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8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
9 **FOR THE COUNTY OF ORANGE**

10 AMANDA BAILEY, an individual, on behalf  
11 of the State of California as a private attorney  
12 general, and on behalf of all others similarly  
situated,

13 Plaintiff,

14 v.

15 NATIONAL THERAPEUTIC SERVICES,  
INC., doing business as NORTHBOUND  
16 TREATMENT SERVICES, a Nevada  
corporation; JOSHUA HOUSE, LLC, a  
17 California limited liability company; and  
DOES 1 to 50, inclusive,

18 Defendants.

**CASE NO. 30-2020-01161466-CU-OE-CXC**

**REPRESENTATIVE ACTION PURSUANT  
TO THE CALIFORNIA PRIVATE  
ATTORNEY GENERALS ACT OF 2004,  
CAL. LAB. CODE § 2698, ET SEQ.**

1. Penalties Pursuant to Labor Code §  
2698, *et seq.* for violations of Labor  
Code §§ 201, 202, 203, 204, 210, 212,  
221, 226, 226.3, 226.7, 450, 510, 512,  
1174, 1194, 1194.2, 1197, 1197.1,  
1198, 1199, 2802 and applicable IWC  
Wage Orders

Assigned for all purposes to:

**Judge Glenda Sanders**

**Dept: CX101**

1 Plaintiff AMANDA BAILEY (“Plaintiff”) on behalf of the people of the State of  
2 California and as an “aggrieved employee” acting as a private attorney general under the Labor  
3 Code Private Attorneys General Act of 2004, § 2698, *et seq.* (“PAGA”) complains of Defendant  
4 NATIONAL THERAPEUTIC SERVICES, INC., doing business as NORTHBOUND  
5 TREATMENT SERVICES, (“NTS”) and Defendant JOSHUA HOUSE, LLC (“Joshua House”)  
6 (collectively, “Defendants”) and DOES 1 to 50 (collectively, “Defendants”) and each of them, as  
7 follows:

8 **I. INTRODUCTION**

9 1. This is a representative action brought pursuant to Labor Code § 2699, *et seq.*, on  
10 behalf of the State of California and on behalf of aggrieved employees as follows: ***all individuals***  
11 ***who are or were employed in California as hourly, non-exempt employees by Defendants***  
12 ***National Therapeutic Services, Inc. dba Northbound Treatment Services and Joshua House,***  
13 ***LLC from May 21, 2019 and through the date of judgment and/or approval of settlement*** (the  
14 “Aggrieved Employees”).

15 2. In addition, Plaintiff reserves the right to amend or modify the definition of  
16 “Aggrieved Employees” identified herein with greater specificity and/or amend or modify into  
17 further divisions of subgroups or limitation of issues.

18 3. Plaintiff, on behalf of herself and all Aggrieved Employees presently or formerly  
19 employed by Defendants during the liability period, brings this representative action pursuant to  
20 Labor Code § 2699, *et seq.* seeking penalties for Defendants’ violation of California Labor Code  
21 §§ 201, 202, 203, 204, 210, 212, 221, 226, 226.3, 226.7, 450, 510, 512, 1174, 1194, 1194.2, 1197,  
22 1197.1, 1198, 1199, 2802, and IWC Wage Order Nos. 4-2001 and/or 5-2001. Based upon the  
23 foregoing, Plaintiff and all Aggrieved Employees are ‘aggrieved employees’ within the meaning  
24 of Labor Code § 2699, *et seq.*

25 **II. JURISDICTION AND VENUE**

26 4. This Court has subject matter jurisdiction over any and all causes of action  
27 asserted herein pursuant to Article VI, § 10 of the California Constitution and California Code of  
28 Civil Procedure § 410.10 by virtue of the fact that this is a civil action in which the matter in

1 controversy, exclusive of interest, exceeds \$25,000, and because each cause of action asserted  
2 arises under the laws of the State of California or is subject to adjudication in the courts of the  
3 State of California.

4 5. This Court has personal jurisdiction over Defendants because Defendants have  
5 caused injuries in the County of Orange and State of California through their acts, and by their  
6 violation of the California Labor Code and California state common law. Defendants transact at  
7 least \$500,000 dollars of business within the State of California.

8 6. Venue as to Defendants is proper in this judicial district, pursuant to Code of Civil  
9 Procedure § 395. Defendants operate within California and do business within Orange County,  
10 California. The unlawful acts alleged herein have a direct effect on Plaintiff and all of  
11 Defendants' employees within Orange County.

### 12 **III. THE PARTIES**

#### 13 **A. PLAINTIFF**

14 7. Plaintiff AMANDA BAILEY is a citizen of California and worked for Defendants  
15 during the statutory period applicable to her PAGA claim.

16 8. Plaintiff represents the state of California as well the Aggrieved Employees.

17 9. Plaintiff and all Aggrieved Employees at all times pertinent hereto, are or were  
18 employees of Defendants during the statutory time period (the "PAGA Period" is May 21, 2019  
19 and ongoing through the date of judgment and/or approval of settlement).

20 10. Upon information and belief, Plaintiff and the Aggrieved Employees are covered  
21 by California Industrial Welfare Commission Occupational Wage Order No. 4-2001 and/or 5-  
22 2001.

#### 23 **B. DEFENDANTS**

24 11. Defendant NATIONAL THERAPEUTIC SERVICES, INC., doing business as  
25 NORTHBOUND TREATMENT SERVICES, is a Nevada Corporation, with its principal place of  
26 business in Newport Beach, California.

27 12. Defendant JOSHUA HOUSE, LLC, is a California Limited Liability Company,  
28 with its principal place of business in Newport Beach, California.

1           13. The true names and capacities, whether individual, corporate, associate, or  
2 otherwise, of Defendants sued herein as DOES 1 to 50, inclusive, are currently unknown to  
3 Plaintiff, who therefore sues Defendants by such fictitious names under Code of Civil Procedure  
4 § 474. Plaintiff is informed and believes, and based thereon alleges, that each of the Defendants  
5 designated herein as a DOE is legally responsible in some manner for the unlawful acts referred  
6 to herein. Plaintiff will seek leave of court to amend this Complaint to reflect the true names and  
7 capacities of the Defendants designated hereinafter as DOES when such identities become  
8 known.

9           14. Plaintiff is informed and believes, and based thereon alleges, that each Defendant  
10 acted in all respects pertinent to this action as the agent of the other Defendants, carried out a joint  
11 scheme, business plan or policy in all respects pertinent hereto, and the acts of each Defendant are  
12 legally attributable to the other Defendants. Furthermore, Defendants in all respects acted as the  
13 employer and/or joint employer of Plaintiff and the other Aggrieved Employees.

#### 14 **IV. FACTUAL BACKGROUND**

15           15. Subsequent to her hire on April 22, 2015, Plaintiff was employed by Defendants in  
16 California working as an hourly, non-exempt employee. Specifically, during the relevant statutory  
17 PAGA period from May 21, 2019 until her date of separation on April 01, 2020, Plaintiff worked  
18 as a Billings and Collections/Account Specialist in Defendants' Newport Beach, California  
19 location, and her job duties included, *inter alia*, customer service, processing insurance payments  
20 and patient account information, reviewing claims, addressing billing errors, and working on  
21 payer denials.

22           16. Plaintiff and all Aggrieved Employees are, and were at all times relevant hereto,  
23 employed by the Defendants within the State of California.

24           17. Plaintiff and all Aggrieved Employees are, and were at all times pertinent hereto,  
25 non-exempt employees for the purposes of minimum wages, overtime, rest breaks, meal periods,  
26 reimbursement of expenses, and the other underlying claims alleged herein.

27           18. Plaintiff alleges that Defendants did not fully compensate Plaintiff and Aggrieved  
28 Employees who worked in non-exempt hourly paid positions - including, but not limited to,

1 account specialists - because they regularly were required to perform pre- and post- shift activities  
2 that were off-the-clock, as well as during meal periods and rest breaks.

3 19. California law requires employers to pay non-exempt employees for all hours  
4 worked at the legal rate. Hours worked, as defined by the Industrial Welfare Commission,  
5 includes all time an employee is subject to the employer's control and all time the employee is  
6 suffered or permitted to work, regardless of whether the employee is required to work or not.  
7 IWC Order 4-2001 and/or 5-2001, Section 2. Defendants do not compensate and in some  
8 situations undercompensate Aggrieved Employees for all hours worked.

9 20. Here, Plaintiff and the other Aggrieved Employees worked off-the-clock and did  
10 not receive minimum wage for each hour worked.

11 21. First, due to Defendants' assignment of workloads and their failure to schedule  
12 adequate staffing, Plaintiff and Aggrieved Employees were compelled to perform pre-shift and  
13 post-shift duties that were off-the-clock, as well as during meal periods, resulting in  
14 uncompensated minimum and overtime wages. Off-the-clock work includes duties such as  
15 handling telephone calls, waiting for the computer to boot-up, logging onto computer programs,  
16 communicating with patients, patient family members, and co-workers, and/or doing paperwork.  
17 Moreover, because Aggrieved Employees regularly worked full-time schedules, this off-the-clock  
18 work results in unpaid overtime; and for these off-the-clock hours, Employees do not even  
19 receive straight pay: they receive no pay at all.

20 22. Second, Plaintiff and Aggrieved Employees were also regularly required to  
21 perform job duties off-the-clock as a result of Defendants' uneven rounding practice that failed to  
22 compensate for all hours worked. Instead of paying Plaintiff and Aggrieved Employees for actual  
23 hours worked as recorded by employee punches, Defendants performed additional calculations to  
24 round the actual time entries. For example, the Employee Handbook states as follows in its  
25 "Timekeeping" section:

26 Employees may clock in no earlier than seven (7) minutes before the start of their  
27 shift and clock out no later than seven (7) minutes after completion of the shift,  
28 unless overtime work has been authorized by management. Overtime work must  
always be approved before it is performed. In accordance with state and federal

1 law, **the Company rounds this time to the nearest one quarter hour/fifteen**  
2 **minutes.** See, Employee Handbook, dated 2017, p. 46. [emphasis added]

3 Through these policies and practices, Defendants artificially reduced the actual hours worked –  
4 which were recorded *vis-à-vis* Defendants’ Paycom timekeeping system - and ultimately  
5 disadvantaged Plaintiff and Aggrieved Employees.

6 23. Defendants’ practice of rounding time in a manner detrimental to Plaintiff and the  
7 other Aggrieved Employees contravenes California’s policies. Labor Code § 90.5(a). Plaintiff’s  
8 rounding claim is bolstered by *Troester v. Starbucks Corp.*, (2018) 5 Cal. 5th 829, which  
9 mandates that all work time must be paid and that a rounding policy must be fair.

10 In light of the Wage Order’s remedial purposes requiring a liberal construction, its  
11 directive to compensate employees for all time worked, the evident priority it  
12 accorded that mandate notwithstanding customary employment arrangements, and  
13 its concern with small amounts of time, ***we conclude that the de minimis doctrine***  
14 ***has no application*** under the circumstances presented here. ***An employer that***  
15 ***requires its employee to work minutes off the clock on a regular basis or as a***  
16 ***regular feature of its job may not evade the obligation to compensate that***  
17 ***employee for that time by invoking the de minimis doctrine.*** *Troester v. Starbucks*  
18 *Corp.* (2018) 5 Cal. 5th 829, 847. [emphasis added]

19 Plaintiff regularly clocked in prior to the start of her shift, and upon information and belief, she  
20 alleges that Plaintiff and Aggrieved Employee time records will demonstrate that Defendants’  
21 rounding policy resulted in a disproportionate docking of time.

22 24. Third, Plaintiff and Aggrieved Employees often worked during meal periods as  
23 described *infra*. To the extent Defendants interrupted Plaintiff’s and Aggrieved Employees’ meal  
24 periods by requiring or pressuring them to return to work before completing their thirty (30)  
25 minute meal periods, some of the unpaid meal period time constitutes off-the-clock hours  
26 resulting in unpaid minimum wages (along with unpaid overtime wages) owed to Plaintiff and  
27 Aggrieved Employees.

28 25. Labor Code § 1197 states the California requirement that employees must be paid  
at least the minimum wage fixed by the Commission, and any payment of less than the minimum  
wage is unlawful. Similarly, Labor Code § 1194 entitles “any employee receiving less than the  
legal minimum wage...to recover in a civil action the unpaid balance of the full amount of this

1 minimum wage.” The applicable IWC Wage Order(s) also obligate employers to pay each  
2 employee minimum wages for all hours worked.

3 26. These minimum wage standards apply to each hour employees worked for which  
4 they were not paid. Therefore, an employer’s failure to pay for any particular hour of time worked  
5 by an employee is unlawful, even if averaging an employee’s total pay over all hours worked,  
6 paid or not, results in an average hourly wage above minimum wage. *Armenta v. Osmose, Inc.*  
7 (2005) 135 Cal. App. 4th 314, 324.

8 27. Labor Code § 1194.2 authorizes employees to recover wages to recover liquidated  
9 damages for violations of Labor Code § 1194. Where an employee, like Plaintiff and the  
10 Aggrieved Employees, is not paid for all hours worked under Labor Code § 1194, the employee  
11 may recover minimum wages and liquidated damages for the time for which he or she received  
12 no compensation. *Sillah v. Command Int’l Sec. Servs.* (N.D. Cal. 2015) 154 F. Supp. 3d 891  
13 (holding that employees suing for failure to pay overtime could recover liquidated damages under  
14 § 1194.2 if they also showed they were paid less than minimum wage); *accord Andrade v. Arby’s*  
15 *Rest. Grp., Inc.* (N.D. Cal. Dec. 12, 2016) No. 15-cv-03175 NC, 2016 U.S. Dist. LEXIS 172319,  
16 at \*20-21.) Since Defendants failed to provide Plaintiff and the Aggrieved Employees with  
17 compensation for all hours worked, they are entitled to recover liquidated damages under Labor  
18 Code § 1194.2 through PAGA.

19 28. Labor Code § 1197.1 authorizes employees who are paid less than the minimum  
20 fixed by an applicable state or local law, or by an order of the commission a civil penalty,  
21 restitution of wages, and liquidate damages as follows: (1) for any initial violation that is  
22 intentionally committed, one hundred dollars (\$100) for each underpaid employee for each pay  
23 period for which the employee is underpaid....[and] (2) [f]or each subsequent violation for the  
24 same specific offense, two hundred fifty dollars (\$250) for each underpaid employee for each pay  
25 period for which the employee is underpaid regardless of whether the initial violation is  
26 intentionally committed. Accordingly, through PAGA and to the extent permitted by law Plaintiff  
27 and the Aggrieved Employees are entitled to recover for violations of Labor Code § 1197.1.  
28

1           29.     Because Plaintiff and the Aggrieved Employees worked off-the-clock as discussed  
2 *supra*, they incurred overtime which Defendants also failed to pay and which hours are not  
3 reflected in Defendants' time records for these employees.

4           30.     Labor Code section 510 sets forth the California requirement that employees must  
5 be paid overtime as follows:

6                 Eight hours of labor constitutes a day's work. Any work in excess of eight hours in  
7 one workday and any work in excess of 40 hours in any one workweek and the  
8 first eight hours worked on the seventh day of work in any one workweek shall be  
9 compensated at the rate of no less than one and one-half times the regular rate of  
10 pay for an employee. Any work in excess of 12 hours in one day shall be  
compensated at the rate of no less than twice the regular rate of pay for an  
employee. In addition, any work in excess of eight hours on any seventh day of a  
workweek shall be compensated at the rate of no less than twice the regular rate of  
pay of an employee. *See, Labor Code § 510.*

11           31.     The IWC Wage Order(s) likewise mirror Labor Code section 510's overtime  
12 requirements and apply here. Moreover, Labor Code section 1198 provides that "[t]he maximum  
13 hours of work and the standard conditions of labor fixed by the commission shall be the  
14 maximum hours of work and the standard conditions of labor for employees. The employment of  
15 any employee for longer hours than those fixed by the order or under conditions of labor  
16 prohibited by the order is unlawful."

17           32.     In accordance with Labor Code section 1194, Plaintiff and Aggrieved Employees  
18 could not agree to work for an amount less than the minimum wage and overtime compensation  
19 required by state law. Likewise, Plaintiff also seeks penalties on behalf of herself and the  
20 Aggrieved Employees under Labor Code § 1199.

21           33.     By their common policy of requiring Plaintiff and the Aggrieved Employees to  
22 work in excess of eight (8) hours in a workday and/or forty (40) hours in a workweek without  
23 compensating them at the rate of one-half (1 1/2) their regular rate of pay, Defendants willfully  
24 violated the provisions of Labor Code §§ 510, 1194, 1199, along with IWC Wage Order Nos. 4-  
25 2001 and/or 5-2001. As a result, Plaintiff and the Aggrieved Employees seek penalties under  
26 PAGA.

1           34. Plaintiff also alleges that there are serious compliance issues *vis-à-vis* meal breaks  
2 - some are late, missed, short, or interrupted. Labor Code sections 226.7 and 512, as well as  
3 Section 11 of California Wage Order Nos. 4-2001 and/or 5-2001, mandate the following for meal  
4 breaks: (1) No employer shall employ any person for a work period of more than five (5) hours  
5 without a meal break of not less than 30 minutes, *see*, Wage Order Nos. 4-2001 and 5-2001,  
6 Section 11.A, and (2) An employer shall not employ an employee for a work period of more than  
7 10 hours per day without providing the employee with a second meal period of not less than 30  
8 minutes. *See*, Labor Code § 512.

9           35. Plaintiff and Aggrieved Employees frequently performed work tasks while off-the-  
10 clock and during their meal periods, which were not duty-free. As a result of Defendants' failure  
11 to provide lawful meal periods, Plaintiff and Aggrieved Employees did not receive duty-free meal  
12 periods within the first five (5) hours of their work, and did not receive a second duty-free meal  
13 period when working shifts of ten (10) hours or more.

14           36. Defendants violated Labor Code section 512 and the applicable Wage Order(s) by  
15 requiring Plaintiff and Aggrieved Employees to work through their meal periods without  
16 receiving proper compensation and without entering into lawful on-duty meal period agreements.

17           37. In addition to failing to provide timely, duty-free meal breaks, Plaintiff and the  
18 other Aggrieved Employees were not compensated with one (1) hour's worth of pay at their  
19 regular rate of compensation when they were not provided with complaint meal breaks. Thus,  
20 Plaintiff is an 'aggrieved employee' within the meaning of PAGA and Defendants have violated  
21 Labor Code § 226.7 and IWC Wage Order 4-2001 and/or 5-2001, Section 11.B.

22           38. Furthermore, pursuant to Labor Code § 226.7 and/or IWC Wage Order Nos. 4-  
23 2001 and/or 5-2001, Defendants failed to provide Plaintiff and the Aggrieved Employees with  
24 compensated, duty-free rest periods of not less than ten (10) minutes for every major fraction of  
25 four hours worked.

26           39. Under the applicable IWC Wage Order(s), an employer must authorize and permit  
27 all employees to take ten (10) minute duty free rest periods for every major fraction of four hours  
28 worked. Labor Code § 226.7 provides "an employer shall not require an employee to work during

1 a meal or rest or recovery period mandated pursuant to an applicable statute, or applicable  
2 regulation, standard, or order of the Industrial Welfare Commission (“IWC”).” Thus, the Wage  
3 Orders set when and for how long the rest period must take place and the Labor Code establishes  
4 that violations of the Wage Order violate California law, and set forth the premium pay  
5 employers must pay their employees when employers fail to provide rest periods.

6 40. The *Brinker* Court explained in the context of rest breaks that employer liability  
7 attaches from adopting an unlawful policy:

8 An employer is required to authorize and permit the amount of rest break time  
9 called for under the wage order for its industry. If it does not - if, for example, it  
10 adopts a uniform policy authorizing and permitting only one rest break for  
employees working a seven-hour shift when two are required - ***it has violated the  
wage order and is liable.***

11 *See, Brinker Rest. Corp. v. Sup. Ct.* (2012) 53 Cal. 4th 1004, 1033. [emphasis added]

12 41. Since Defendants did not offer Plaintiff and the Aggrieved Employees the  
13 opportunity to receive a compliant off-duty rest period, “the court may not conclude employees  
14 voluntarily chose to skip...breaks.” *Alberts v. Aurora Behavioral Health Care* (2015) 241 Cal.  
15 App. 4th 388, 410 (“[i]f an employer fails to provide legally compliant meal or rest breaks, the  
16 court may not conclude employees voluntarily chose to skip those breaks.”); *accord Brinker* 53  
17 Cal. 4th at 1033 (“No issue of waiver ever arises for a rest break that was required by law but  
18 never authorized; if a break is not authorized, an employee has no opportunity to decline to take  
19 it.”).

20 42. Here, Defendants did not permit Plaintiff and the other Aggrieved Employees to  
21 leave the premises during rest periods as required by Labor Code § 226.7 and Wage Order Nos.  
22 4-2001 and/or 5-2001. Specifically, Defendant failed to have a lawful rest period policy in place  
23 that permitted and made available to Plaintiff and other Aggrieved Employees off-duty rest  
24 breaks that could also be taken off-premises.

25 43. Plaintiff and Aggrieved Employees were prohibited from leaving the premises  
26 during their shifts. For example, the Employee Handbook specifically states:

27 The Company provides all employees with the opportunity to take a ten (10)  
28 minute paid rest period for every four (4) hours worked (or major fraction thereof),  
which should be taken so far as practicable in the middle of each work period.

1 During your rest periods, you will be relieved of all duty so that you can enjoy this  
2 personal time; however, you will not be permitted to leave the premises due to the  
3 short duration of the rest period. See, Employee Handbook, dated 2017, p. 47.  
4 [emphasis added]

5 44. As a result, Defendants retained control over Plaintiff and the Aggrieved  
6 Employees during their rest periods. See, *Augustus v. ABM Security Services, Inc.* (2016) 2 Cal.  
7 5th 257, 269 (concluding that “during rest periods employers must relieve employees of all duties  
8 and relinquish control over how employees spend their time.”). In *Augustus*, the court expressly  
9 rejected the employer’s assertion that it could provide an on-duty rest period to employees who  
10 worked as security guards and further explained, “that employers [must] relinquish any control  
11 over how employees spend their break time, and relieve their employees of all duties.” *Id.* at 273.  
12 Thus, Defendants prevented Plaintiff and Aggrieved Employees from taking duty-free rest  
13 periods as mandated by law by not permitting them to leave the premises.

14 45. In addition to failing to authorize and permit compliant rest breaks, Plaintiff and  
15 the other Aggrieved Employees were not compensated with one (1) hour’s worth of pay at their  
16 regular rate of compensation when they were not provided with a compliant rest break. Thus,  
17 Plaintiff is an ‘aggrieved employee’ within the meaning of PAGA and Defendants have violated  
18 Labor Code § 226.7 and IWC Wage Order 4-2001 and/or 5-2001, Section 12.B.

19 46. As to Plaintiff and Aggrieved Employees, Defendants also failed to provide  
20 accurate itemized wage statements in accordance with Labor Code § 226(a) (1, 2, 4, 5, 8, and 9).  
21 Labor Code § 226 obligates employers, semi-monthly or at the time of each payment to furnish an  
22 itemized wage statement in writing showing:

- 23 (1) gross wages earned;
- 24 (2) total hours worked by the employee;
- 25 (3) the number of piece-rate units earned and any applicable piece rate if the  
26 employee is paid on a piece rate;
- 27 (4) all deductions, provided that all deductions made on written orders of the  
28 employee may be aggregated and shown as one item;
- (5) net wages earned;
- (6) the inclusive dates of the period for which the employee is paid;
- (7) the name of the employee and only the last four digits of his or her social  
security number or an employee identification number other than a social  
security number;

- 1 (8) the name and address of the legal entity that is the employer...; and  
2 (9) all applicable hourly rates in effect during the pay period and the  
3 corresponding number of hours worked at each hourly rate by the  
employee...

4 46. Due to Defendants' failure to pay Plaintiff and the Aggrieved Employees  
5 minimum and overtime wages for all hours worked (including, but not limited to, failure to  
6 capture and pay for all hours worked due to rounding and off-the-clock work), failure to provide  
7 lawful meal and rest breaks and pay premiums owed thereon, and unreimbursed business  
8 expenses, the wage statements issued do not indicate the correct amount of gross wages earned,  
9 total hours worked, all deductions, net wages earned, or the applicable and/or correct hourly rates  
10 in effect during the pay period and the corresponding number of hours worked at each hourly rate  
11 in violation of Labor Code § 226(a)(1), (2), (4), (5), and (9).

12 48. In addition to the derivative aspect of Plaintiff's wage statement claim, there also  
13 exists a standalone violation for Defendants' lack of compliance with Labor Code § 226(a)(8):  
14 "the name and address of the legal entity that is the employer." For example, Plaintiff's wage  
15 statement dated March 06, 2020 provides as the only employer identification the name: "Joshua  
16 House LLC" located at 3822 Campus Drive, Ste. 100, Newport Beach, CA 92660, but the  
17 corresponding check issued identifies "Joshua House LLC" located at 3822 Campus Drive, Ste.  
18 200, Newport Beach, CA 92660 – with the Suite 200 consistent with the California Secretary of  
19 State website. But the Employee Handbook, written policies and procedures, emails exchanged  
20 between Plaintiff and Defendants' human resources, and termination notice indicate "National  
21 Therapeutic Services, Inc. dba Northbound Treatment Services" located at 3822 Campus Drive,  
22 Suite 100, Newport Beach, California 92660 is the proper employer legal entity and address. This  
23 is also the entity and address identified on the vast majority of Plaintiff's wage statements during  
24 the PAGA period, including the preceding February 21, 2020 wage statement identifying  
25 National Therapeutic Services, Inc., 3822 Campus Drive, Ste. 100, Newport Beach, CA 92660 as  
26 Plaintiff's employer. Defendants cannot have it all ways: one or more of these three variants is  
27 incorrect and improper.  
28

1           47.     Thus, Defendants have violated Labor Code § 226(a)(1), (2), (4), (5), (8), and (9)  
2 with respect to Plaintiff and all Aggrieved Employees.

3           48.     As a result of Defendants' violation of Labor Code section 226(a), Plaintiff and  
4 Aggrieved Employees suffered injury because, among other things: (a) the violations hindered  
5 them from determining the amounts of wages owed; (b) the violations caused them to have to  
6 perform mathematical computations to determine the amounts of wages owed to them and made  
7 it exponentially more difficult than if the wage statement contained the required accurate  
8 information; and (c) the wage statements inaccurately understated the wages, hours, and wage  
9 rates to which they were entitled.

10          49.     In addition to Labor Code § 226(a), Defendants also knowingly and intentionally  
11 failed to provide Plaintiff and the Aggrieved Employees with accurate itemized wage statements  
12 in violation of Labor Code § 226(e). Defendants undeniably knew that they were not providing  
13 Plaintiff and the other Aggrieved Employees with wage statements required by California law.  
14 *See Garnett v. ADT LLC* (E.D. Cal. Oct. 6, 2015) 139 F. Supp. 1121, 1131 (finding that the  
15 defendant knowingly and intentionally violated Labor Code § 226 because the "[d]efendant knew  
16 that it was not providing total hours worked to plaintiff or other employees paid on commission"  
17 even though it believed that employees paid solely on commission or commission and salary "are  
18 exempt and therefore we do not record hours on a wage statement.").

19          50.     Plaintiff and the Aggrieved Employees will prevail on their claim for PAGA  
20 penalties under Labor Code § 226(a). *See Lopez v. Friant & Assocs., LLC* (2017) 15 Cal. App. 4th  
21 773, 788 ("hold[ing] a plaintiff seeking civil penalties under PAGA for a violation of Labor Code  
22 section 226(a) does not have to satisfy the 'injury' and 'knowing and intentional' requirements of  
23 section 226(e)(1)."); *Willner v. Manpower Inc.* (N.D. Cal. 2014) 35 F. Supp. 3d 1116, 1136 (To  
24 obtain judgment on a PAGA claim, "all [Plaintiffs] needs to establish is a violation of section  
25 226(a), which she has done, as discussed above."); *McKenzie v. Fed Exp. Corp.* (C.D. Cal. 2011)  
26 765 F. Supp. 2d 1222, 1232 (holding that "for the purposes of recovering PAGA penalties, one  
27 need only prove a violation of Section 226(a), and need not establish a Section 226(e) injury.");  
28 *Aguirre v. Genesis Logistics* (C.D. Cal. July 3, 2013) 2013 U.S. Dist. LEXIS 189815, at \*28

1 (“Plaintiffs do not need to establish a Cal. Lab. Code § 226(e) injury to recover penalties under §  
2 2699(f) of PAGA.”)

3 51. Following *Friant*, courts have found that employees can recover separate penalties  
4 under PAGA for a defendant’s violations of Labor Code § 226(a) and 226(e). *See e.g. Bell v.*  
5 *Home Depot U.S.A.* (E.D. Cal. Dec. 11, 2017) 2017 U.S. Dist. LEXIS 204493, at \*5 [finding after  
6 *Friant* that “[t]o the extent the Court’s Order [granting summary judgment to Home Depot] was  
7 ambiguous, the Court now clarifies that it granted summary judgment on Plaintiffs’ derivative  
8 claim for [PAGA] penalties under section 226(e)...the Court’s Order should not be read to grant  
9 summary judgment on Plaintiffs’ claim for PAGA penalties based on violation of section  
10 226(a).”)].

11 52. Further and in addition to the penalties outlined above, Labor Code § 226.3  
12 provides that “[a]ny employer who violates subdivision (a) of Section 226 shall be subject to a  
13 civil penalty in the amount of two hundred fifty dollars (\$250) per employee per violation in an  
14 initial violation and one thousand dollars (\$1,000) per employee for each violation in a  
15 subsequent citation, for which the employer fails to provide the employee a wage deduction  
16 statement or fails to keep the required in subdivision (a) of Section 226.” As explained in detail  
17 above, Defendants failed to provide Plaintiff and the Aggrieved Employees with accurate  
18 itemized wage statements.

19 53. Accordingly, Plaintiff and the other Aggrieved Employees may also recover Labor  
20 Code § 226.3 penalties for Defendants’ violations of Labor Code § 226(a). *See Finder v. Leprino*  
21 *Foods Co.* (E.D. Cal. Mar. 12, 2015) No. 1:13-CV-2059 AWI-BAM, 2015 WL 1137151, at \*7  
22 [“the weight of authority counsels that violations of Section 226.3 may be the basis of a PAGA  
23 claim.”]; *Pedroza v. PetSmart, Inc.*, No. ED CV 11-298 GHK DTB, 2012 WL 9506073, at \*6  
24 (C.D. Cal. June 14, 2012) (“Lab. Code § 226.3 merely provides that failure to perform actions  
25 mandated by § 226(a) may trigger civil penalties.”).

26 54. Moreover, California Labor sections 1174(d) and 1174.5 require an employer to  
27 keep, at a central location in the state or at the plants or establishments at which employees are  
28 employed, payroll records showing the hours worked daily by the wages paid to employees

1 employed at the respective plants or establishments. These records shall be kept with rules  
2 established for this purpose by the commission but in any case, shall be kept on file for not less  
3 than two years. During the relevant time period, Defendants failed to keep accurate and complete  
4 payroll records showing the actual hours worked daily and the wages earned by Plaintiff and  
5 other Aggrieved Employees, including earned and unpaid minimum, overtime, and premium  
6 wages discussed herein.

7 55. Labor Code section 2802(a) provides that an employer must reimburse employees  
8 for all necessary expenditures that the employee incurs in discharging his or her duties. There is a  
9 “strong public policy” in favor of indemnifying employees for expenses incurred in the course  
10 and scope of their employment. *Edwards v. Arthur Andersen LLP* (2008) 44 Cal. 4th 937, 952. To  
11 further this public policy, reimbursed amounts must be clearly identifiable on the employee’s pay  
12 stub. *Gattuso v. HarteHanks Shoppers, Inc.* (2007) 42 Cal. 4th 554, 572. “Necessary” in the  
13 context of expense reimbursement means reasonable under the circumstances; it does not mean,  
14 as it sometimes does in lay speech, inevitable. *See, Gattuso, supra*, 42 Cal. 4th at 568.

15 56. Plaintiff and Aggrieved Employees were required to use their personal cell phones  
16 for a variety of work activities, including communicating with patients, families of patients, co-  
17 workers, and supervisors. Despite being required to use their personal cell phones for business  
18 activities, Defendants failed to reimburse Plaintiff and Aggrieved Employees for these necessary  
19 business expenses incurred, in violation of Labor Code section 2802. *See, Lab. Code § 2802(a)*  
20 (“An employer shall indemnify his or her employee for all necessary expenditures or losses  
21 incurred by the employee in direct consequence of the discharge of his or her duties.”); *Cochran*  
22 *v. Schwan’s Home Service, Inc.* (2014) 228 Cal. App. 4th 1137.

23 57. Further, Plaintiff and Aggrieved Employees would make multiple trips – like 1 or  
24 2 times per week or biweekly – to CVS pharmacy in connection with patient medication or  
25 insurance coverage on same. Despite these multiple travel trips in their own personal vehicles  
26 undertaken at the direction of management, Plaintiff and Aggrieved Employees were not  
27 reimbursed mileage for travel that was necessary in the performance of their job duties.  
28 Therefore, because Plaintiff and Aggrieved Employees incurred necessary business expenses in

1 the scope of their employment but were not reimbursed, Defendants are liable under Labor Code  
2 section 2802(a).

3 58. As a result of Defendants' failure to pay Plaintiff and Aggrieved Employees for all  
4 hours worked (including, but not limited to, failure to capture and pay for all hours worked due to  
5 rounding and off-the-clock work), failure to provide lawful meal and rest breaks and pay  
6 premiums owed thereon, and unreimbursed business expenses, Defendants violated and continue  
7 to violate Labor Code § 203. Labor Code § 203 provides "if an employer willfully fails to  
8 pay...any wages of an employee who is discharged or who quits, the wages of the employee shall  
9 continue as a penalty..." for up to 30 days. Lab. Code § 203; *Mamika v. Barca* (1998) 68 Cal.  
10 App. 4th 487, 492.

11 59. Due to Defendants' faulty pay policies, Plaintiff and those Aggrieved Employees  
12 whose employment with Defendants concluded, were not compensated for each and every hour  
13 worked at the appropriate rate. Defendants have failed to pay all Aggrieved Employees whose  
14 sums were certain at the time of termination within seventy-two (72) hours of their resignation  
15 and have failed to pay those sums for thirty (30) days thereafter.

16 60. Labor Code § 204 expressly requires employers who pay employees on a weekly,  
17 biweekly, or semimonthly basis to pay all wages "not more than seven calendar days following  
18 the close of the payroll period."

19 61. Due to Defendants' failure to pay Plaintiff and Aggrieved Employees with  
20 minimum and overtime wages, along with meal period and rest break premiums and  
21 unreimbursed business expenses, as described above, Defendants failed to timely pay employees  
22 within seven calendar days following the close of payroll in accordance with Labor Code § 204  
23 on a regular and consistent basis. See *Parson v. Golden State FC, LLC* (N.D. Cal. May 2, 2016)  
24 No. 1 6-cv-00405-JST, 2016 U.S. Dist. LEXIS 58299, 2016 WL 1734010, at \*3-5 (finding after  
25 *Ling vs. P.F Chang's China Bistro, Inc.* that a failure to pay rest period premiums can support  
26 claims under Labor Code §§ 203 and 204).

**FIRST CAUSE OF ACTION**  
**PLAINTIFF AND ALL AGGRIEVED EMPLOYEES AGAINST ALL  
DEFENDANTS FOR PENALTIES PURSUANT TO LABOR CODE § 2699, ET SEQ. FOR  
VIOLATIONS OF LABOR CODE §§ 201, 202, 203, 204, 210, 212, 221, 226, 226.3, 226.7,  
450, 510, 512, 1174, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2802, and IWC Wage Order Nos.  
4-2001 and/or 5-2001**

62. Plaintiff, on behalf of herself and all Aggrieved Employees, realleges and incorporates by reference all previous paragraphs.

63. Based on the above allegations incorporated by reference, Defendants violated Labor Code §§ 201, 202, 203, 204, 210, 212, 221, 226, 226.3, 226.7, 450, 510, 512, 1174, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2802, and IWC Wage Order Nos. 4-2001 and/or 5-2001.

64. As a result of the acts alleged above, Plaintiff seeks penalties under Labor Code § 2699, *et seq.* because of Defendants violation of Labor Code §§ 201, 202, 203, 204, 210, 212, 221, 226, 226.3, 226.7, 450, 510, 512, 1174, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2802, and IWC Wage Order Nos. 4-2001 and/or 5-2001.

65. Under Labor Code §§ 2699(f)(2) and 2699.5, for each such violation, Plaintiff and all other Aggrieved Employees are entitled to penalties in an amount to be shown at the time of trial subject to the following formula:

\$100 for the initial violation per employee per pay period; and

\$200 for each subsequent violation per employee per pay period.

These penalties shall be allocated seventy-five percent (75%) to the Labor and Workforce Development Agency (LWDA) and twenty-five percent (25%) to the affected employees. These penalties may be stacked separately for each of Defendants violations of the California Labor Code. *See e.g. Hernandez v. Towne Park, Ltd.*, (C.D. Cal. June 22, 2012) No. CV 12-02972 MMM (JCGx) 2012 U.S.Dist. LEXIS 86975, at \*59, fn. 77 (holding that although the plaintiffs did not seek stacked PAGA penalties, that “PAGA penalties can be ‘stacked,’ *i.e.*, multiple PAGA penalties can be assessed for the same pay period for different Labor Code violations.”); *See Lopez v. Friant & Assocs., LLC* (Ct. App. Sep. 26, 2017) No. A148849, 2017 Cal. App. LEXIS 839, at \*1 (“hold[ing] a plaintiff seeking civil penalties under PAGA for a violation of Labor Code section 226(a) does not have to satisfy the ‘injury’ and ‘knowing and intentional’

1 requirements of section 226(e)(1) and acknowledging that a plaintiff could recover separately  
2 under PAGA for violations of Labor Code §§ 226(a) and 226(e)); *accord Schiller v. David's*  
3 *Bridal, Inc.* (E.D. Cal. July 14, 2010) No. 1:10-cv-00616 AWI SKO) 2010 U.S. Dist. LEXIS  
4 81128, at \*17; *Pulera v. F & B, Inc.* (E.D. Cal. Aug. 19, 2008) No. 2:08-cv-00275-MCE-DAD,  
5 2008 U.S. Dist. LEXIS 72659, 2008 WL 3863489, at \* 2-3; *Smith v. Brinker Intern, Inc.* (N.D.  
6 Cal. May 5, 2010) No. C 10-0213 VRW, 2010 U.S. Dist. LEXIS 54110, 2010 WL 1838726, at \*  
7 2-6.

8         66. In addition, to the extent permitted by law, Defendants failed to provide Plaintiff  
9 and all Aggrieved Employees with accurate itemized wage statements in compliance with Labor  
10 Code § 226(a). Plaintiff seeks separate PAGA penalties for Defendants' violations of Labor Code  
11 §§ 226(a) and 226(e). *Lopez v. Friant & Assocs., LLC* (2017) 15 Cal. App. 5th 773, 788; *Bell v.*  
12 *Home Depot U.S.A.* (E.D. Cal. Dec. 11, 2017) No. 2:12-cv-02499 JAM-CKD, 2017 U.S. Dist.  
13 LEXIS 204493, at \*5 [finding after *Friant* that “[t]o the extent the Court’s Order [granting  
14 summary judgment to *Home Depot*] was ambiguous, the Court now clarifies that it granted  
15 summary judgment on Plaintiffs’ derivative claim for [PAGA] penalties under section  
16 226(e)...the Court’s Order should not be read to grant summary judgment on Plaintiffs’ claim for  
17 PAGA penalties based on violation of section 226(a).”]). For violations of Labor Code § 226(a),  
18 Plaintiff seeks the default penalty provided by Labor Code § 226.3. Labor Code § 226.3 provides  
19 that “[a]ny employer who violates subdivision (a) of Section 226 shall be subject to a civil  
20 penalty in the amount of two hundred fifty dollars (\$250) per employee per violation in an initial  
21 violation and one thousand dollars (\$1,000) per employee for each violation in a subsequent  
22 citation, for which the employer fails to provide the employee a wage deduction statement or fails  
23 to keep the required in subdivision (a) of Section 226.” Accordingly, through PAGA and to the  
24 extent permitted by law Plaintiff and the Aggrieved Employees are entitled to recover penalties  
25 for violations of Labor Code § 226.3 and seeks default PAGA penalties for each of Defendants’  
26 numerous violations of Labor Code § 226(e).

27         67. Labor Code § 210 provides that “in addition to, an entirely independent and apart  
28 from, any other penalty provided in this article, every person who fails to pay the wages of each

1 employee as provided in Sections...204...shall be subject to a civil penalty as follows: (1) For  
2 any initial violation, one hundred dollars (\$100) for each failure to pay each employee; (2) For  
3 each subsequent violation, or any willful or intentional violation, two hundred dollars (\$200) for  
4 each failure to pay each employee, plus 25% of the amount unlawfully withheld.” As a result of  
5 the faulty compensation policies and practices, Plaintiff and the Aggrieved Employees are also  
6 entitled to recover penalties under Labor Code § 210 through PAGA.

7 68. A civil penalty against Defendants, pursuant to Labor Code § 1197.1, authorizes a  
8 civil penalty, restitution of wages, and liquidate damages, in the amount of: (1) for any initial  
9 violation that is intentionally committed, one hundred dollars (\$100) for each underpaid employee  
10 for each pay period for which the employee is underpaid...[and] (2) [f]or each subsequent  
11 violation for the same specific offense, two hundred fifty dollars (\$250) for each underpaid  
12 employee for each pay period for which the employee is underpaid regardless of whether the  
13 initial violation is intentionally committed. Accordingly, through PAGA and to the extent  
14 permitted by law Plaintiff and the Aggrieved Employees are entitled to recover pursuant to Labor  
15 Code § 1197.1.

16 69. Plaintiff has fully and completely exhausted and/or will have fully and completed  
17 and exhausted her administrative remedies under PAGA prior to proceeding with the PAGA  
18 claim. On May 21, 2020, Plaintiff filed her PAGA Notice online with the Labor and Workforce  
19 Development Agency (“LWDA”) and sent a letter by certified mail to Defendant National  
20 Therapeutic Services, Inc., doing business as Northbound Treatment Services, and Joshua House,  
21 LLC setting forth the facts and theories of the violations alleged against Defendants, as prescribed  
22 by Labor Code § 2698, *et seq.* As required by PAGA, Plaintiff submitted the \$75.00 filing fee  
23 with the LWDA by regular mail. Pursuant to Labor Code § 2699.3(a)(2)(A), no notice was and/or  
24 will have been received by Plaintiff from the LWDA evidencing its intention to investigate within  
25 sixty-five (65) calendar days of the postmark date of the PAGA notice. Plaintiff is therefore  
26 entitled to commence and proceed with a civil action pursuant to Labor Code § 2699.

27 70. Plaintiff was compelled to retain the services of counsel to file this action to  
28 protect her interests and those of the Aggrieved Employees, and to assess and collect the wages

1 and penalties owed by Defendants. Plaintiff has thereby incurred attorneys' fees and costs, which  
2 she is also entitled to recover under Labor Code § 2699.

3 **RELIEF REQUESTED**

4 **WHEREFORE**, Plaintiff, on behalf of the State of California, prays for judgment against  
5 Defendants as follows:

6 1. For penalties and other relief allowable under Labor Code § 2699, *et seq.* because  
7 of Defendants' violation of Labor Code §§ 201, 202, 203, 204, 210, 212, 221, 226, 226.3, 226.7,  
8 450, 510, 512, 1174, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 2802, and IWC Wage Order Nos.  
9 4-2001 and/or 5-2001;

10 2. A civil penalty against Defendants in the amount of \$100 for the initial violation  
11 and \$200 for each subsequent violation as specified in section 2699(f)(2) of the California Labor  
12 Code for Plaintiff and all Aggrieved Employees for each and every pay period that occurred  
13 during the PAGA Period;

14 3. A civil penalty against Defendants pursuant to Labor Code § 1197.1 for the initial  
15 violation that was committed, in the amount of one hundred dollars (\$100) for each underpaid  
16 employee for each pay period for which the employee is underpaid, and for each subsequent  
17 violation, two hundred fifty dollars (\$250) for each subsequent violation for each pay period for  
18 which the employee is underpaid, for Plaintiff and all Aggrieved Employees for each and every  
19 pay period that occurred during the PAGA Period;

20 4. A civil penalty against Defendants pursuant to Labor Code § 210 for the initial  
21 violation that was committed, in the amount of one hundred dollars (\$100) for each underpaid  
22 employee for each pay period for which the employee is underpaid, and for each subsequent  
23 violation, two hundred dollars (\$200) for each underpaid employee for each pay period for which  
24 the employee is underpaid, for Plaintiff and all Aggrieved Employees for each and every pay  
25 period that occurred during the PAGA Period;

26 5. A civil penalty in the amount of \$50 for the initial violation and \$100 for each  
27 subsequent violation as specified by Labor Code §§ 2699(f) and 226(e) for Plaintiff and all  
28 Aggrieved Employees for each and every pay period that occurred during the PAGA Period;

1           6.       A civil penalty in the amount of \$250 for the initial violation and \$1000 for each  
2 subsequent violation as specified by Labor Code §§ 2699(f) and 226.3 for Plaintiff and all  
3 Aggrieved Employees for each and every pay period during occurred during the PAGA Period for  
4 violations of Labor Code § 226(a);

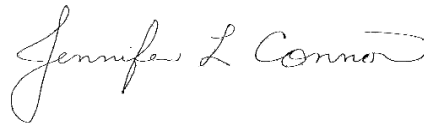
5           7.       An award of reasonable attorney's fees against Defendants as specified in Labor  
6 Code § 2699(g) and Code of Civil Procedure § 1021.5, for all the work performed by the  
7 undersigned counsel in connection with the PAGA claims;

8           8.       An award of all costs incurred by the undersigned counsel for Plaintiff in  
9 connection with Plaintiff's and the Aggrieved Employees' claims against Defendants as provided  
10 for in Labor Code § 2699(g)(1); and

11          9.       All other relief as this Court deems proper.

12  
13 DATED: September 22, 2020

**COUNSELONE, PC**

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15 

16 By: \_\_\_\_\_

Jennifer L. Connor

Anthony J. Orshansky

Attorneys for Plaintiff and Aggrieved Employees