plaintiff in the case, told The Times that the kombucha factory was his first job after migrating to the United States. The job gave him the impression that this country “was an ugly place to work.”

Dave, in his statement to The Times, pointed out that his company won a separate case brought by workers with similar claims in recent years and that the plaintiffs’ lawyers, with the firm Hennig Kramer Ruiz & Singh, had failed to certify the current case as a class action.

Dave described himself as a victim of harassment. “Small family-owned businesses like mine are under attack on a regular basis by unsubstantiated claims/lawsuits that are truly disguised extortion,” Dave wrote in his statement to The Times. “I believe being the son of an attorney and witnessing my Father defend countless cases, I developed the perspective that it’s better to sometimes fight for what you believe in than to succumb to financial threats and legal bullying.”

Judge Highberger wrote in the court’s ruling last week that Dave “lacked any credibility and did not provide truthful testimony on the witness stand.” Highberger expressed his opinion of Dave’s sincerity more forcefully during the trial proceedings earlier this year.

“I, frankly, found that Mr. Dave lied through his teeth and is not in any way, shape, or form credible,” the judge said to one of the lawyers defending GT’s Living Foods. “And if he appears in front of a jury, I’ll tell them not to believe him.”

The next phase of the trial will cover alleged labor code violations affecting the approximately 3,600 workers who have passed through the kombucha factory’s doors since 2012. It has yet to be scheduled. The plaintiffs will not receive their awards until the full case closes.



BUSINESS

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