

February 4, 2025

Labor and Workforce Development Agency
Attn: PAGA Administrator
455 Golden Gate Avenue, 9th Floor
San Francisco, CA 94102
Filed Online

Re: Amended Written Notice – Private Attorney General Act (“PAGA”)
Labor Code § 2698 et seq.

Demetrius Foster-Phenix v. Aya Healthcare Local, LLC, et al.

PAGA Administrator:

This correspondence shall serve to amend the initial notice submitted to the LWDA on behalf of Mr. Demetrius Foster-Phenix (“Employee”) and other aggrieved employees on January 27, 2025. The initial notice is hereby incorporated herein by reference, in its entirety.

Employee hereby provides amended notice of certain Labor Code violations by Aya Healthcare Local, LLC, (“Employer”) that have been discovered as a result of ongoing investigation and assessment.

Amended notice is hereby provided that, pursuant to *Labor Code* § 2699.3, Employee contends that Employer has violated, and continues to violate, provisions of the *Labor Code* and wage orders promulgated by the Industrial Welfare Commission (“IWC wage order”), including, but not limited to, *Labor Code* §§ 200, 201-203, 221, 223, 226(a), 226.7, 246, 510, 512, 516, 1174.5, 1182, 1194, 1197, 1198, 2802, and the applicable wage order.

In accordance with the required notice under *Labor Code* § 2699.3 of the Private Attorney General Act (“PAGA”), this amended letter shall serve as formal written notice to the Labor and Workforce Development Agency (“LWDA”).

Employee worked for Employer as a ‘Registered Nurse’ at various hospital locations, including USC Norris Comprehensive Cancer Center, Keck Medicine of USC, and USC Verdugo Hills Hospital. Employee worked for Employer from approximately December 2022 until his date of termination on March 5, 2024.

Employee is an “aggrieved employee” as defined in *Labor Code* § 2699(a) and brings this action on behalf of himself and all other aggrieved employees of Employer and seeks penalties under PAGA for Employer’s violations of the *Labor Code*.

Employer is a California Limited Liability Company that does business in California.

Employer Aya Healthcare Local, LLC, is a healthcare staffing and technology company that focuses on hiring staff to assign to numerous healthcare facilities at a time.

At all relevant times, Employer issued and maintained uniform, standardized scheduling and timekeeping practices and procedures for all aggrieved, hourly paid employees in California, including Employee and others similarly situated, regardless of their location or position.

Employee and other aggrieved employees seek penalties and other compensation from Employer for the relevant time period because Employer:

1. Failed to Pay Employees for All Overtime (*Lab. Code* §§ 510, 1198);
2. Failed to Pay Employees for All Hours Worked (*Lab. Code* §§ 200, 221, 223, 1182, 1194, 1197, 1198);
3. Failed to Provide Employees with Compliant Meal Periods (*Lab. Code* §§ 226.7, 512, 516 and 1198);
4. Failed to Provide Employees with Compliant Rest Periods (*Lab. Code* §§ 226.7, 512, 516 and 1198);
5. Failed to Provide Sick Pay at the Regular Rate (*Lab. Code* §§ 200, 246);
6. Failed to Reimburse Employees for Business Expenses (*Lab. Code* § 2802);
7. Failed to Pay All Wages Owed at Termination (*Lab. Code* §§ 201-203);
8. Failed to Provide Employees and Aggrieved Employees with Accurate, Itemized Wage Statements and Failed to Maintain Accurate Records (*Lab. Code* §§ 226(a), 1174);

Below please find the relevant facts and legal theories to support the aforementioned violations.

Failure to Pay Overtime

During the Relevant Time Period, upon information and belief, Employer had, and continues to have, a company-wide policy of discouraging and impeding Employee and other aggrieved employees from recording hours worked that were outside of their scheduled shifts in order to limit the amount of overtime employees could accrue. On information and belief, this policy of limiting overtime, led Employee and other aggrieved employees to work off-the-clock before and after their scheduled shift times.

At all times, Employee and other aggrieved employees remained under the control of Employer.

Employer knew or should have known that as a result of these company-wide practices

and/or policies, Employee and other aggrieved employees were performing assigned duties off-the-clock and were suffered or permitted to perform work for which they were not paid. Because Employee and other aggrieved employees worked shifts of eight (8) hours a day or more or forty (40) hours a week or more, some of this off-the-clock work qualified for overtime premium pay.

Specifically, Employee was paid different rates for shifts of different times, but Employer failed to pay the proper overtime rate, nor differential pay rate in either shift time.

California *Labor Code* §§ 510 and 1198 and the applicable Industrial Welfare Commission (“IWC”) wage order require employers to pay employees working more than eight (8) hours in a day or more than forty (40) hours in a workweek at the rate of one-and-one-half (1½) times the regular rate of pay for all hours worked in excess of eight (8) hours in a day or more than forty (40) hours in a workweek. The applicable IWC wage order further provides that employers are required to pay employees working more than twelve (12) hours in a day overtime compensation at a rate of two (2) times their regular rate of pay. An employee’s regular rate of pay includes all remuneration for employment paid to, or on behalf of, the employee, including nondiscretionary bonuses and incentive pay.

As fully alleged above, during the applicable recovery period, Employer has had a pattern and practice of failing to include the value of the “stipends,” including, but not limited to, lodging, meal and incidental payments, whether paid in cash or in kind, and non-discretionary bonuses, in Employee’s and the Aggrieved Employees’ regular rates of pay for purposes of calculating their overtime and double-time pay. Therefore, Employee and the Aggrieved Employees were not fully paid for all the overtime and/or double-time payments legally owed to them.

Accordingly, Employer regularly failed to pay overtime wages to Employee and other aggrieved employees for all overtime hours worked in violation of *Labor Code* §§ 510 and 1198. Employee and other aggrieved employees are entitled to recover civil penalties, attorney’s fees, costs, and interest thereon, pursuant to *Labor Code* §§ 1197.1 and/or 2699(a), (f)-(g).

Failure to Pay All Wages

As stated above, during the relevant time period, as a result of Employer’s policy of limiting the amount of overtime employees could accrue, Employee and other aggrieved employees were forced to work off-the-clock before and after their scheduled shift times as alleged above.

Employee worked overtime in his shifts, but did not get paid at a proper blended rate even though he was paid different amounts depending on whether he was working a day shift or a night shift. Similarly, his night shift differential rate was not calculated properly.

Thus, Employer did not pay at least minimum wages for all hours worked by Employee and other aggrieved employees.

Labor Code § 1194(a) provides in relevant part: “[n]otwithstanding any agreement to work for a lesser wage, any employee receiving less than the legal minimum wage ... is entitled to recover in a civil action the unpaid balance of the full amount of this minimum wage ... including interest thereon, reasonable attorney’s fees, and costs of suit.”

Labor Code § 1194.2(a) provides in relevant part: “[i]n any action under § 1193.6 or § 1194 to recover wages because of the payment of a wage less than the minimum wage fixed by an order of the commission, an employee shall be entitled to recover liquidated damages in an amount equal to the wages unlawfully unpaid and interest thereon.”

Labor Code § 1197 provides: “[t]he minimum wage for employees fixed by the commission is the minimum wage to be paid to employees, and the payment of a less wage than the minimum so fixed is unlawful.”

Employee is informed and believes, and therefore alleges, that Employer’s compensation schemes do not fairly compensate Employee and aggrieved employees for all hours spent performing their job duties.

The failure to pay at least minimum wages to Employee and aggrieved employees for each and every hour worked violates *Labor Code* §§ 1182.11-1182.12, 1194, 1194.2, and 1197; the applicable IWC wage order.

The failure to pay designated wages to Employee and aggrieved employees for each and every hour worked violates *Labor Code* §§ 221 and 223; and the applicable IWC wage order.

Accordingly, Employer regularly failed to pay at least minimum wages to Employee and other aggrieved employees for all of the hours they worked in violation of *Labor Code* §§ 1194, 1197, 1197.1 and 1198. Employee and other aggrieved employees are entitled to recover civil penalties, attorney’s fees, costs, and interest thereon, pursuant to *Labor Code* §§ 1197.1 and/or 2699(a), (f)-(g).

Failure to Provide Compliant Meal Breaks

Meal breaks were typically missed, late or interrupted. Employee and aggrieved employees would work more than five hours without a meal period.

Under the foregoing, California employers must provide meal periods and authorize and permit rest periods to all employees during their shifts. In *Augustus v. ABM Security Services, Inc.* (2016) 2 Cal.5th 257, the California Supreme Court reaffirmed that the required meal and rest periods must be “off-duty,” which means that employees must be relieved of “all work-related duties,” including the duty to remain “on call,” and they must be “free from employer control” over how they “spend their time.” *Id.* at 264, 269. Employees must have the freedom to use meal and rest periods for their own purposes. *Id.* at 270; *Brinker Rest. Corp. v. Superior Court* (2012) 53 Cal.4th 1004, 1038-39.

When employees must either “remain at the ready and capable of being summoned to action,” “respond when the employer seeks contact with [them],” “perform other work if the employer so requires,” and/or remain “on call” during their meal and rest periods, the employees have not been “relieve[d] ... of all work-related duties and employer control.” *Augustus, supra*, 2 Cal.5th at 270. Such a meal or rest period is not “off duty” and therefore is “impermissible.” *Ibid.*

The Supreme Court’s decision in *Augustus* is just the latest in a series of meal and rest break cases that have affirmed California’s broad, protective standard for employees.

Moreover, as the mere existence of a facially lawful meal and rest break policy is unavailing if there are practical constraints and pressures on employees to perform their duties in ways that omit breaks. *See Brinker, supra*, 53 Cal.4th at 1040.

Yet, Employer did and does not provide Employee and aggrieved employees with meal periods during which they are completely relieved of duty for at least thirty (30) minutes by the fifth hour of work and again by the tenth hour of work. Specifically, Employee regularly took his meal breaks late – after the fifth hour of his shifts.

Thus, Employer has failed to perform its obligations to provide Employee and aggrieved employees with off-duty meal periods by the end of the fifth hour of work and a second meal period by the end of the tenth hour of work. Employer also has failed to pay Employee and aggrieved employees one (1) hour of pay at the regular rate for each off-duty meal period that they have been denied.

On July 15, 2021, the California Supreme Court issued a decision in *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal.5th 858 where the court unanimously held that employers must pay premium payments to employees for missed meal, rest, and recovery breaks at the employee’s “regular rate of pay” instead of their base hourly rate. The regular rate of pay may be higher than the base hourly rate because the regular rate of pay must include all nondiscretionary incentive payments, including nondiscretionary bonuses.

Employer knew or should have known that as a result of its policies and/or practices, that Employee and aggrieved employees were not actually relieved of all duties to take timely, uninterrupted meal periods. Employer further knew or should have known that it did not pay Employee and aggrieved employees all meal period premiums when meal periods were missed, late, short, and/or interrupted. Furthermore, Employer has engaged in a company-wide practice and/or policy of not paying meal period premiums owed when compliant meal periods are not provided. Because of this practice and/or policy, Employee and aggrieved employees have not received all premium pay for missed, interrupted, or late meal periods. Accordingly, Employer failed to provide all meal periods in violation of *Labor Code* §§ 226.7, 512(a), 516, and 1198.

Employee and other aggrieved employees are entitled to civil penalties, attorney’s fees, costs, and interest thereon, pursuant to *Labor Code* §§ 2699(a), (f)-(g).

Failure to Provide Compliant Rest Breaks

Labor Code §§ 226.7, 516, and 1198, and the applicable IWC Wage Order require employers to provide rest periods and to pay an employee one (1) additional hour of pay at the employee's regular rate for each work day that a meal or rest period is not provided. *Labor Code* § 226.7 provides that no employer shall require an employee to work during any rest period mandated by an applicable order of the IWC. The applicable IWC wage order, section 11 provides that "[e]very employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period" and that the "rest period time shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof" unless the total daily work time is less than three and one-half (3 ½) hours.

To comply with its obligation to authorize and permit rest periods under *Labor Code* § 226.7 and the applicable IWC wage order, an employer must "relinquish any control over how employees spend their break time, and relieve their employees of all duties—including the obligation that an employee remain on call. A rest period, in short, must be a period of rest." *Augustus et al. v. ABM Security Services, Inc.* (2016) 2 Cal.5th 257, 269-270.

During the relevant time period, Employer regularly failed to authorize and permit Employee and other aggrieved employees to take a ten (10) minute rest period per each four (4) hour period worked or major fraction thereof. Employee alleges that he regularly had to take his rest breaks late. Additionally, Employer's policy did not state that Employee and the Aggrieved Employees were entitled to their rest breaks during their shifts.

As a result of Employer's practices and policies, Employee and other aggrieved employees worked shifts in excess of 3.5 hours, in excess of 6 hours, and/or in excess of 10 hours without receiving all uninterrupted 10-minute rest periods to which they were entitled.

Employer also has engaged in a company-wide practice and/or policy of not paying rest period premiums owed when compliant rest periods are not authorized and permitted. Because of this practice and/or policy, Employee and other aggrieved employees have not received premium pay for all non-compliant rest periods.

Accordingly, Employer failed to authorize and permit all rest periods in violation of *Labor Code* §§ 226.7, 516, and 1198. Employee and other aggrieved employees are entitled to civil penalties, attorney's fees, costs, and interest thereon, pursuant to *Labor Code* §§ 2699(a), (f)-(g).

Failure to Pay All Sick Wages

Sick pay must be compensated at the employee's regular rate of pay, for the workweek in which the paid leave was taken, or at a rate determined by averaging over 90-days. (Lab. Code § 246(1)).

Employer failed to pay Employee and aggrieved employees sick pay at the correct rate. Employee received compensation in addition to hourly wages, but those additional amounts were not included when calculating sick pay wages. While sick pay should be accrued at one hour for every thirty hours worked, on Employee's Pay Period ending on February 24, 2024, he worked a total of 45.44 hours and was entitled to 1.51 hours of sick accrual. However, Employee only accrued 1.30 hours.

Employee's and Aggrieved Employees' "stipends" increased their regular rate of pay. However, when sick pay was paid, it was paid at base rate of pay for Employee and Aggrieved Employees, as opposed to the correct, higher regular rate of pay, as required under *Labor Code* §§ 200, and 246.

Failure to Reimburse Business Expenses

At all times relevant hereto, Employer had company-wide policies and/or practices whereby non-exempt employees were required to undertake expenses on Employer's behalf. These expenses include, but are not limited to, the following: the use of an app called 'Shift by Aya Healthcare.' Employee was required to download the app and it's how he and the other Aggrieved Employees requested shifts to work.

Accordingly, Employer regularly failed to reimburse Employee and other aggrieved employees for all expenses they incurred in facilitating their job duties in violation of *Labor Code* § 2802.

Failure to Timely Pay Final Wages Upon Termination

As a pattern and practice, Employer regularly failed to pay Employee and aggrieved employees their final wages pursuant to *Labor Code* §§ 201-203.

Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

On information and belief, Employer has a company-wide practice or policy of failing to pay all accrued wages to departing employees and don't adhere to the time requirements set forth in *Labor Code* §§ 201 and 202.

Employer willfully failed to pay Employee and aggrieved employees the earned and unpaid wages set forth above, including but not limited to minimum wages, either at the time of discharge, or within seventy-two (72) hours of their leaving Employer's employ.

Failure to Provide Accurate, Itemized Wage Statements

Labor Code § 226(a) requires employers make, keep, and provide true, accurate, and complete wage records. Employer has not provided Employee and other aggrieved employees with properly itemized wage statements. *Labor Code* § 226(e) provides that if an employer fails to comply with providing an employee with properly itemized wage statements as set forth in 226(a), then the employee is entitled to recover the greater of all actual damages or \$50 for the initial pay period in which a violation occurs and \$100 per employee for each violation in a subsequent pay period, not to exceed \$4,000. Further, *Labor Code* § 226.3 provides that any employer who violates § 226(a) shall be subject to a civil penalty in the amount of \$250 per employee per violation in an initial citation and \$1,000 per employee for each violation in a subsequent citation, for which the employer fails to provide the employee a wage statement or fails to keep the required records pursuant to § 226(a).

During the relevant time period, Employer has knowingly and intentionally provided Employee and other aggrieved employees with uniform, incomplete, and inaccurate wage statements. Employer issued uniform wage statements to Employee and other aggrieved employees that fail to correctly list: gross wages earned; total hours worked; net wages earned; and all applicable hourly rates in effect during the pay period, including rates of pay for overtime wages and/or meal and rest period premiums, and the corresponding number of hours worked at each hourly rate.

Employer violated §§ 226(a)(1), 226(a)(2), 226(a)(5), and 226(a)(9). Because Employer did not record the time Employee and other aggrieved employees spent working off-the-clock, Employer did not list the correct amount of gross wages and net wages earned by Employee and other aggrieved employees in compliance with § 226(a)(1) and § 226(a)(5), respectively. For the same reason, Employer failed to accurately list the total number of hours worked by Employee and other aggrieved employees, in violation of § 226(a)(2), and failed to list the applicable hourly rates of pay in effect during the pay period and the corresponding accurate number of hours worked at each hourly rate, in violation of § 226(a)(9). For the same reason, Employer also failed to list the correct amount of net wages in violation of § 226(a)(5). Employer also failed to correctly list all applicable hourly rates in effect during the pay period, namely, correct rates of pay for overtime wages and/or meal and rest period premiums, in violation of § 226(a)(9).

As a result of not having kept accurate records, Employee and aggrieved employees suffered injuries in the form of confusion over whether they received all wages owed to them, and difficulty and expense in reconstructing pay records in addition to other injuries which may come to light during the discovery process.

Labor Code § 1198 provides that the maximum hours of work and the standard conditions

of labor shall be those fixed by the Labor Commissioner and as set forth in the applicable IWC wage order. § 1198 further provides that “[t]he employment of any employees for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.” Pursuant to the applicable IWC wage order, employers are required to keep accurate time records showing when the employee begins and ends each work period and meal period.

Employee and other aggrieved employees are entitled to recover civil penalties, attorney’s fees, costs, and interest thereon pursuant to *Labor Code* §§ 226.3, 1174.5, and/or 2699(a), (f)-(g).

Conclusion

Enclosed please find a copy of the class action complaint that is in the process of being filed in the Superior Court for the State of California, Los Angeles County. Employee respectfully requests that the LWDA notify this office within sixty (60) days if it wishes to investigate this matter further. A copy is being sent via certified mail to Employer. Should you have any questions or concerns or require additional information, please do not hesitate to contact the undersigned.

Thank you for your time and consideration.

Very truly yours,

BRADLEY/GROMBACHER, LLP

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