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Superior Court of California
County of San Joaquin
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STK-CV-UOE-2020-0006005

7 Attorneys for Plaintiff Karen Koval

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA

9 COUNTY OF SAN JOAQUIN

10
11 KAREN KOVAL, as proxy for the
California Labor and Workforce
12 Development Agency,

13 Plaintiff,

14 vs.

15 LITHIA MOTORS, INC.; LITHIA OF
STOCKTON, INC.; and DOES 1-20
16 inclusive,

17 Defendants.

Case No.:

REPRESENTATIVE COMPLAINT FOR
PENALTIES FOR:

1. PRIVATE ATTORNEYS GENERAL
ACT CLAIM FOR VIOLATIONS OF
LABOR CODE §§ 200, 201, 202, 203,
218.5, 226(a)(1), 226(a)(5), 226(a)(9),
226.7, 510, IWC Wage Order No. 4-
2001, § 3(A)(1)(a)

18
19 INTRODUCTION

20 This is a representative action for penalties pursuant to the Labor Code Private Attorneys
21 General Act of 2004 (Labor Code sections 2699 *et seq.*) against Defendants Lithia Motors, Inc.
22 (“Lithia Motors”); Lithia of Stockton, Inc. (“Lithia Stockton”); and DOES 1-20 (collectively
23 “Defendants”), for violations of the Labor Code. As set forth with greater particularity below,
24 Plaintiff Karen Koval (“Plaintiff or “Koval”), having exhausted administrative remedies as
25 required by Labor Code section 2699.3, and acting as proxy for the California Labor and
26 Workforce Development Agency (“LWDA”), seeks to recover civil penalties on her behalf and
27 on behalf of Defendants’ other current and former California employees.

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2. Venue is proper under CCP § 395(a) because one or more of Defendants reside in San Joaquin County.

3. Plaintiff Koval is an individual residing in San Joaquin County, California. At all relevant times herein, before her termination by Defendants Lithia and Lithia Stockton, Plaintiff was an “employee” as defined by the California Labor Code.

5. Defendant Lithia Motors is an Oregon Corporation, qualified to do business, and doing business in California. At all times relevant herein, Defendant was an employer as defined by the California Labor Code. On information and belief, Defendant Lithia Motors employs over 1,000 employees.

6. Plaintiff Koval is not aware of the true names and capacities of the defendants sued herein as DOES 1 through 20, whether individual, corporate, associate, or otherwise, and therefore sues such defendants by these fictitious names. Plaintiff will amend this complaint to allege their true names and capacities when ascertained. Plaintiff is informed and believes, and on that basis alleges, that each of the fictitiously named defendants was Plaintiff's employer at all material times herein. As to DOES 1 through 20, Plaintiff is informed and believes that each is responsible in some manner for the occurrences herein alleged and that her injuries and damages herein alleged were legally caused by such defendants. Unless otherwise indicated, each defendant was acting within the course and scope of said agency and/or employment, with the knowledge and/or consent of said co-defendant.

///

PAGA EXHAUSTION

7. The Private Attorneys General Act (“PAGA”), as set forth at California Labor Code § 2698 *et seq.*, is and at all times relevant herein was applicable to Plaintiff’s employment with Defendants.

8. Pursuant to Labor Code § 2699(a) any provision of the Labor Code which provides for a civil penalty to be assessed and collected by the Labor and Workforce Development Agency (“LWDA”) for violations of the Labor Code may, as an alternative, be recovered through a civil action brought by an aggrieved employee on behalf of himself or herself and other current or former employees pursuant to the procedures outlined in Labor Code § 2699.3. California Labor Code § 2699(a).

9. Pursuant to PAGA, an “aggrieved employee” is “any person who was employed by the alleged violator and against whom one or more of the alleged violations was committed.” Labor Code § 2699(c).

10. Plaintiff Koval was employed by Defendants when the alleged violations were committed against her. Plaintiff is therefore an aggrieved employee as defined by Labor Code § 2699(c). Other current and former employees are also aggrieved employees in that one or more of the alleged violations were committed against them during their time of employment with Defendants.

11. Pursuant to Labor Code § 2699(a), the civil penalty recoverable in a PAGA action is that which is provided for by the Labor Code for a violation of that section. When the Labor Code does not provide a civil penalty, the penalty recoverable shall be \$100 for the initial violation per employee per pay period and \$200 for each subsequent violation per employee per pay period. Lab. Code § 2699(f).

12. Pursuant to California Labor Code § 2699(g), an aggrieved employee may recover the civil penalty on behalf of himself or herself and other current or former employees against whom one or more of the alleged violations was committed. Furthermore, any employee who prevails in any action shall be entitled to an award of reasonable attorney's fees and costs.

1 13. Pursuant to Labor Code § 2699.3, an aggrieved employee, including Plaintiff,
2 may pursue a civil action arising under PAGA after the following requirements have been met:

3 a. The aggrieved employee shall give written notice by online filing to the
4 LWDA and by certified mail to the employer (hereinafter “Employee’s Notice”)
5 of the specific provisions of California Labor Code alleged to have been violated,
6 including the facts and theories to support the alleged violations;

7 b. The LWDA shall provide notice (hereinafter “LWDA’s Notice”) to the
8 employer and the aggrieved employee by certified mail that it does not intend to
9 investigate the alleged violation within 60 days of the postmark date of the
10 Employee’s Notice. Upon receipt of the LWDA’s Notice, or if the LWDA does
11 not provide notice with 65 calendar days of the postmark date of the Employee’s
12 Notice, the aggrieved employee may commence a civil action pursuant to
13 California Labor Code § 2699 to recover civil penalties in addition to any other
14 penalties to which the employee may be entitled.

15 c. For all alleged violations not enumerated in Labor Code § 2699.5, the
16 employer is given thirty-three (33) days to cure and notify the aggrieved
17 employee by certified mail that the violation has been cured. If the violation is
18 not cured, the aggrieved employee may commence a civil action pursuant to
19 California Labor Code § 2699 to recover civil penalties in addition to any other
20 penalties to which the employee may be entitled.

21 14. On May 5, 2020, Plaintiff Koval provided written notice by certified mail to
22 Defendants and by online filing to the LWDA of the specific provisions of the Labor Code
23 alleged to have been violated, including the facts and theories to support the alleged violations.
24 A true and correct copy of Plaintiff’s LWDA notice is attached hereto as **Exhibit A** and
25 incorporated by this reference as though fully set forth herein.

26 15. As of the date of this complaint, which is more than sixty-five (65) days after the
27 May 5, 2020 letter, the LWDA has not responded to Plaintiff’s notification or otherwise
28 indicated an intention to investigate her claims. Plaintiff has therefore satisfied the

1 administrative prerequisites under Labor Code § 2699.3 to bring a civil action to recover
2 penalties against Defendants, in addition to other remedies, for violations of California Labor
3 Code.

4 **FACTUAL ALLEGATIONS**

5 16. Plaintiff Koval was hired by Defendants to work as a customer service
6 representative in October of 2018.

7 17. At all time relevant herein, Plaintiff Koval was a non-exempt, California
8 employee of Defendants.

9 18. At all times during her employment with Defendant Lithia and Defendant Lithia
10 Stockton, Defendants Lithia and Lithia Stockton exercised control over Plaintiff's terms of
11 employment and the decision and manner of the termination of her employment.

12 19. Defendant Lithia and Defendant Lithia Stockton are interrelated financial
13 corporations, that are in fact controlled by the same officers, directors, and managing agents.

14 20. As a customer service representative, Plaintiff Koval and other hourly, non-
15 exempt former and current employees of Defendants, were entitled to earn flat sum bonuses
16 based on reaching customer service and sales milestones. These bonuses were non-discretionary
17 and a matter of policy by Defendants. As such, the amount of said bonuses were legally required
18 to be incorporated into the applicable overtime pay rate for overtime earned in a pay period in
19 which the flat sum bonus also paid to said employees. *Labor Code § 510, IWC Wage Order No.*
20 *4-2001, § 3(A)(1)(a); Alvarado v. Dart Containers* 4 Cal.5th 542 (2018) ("Dart").

21 21. In each instance that Plaintiff Koval and other non-exempt current and former
22 employees worked overtime and earned and were paid a bonus, Defendants, as a matter of
23 practice and policy within and throughout California as to all current and former non-exempt
24 employees, failed to incorporate the flat sum bonus into the calculation of the regular rate of pay
25 for the payment of overtime. Consequently, Defendants violated Labor Code § 510, subdivision
26 (a), which provides: "Any work in excess of eight hours in one workday and any work in excess
27 of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in
28 any one workweek shall be compensated at the rate of no less than one and one-half times the

1 *regular rate of pay* for an employee. Any work in excess of 12 hours in one day shall be
2 compensated at the rate of no less than twice the regular rate of pay for an employee. In addition,
3 any work in excess of eight hours on any seventh day of a workweek shall be compensated at the
4 rate of no less than twice the regular rate of pay of an employee." (Emphasis added.)

5 22. Defendants also violated Subdivision 3(A)(1)(a) of IWC Wage Order 4-2001,
6 which specifically requires that overtime be paid at 1.5 the "regular rate of pay." As held in
7 *Alvarado v. Dart Container Corp.* (2018) 4 Cal.5th 542, flat sum bonuses are to be included in
8 the calculation of the regular rate of pay by dividing the amount of the bonus by the total number
9 of non-overtime hours actually worked during the relevant pay periods. These overtime payment
10 violations occurred as to Ms. Koval in several pay periods, including May 24, 2019, June 21,
11 2019, July 19, 2019, October 11, 2019, October 25, 2019, December 6, 2019, and December 20,
12 2019, as well as to all current and former California employees who worked overtime and
13 earned bonuses. See **Exhibit 1 to Exhibit A**. The penalty for each such violation is \$100 per
14 pay period per employee effected. *Labor Code § 2699(f)*.

15 23. Because Defendants failed to pay all overtime wages owed to Plaintiff and other
16 former California employees, it failed to pay all wages due upon the cessation of employment as
17 required by California Labor Code §§ 201, 202, and 203. The applicable penalty for this failure
18 is "a civil penalty in an amount not exceeding 30 days' pay as waiting time under the terms of
19 Section 203." *California Labor Code § 256*. Alternatively, to the extent Labor Code § 256 is
20 inapplicable, the penalty for each such violation is \$100 per pay period per employee effected
21 until such time the employee is paid all wages due at the time of the cessation of his or her
22 employment. *Labor Code § 2699(f)*.

23 24. Because of the above stated overtime payment violations, as to Plaintiff Koval
24 and other former and current California employees, Defendants likewise violated California
25 Labor Code section 226(a) insofar as the wage statements it furnished failed to accurately show:

- 26 a. The gross wages earned, in violation of section 226(a)(1);
27 b. The net wages earned, in violation of section 226(a)(5); and
28 c. All applicable hourly rates in effect during the pay period and the
corresponding number of hours worked at each hourly rate in violation of
section 226(a)(9).

1
2 The penalty for each such violation is \$250 pursuant to Labor Code § 226.3.

3 25. Defendants have failed to pay civil penalties under the PAGA due to missed or
4 untimely meal breaks. As evidence by **Exhibit 1 to Exhibit A**, Plaintiff Koval was, during her
5 employment, paid a meal premium for missed or untimely meal periods. Other former and
6 current California employees likewise were paid for missed or untimely meal periods.
7 Defendants therefore have acknowledged some of these failures by paying an additional hour of
8 pay, to current and former California employees pursuant to a statewide policy and practice
9 within and throughout California, which, pursuant to the California Supreme Court in *Kirby v.*
10 *Immoos Fire Protection, Inc.* (2012) 53 Cal.4th 1244, “does not excuse a section 226.7
11 violation” in an action brought pursuant to the PAGA. Consequently, Defendants have violated
12 Labor Code §§ 226.7 and 512 as to Plaintiff and the other aggrieved employees. The penalty for
13 this violation is \$100 per pay period per employee effected. *Labor Code § 2699(f)*.

14 26. Plaintiff Koval and other former California employees were intentionally
15 deprived of all wages due upon the termination of employment. Upon the advent of COVID-19,
16 Defendants furloughed many California employees in March of 2020. However, as part of the
17 furlough message, Defendants specifically promised to pay the medical insurance benefits for the
18 month of April 2020, for all of the employees it furloughed. **Exhibit 2 to Exhibit A.**
19 Defendants subsequently reneged on its promise to Plaintiff, and to other former California
20 employees, falsely claiming they had been “terminated” and that it had terminated health
21 insurance, in violation of Labor Code §§ 200 and 218.5. **Exhibit 3 to Exhibit A.**

22 27. Additionally, Defendants failed to pay all overtime wages due to former
23 employees who worked overtime and earned bonuses as set forth above by failing to pay the
24 unpaid overtime premium at termination or within 72 hours of resignation.

25 28. California Labor Code § 200 provides that “wages” includes all amounts paid for
26 labor. “Amounts” includes health benefits. *Road Sprinkler Fitters Local Union No. 669 v. G&G*
27 *Fire Sprinklers, Inc.* 102 Cal.App.4th 765 (2002). By terminating the insurance of Plaintiff and
28 not paying it through April of 2020, and by not paying to Plaintiff and other former California

1 employees (and current employees who Defendants subsequently hired back), an amount equal
2 to the health premium for April of 2020 when it “terminated” their employment, Defendants
3 failed to pay all wages due to said employees upon termination, in violation of Labor Code §
4 201, 202, and 203. The applicable penalty for this failure is “a civil penalty in an amount not
5 exceeding 30 days pay as waiting time under the terms of Section 203.” *California Labor Code*
6 § 256. Alternatively, to the extent Labor Code § 256 is inapplicable, the penalty for each such
7 violation is \$100 per pay period per employee effected until such time the employee is paid all
8 wages due at the time of the cessation of his or her employment. *Labor Code § 2699(f)*.

9 **FIRST CAUSE OF ACTION**

10 **PRIVATE ATTORNEYS GENERAL ACT CLAIM FOR VIOLATIONS OF LABOR**
11 **CODE §§ 200, 201, 202, 203, 218.5, 226(a)(1), 226(a)(5), 226(a)(9), 226.7, 510, IWC Wage**
12 **Order No. 4-2001, § 3(A)(1)(a)**
13 **(Labor Code §§2698 *et seq.*)**
14 **Against All Defendants**

15 29. Plaintiff hereby realleges and incorporates by reference each and every allegation
16 set forth above as though fully set forth herein, except as said paragraphs are inconsistent with
17 the allegations of this cause of action.

18 30. As set forth above, Plaintiff Koval has completed the prerequisite notice process
19 to the LWDA to act as its proxy to prosecute Labor Code violations by Defendants on her behalf
20 and on behalf of other current and former employees.

21 31. As set forth above, Defendants have violated numerous Labor Code provisions,
22 including §§ 200, 201, 202, 203, 218.5, 226(a)(1), 226(a)(5), 226(a)(9), 226.7, 510, and
23 Industrial Wage Order No. 4-2001, § 3(A)(1)(a).

24 32. Each violation as to any current or former employee results in a civil penalty
25 assessment. Where a specific civil penalty exists, it applies to set the applicable penalty. Where
26 none is applicable, the default penalty is \$100 per pay period per employee effected pursuant to
27 Labor Code § 2699(f).

28 33. On information and belief, Defendants have not changed their unlawful practices;
hence, ongoing civil penalties apply until such time as it stops its unlawful practices.

1 34. Wherefore, Plaintiff Koval seeks civil penalties pursuant to PAGA as set forth
2 below.

3 **PRAYER FOR RELIEF**

4 WHEREFORE, Plaintiff prays judgment from this Court as follows:

- 5 1. For civil penalties, including but not limited to those available under Labor Code
6 §§ 226.3, 558(a) exclusive of the underpaid wages portion of any such penalties,
7 30 days wages per employee not paid all wages due at cessation of employment
8 pursuant to Labor Code § 256, and 2699(f);
- 9 2. For statutory attorneys' fees and costs, including but not limited to those available
10 under Labor Code § 2699(g);
- 11 3. For prejudgment and post-judgment interest according to any applicable provision
12 of law or as otherwise permitted by law, including those available under Civil
13 Code sections 3287(a) and 3289(b); and
- 14 4. For such other and further relief as the court deems just and proper.

15
16 **DATED:** July 17, 2020

MAYALL HURLEY P.C.

17
18 By /s William J. Gorham, III
19 WILLIAM J. GORHAM III
20 NICHOLAS F. SCARDIGLI
21 VLADIMIR J. KOZINA
22 Attorneys for Plaintiff
23 KAREN KOVAL
24
25
26
27
28

Exhibit A

LAW OFFICES
MAYALL HURLEY
A PROFESSIONAL CORPORATION

SOUTHERN CALIFORNIA OFFICE
450 N. BRAND BLVD., SUITE 600
GLENDALE, CALIFORNIA 91203
(818) 646-6440

MAILING ADDRESS:
2453 GRAND CANAL BLVD.
STOCKTON, CALIFORNIA 95207

2453 GRAND CANAL BOULEVARD
STOCKTON, CALIFORNIA 95207-8258
FAX (209) 473-4818
TELEPHONE (209) 477-3833
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JOHN P. BRISCOE
VLADIMIR J. KOZINA
RACHAEL ALLGAIER

OF COUNSEL
J. ANTHONY ABBOTT

May 5, 2020

SUBMITTED VIA ONLINE CLAIM NOTICE
<https://dir.tfaforms.net/260>

The State of California Labor and Workforce Development Agency

SENT VIA CERTIFIED MAIL

Lithia of Stockton, Inc.
150 N. Bartlett St.
Medford, OR 97501

Lithia Motors, Inc.
150 N. Bartlett St.
Medford, OR 97501

Re: Karen Koval

To Whom It May Concern:

This firm represents Karen Koval relating to her former employment as an hourly, non-exempt, customer service representative for Lithia Motors, Inc. and Lithia of Stockton, Inc. (collectively, "Employer"). The two entities each exercised control over Ms. Koval's employment, and are interrelated entities, such as they are dual employers, and are jointly and separately subject to the California Labor Code. Ms. Koval was employed from October of 2018, until her employment was terminated by Employer in April of 2020.

In accordance with California Labor Code § 2699.3, this letter shall serve as Ms. Koval's written notice regarding the following violations, and facts and theories supporting the violations, on her behalf and, as a proxy for the Labor and Workforce Development Agency ("LWDA"), on behalf of current and other former California employees of Employer. Notice to the LWDA has been submitted online, in accordance with the process described on the California Department of Industrial Relations' website at <http://www.dir.ca.gov/Private-Attorneys-General-Act/Private-Attorneys-General->

Labor and Workforce Development Agency
Lithia of Stockton, Inc.
Lithia Motors, Inc.
Re: Karen Koval
May 5, 2020
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Act.html. The \$75.00 filing fee pursuant to Labor Code § 2699.3 is being sent concurrently by separate letter.

As a customer service representative, Ms. Koval and other hourly, non-exempt former and current employees of Employer in California, were entitled to earn flat sum bonuses based on reaching customer service and sales milestones. These bonuses were non-discretionary and a matter of policy by Employer. As such, the amount of said bonuses were legally required to be incorporated into the applicable overtime pay rate for overtime earned in a pay period in which the flat sum bonus also paid to said employees. *Labor Code § 510, IWC Wage Order No. 4-2001, § 3(A)(1)(a); Alvarado v. Dart Containers* 4 Cal.5th 542 (2018) (“*Dart*”).

In each instance that Ms. Koval, and other non-exempt current and former employees worked overtime and earned and were paid a bonus, Employer, as a matter of practice and policy within and throughout California as to all current and former non-exempt employees, failed to incorporate the flat sum bonus into the calculation of the regular rate of pay for the payment of overtime. Consequently, Employer violated Labor Code § 510, subdivision (a), which provides: "Any work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the *regular rate of 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." (Emphasis added.) Similarly, Employer violated Subdivision 3(A)(1)(a) of IWC Wage Order 4-2001, which specifically requires that overtime be paid at 1.5 the “regular rate of pay.” As held in *Dart*, flat sum bonuses are to be included in the calculation of the regular rate of pay. These overtime payment violations occurred as to Ms. Koval in several pay periods, including May 24, 2019, June 21, 2019, July 19, 2019, October 11, 2019, October 25, 2019, December 6, 2019, and December 20, 2019, as well as to all current and former California employees who earned overtime and bonuses in the same pay period. **Exhibit 1.** The penalty for each such violation is \$100 per pay period per employee effected. *Labor Code § 2699(f)*.

Further, because Employer failed to pay all overtime wages owed to Ms. Koval and other former California employees, it failed to pay all wages due upon the cessation of employment as required by California Labor Code §§ 201, 202, and 203. The

Labor and Workforce Development Agency
Lithia of Stockton, Inc.
Lithia Motors, Inc.
Re: Karen Koval
May 5, 2020
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applicable penalty for this failure is “a civil penalty in an amount not exceeding 30 days pay as waiting time under the terms of Section 203.” *California Labor Code § 256*.

Also, because of Employer’s overtime payment violations, as to Ms. Koval and other former and current California employees, Employer likewise violated California Labor Code section 226(a) insofar as the wage statements it furnished failed to accurately show:

- a. The gross wages earned, in violation of section 226(a)(1);
- b. The net wages earned, in violation of section 226(a)(5); and
- c. All applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate in violation of section 226(a)(9).

The penalty for each such violation is \$250 pursuant to Labor Code § 226.3.

In addition, Employer must pay civil penalties under Private Attorneys General Act of 2004 (“PAGA”) due to missed or untimely meal breaks. As evidence by **Exhibit 1**, Ms. Koval was, during her employment, paid for missed or untimely meal periods. Other former and current California employees likewise were paid for missed or untimely meal periods. Employer therefore has acknowledged some of these failures by paying an additional hour of pay, to current and former California employees pursuant to a statewide policy and practice within and throughout California, which, pursuant to the California Supreme Court in *Kirby v. Immoos Fire Protection, Inc.* (2012) 53 Cal.4th 1244, “does not excuse a section 226.7 violation” in an action brought pursuant to the PAGA. Consequently, Defendants have violated Labor Code §§ 226.7 and 512 as to Ms. Koval and the other aggrieved employees. The penalty for this violation is \$100 per pay period per employee effected. *Labor Code § 2699(f)*.

Finally, Ms. Koval, and other former California employees were not paid all wages due upon the termination of employment. Upon the advent of COVID-19, Employer furloughed many employees in March of 2020. However, as part of the furlough, Employer specifically promised to pay the medical insurance benefits for the month of April 2020, for all of the employees it furloughed. **Exhibit 2**. Employer subsequently reneged on its promise to Ms. Koval, and to other former California employees, falsely claiming they had been “terminated” and that it had terminated health insurance, in violation of Labor Code §§ 200 and 218.5. **Exhibit 3**.

California Labor Code § 200 provides that “wages” includes all amounts paid for labor. “Amounts” includes health benefits. *Road Sprinkler Fitters Local Union No. 669*

Labor and Workforce Development Agency
Lithia of Stockton, Inc.
Lithia Motors, Inc.
Re: Karen Koval
May 5, 2020
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v. *G&G Fire Sprinklers, Inc.* 102 Cal.App.4th 765 (2002). By terminating the insurance of Ms. Koval and not paying it through April of 2020, and by not paying to Ms. Koval and other former California employees (and current employees who Employer subsequently hired back), an amount equal to the health premium for April of 2020 when it "terminated" their employment, Employer failed to pay all wages due to said employees upon termination, in violation of Labor Code § 201, 202, and 203. The applicable penalty for this failure is "a civil penalty in an amount not exceeding 30 days pay as waiting time under the terms of Section 203." *California Labor Code § 256.*

If the LWDA believes that it needs additional information to determine whether to investigate these claims, please contact me immediately to request the additional information, which I will provide to the extent it is available to me or my client.

If the LWDA does not intend to investigate these violations, Ms. Koval intends to file a civil complaint against Employer pursuant to the Labor Code Private Attorneys General Act of 2004 (Labor Code §§ 2698 – 2699.5), on her behalf and, as a proxy for the LWDA, on behalf of all aggrieved current and former employees. Thank you for your attention in this matter.

Sincerely,

MAYALL HURLEY P.C.

By

WILLIAM J. GORHAM III

cc: client

EXHIBIT 1

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Taxable Marital Status: Married
Exemptions/Allowances:

Federal: 0
State (CA): 0

Local: N/A

Earnings Statement

Period Beginning: 05/05/2019
Period Ending: 05/18/2019
Pay Date: 05/24/2019

Koval, Karen D

Earnings	rate	hours/units	this period	year to date
Regular	15.0000	75.17	1,127.55	11,300.85
O/T Earn	22.5000	0.17	3.83	65.72
Bonus 1				1,250.00
Sick Pay				421.25
Gross Pay			1,131.38	13,037.82

Deductions	Statutory	this period	year to date
	Federal Withholding Tax	58.04-	636.58-
	Social Security Tax	66.23-	765.27-
	Medicare Tax	15.48-	178.97-
	CA Withholding Tax	11.80-	130.99-
	CA SSDisMLvEE	10.68-	123.43-

Other

*MedicalHMO	43.85-	482.35-
*Dental	15.45-	169.95-
*Vision	3.86-	42.46-
*401K	33.94-	391.13-
Net Pay		633.06-

Net Pay 872.05

* This deduction reduces taxable gross.

Other Benefits and Information

	year to date
Basis of Payment: Hourly	
Sick Hours Left	8.00
Sick Hours Taken	0.00
Vacation Hours Left	0.00

Important Notes

Employee Identification Nbr: 170179
Total Hours Worked: 75.34

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Advice number: 72908890
Period Ending: 05/18/2019
Pay Date: 05/24/2019
Employee ID: 170179

Account Type	Account Number	Transit Number	ABA	Amount
Checking	XXXXXXXXXX	XXXX	XXXXX	\$872.05

NON-NEGOTIABLE
(THIS IS NOT A CHECK)

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Taxable Marital Status: Married
Exemptions/Allowances:

Federal: 0
State (CA): 0

Local: N/A

Earnings Statement

Period Beginning: 06/02/2019
Period Ending: 06/15/2019
Pay Date: 06/21/2019

Koval, Karen D

Earnings	rate	hours/units	this period	year to date
Regular	15.0000	61.50	922.50	12,980.85
O/T Earn	22.5000	0.17	3.83	69.55
Bonus 1				1,250.00
Sick Pay				421.25
Gross Pay			926.33	14,721.65

Deductions	Statutory	this period	year to date
	Federal Withholding Tax	38.15-	696.51-
	Social Security Tax	53.52-	861.84-
	Medicare Tax	12.52-	201.56-
	CA Withholding Tax	7.43-	143.95-
	CA SSDisMLvEE	8.64-	139.01-

Other

*MedicalHMO	43.85-	570.05-
*Dental	15.45-	200.85-
*Vision	3.86-	50.18-
*401K	27.79-	441.65-
Net Pay		633.06-

Net Pay 715.12

* This deduction reduces taxable gross.

Other Benefits and

Information	year to date
Basis of Payment: Hourly	
Sick Hours Left	8.00
Sick Hours Taken	0.00
Vacation Hours Left	0.00

Important Notes

Employee Identification Nbr: 170179
Total Hours Worked: 61.67

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Advice number: 72937091
Period Ending: 06/15/2019
Pay Date: 06/21/2019
Employee ID: 170179

Account Type	Account Number	Transit Number	ABA	Amount
Checking	XXXXXXXXXX	XXXX	XXXXX	\$715.12

NON-NEGOTIABLE
(THIS IS NOT A CHECK)

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Earnings Statement

Period Beginning: 06/30/2019
Period Ending: 07/13/2019
Pay Date: 07/19/2019

Taxable Marital Status: Married
Exemptions/Allowances:

Federal: 0
State (CA): 0
Local: N/A

Koval, Karen D

Earnings	rate	hours/units	this period	year to date
Regular	15.0000	64.20	963.00	14,941.35
O/T Earn	22.5000	1.00	22.50	92.05
Bonus 1				1,250.00
Sick Pay				421.25
Gross Pay			985.50	16,704.65

Deductions	Statutory	this period	year to date
Federal Withholding Tax		43.89-	785.46-
Social Security Tax		57.19-	976.95-
Medicare Tax		13.37-	228.48-
CA Withholding Tax		8.69-	161.58-
CA SSDisMLvEE		9.22-	157.57-

Other

*Medical/HMO	43.85-	657.75-
*Dental	15.45-	231.75-
*Vision	3.86-	57.90-
*401K	29.57-	501.15-
Net Pay		633.06-

Net Pay 2,260.41

* This deduction reduces taxable gross.

Other Benefits and

Information	year to date
Basis of Payment: Hourly	
Sick Hours Left	8.00
Sick Hours Taken	0.00
Vacation Hours Left	0.00

Important Notes

Employee Identification Nbr: 170179
Total Hours Worked: 65.20

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Advice number: 72966427
Period Ending: 07/13/2019
Pay Date: 07/19/2019
Employee ID: 170179

Account Type	Account Number	Transit Number	ABA	Amount
Checking	XXXXXXXXXX	XXXX	XXXXXX	\$760.41

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(THIS IS NOT A CHECK)

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Earnings Statement

Period Beginning: 09/22/2019
Period Ending: 10/05/2019
Pay Date: 10/11/2019

Taxable Marital Status: Married
Exemptions/Allowances:

Federal: 0

State (CA): 0

Local: N/A

Koval, Karen D

Earnings	rate	hours/units	this period	year to date
Regular	15.0000	75.50	1,132.50	22,076.40
O/T Earn	22.5000	0.20	4.50	107.80
Bonus 1				2,500.00
CAMEAL				61.70
Sick Pay				421.25
Gross Pay			\$ 1,137.00	25,167.15

Other Benefits and

Information	year to date
Basis of Payment: Hourly	
Sick Hours Left	8.00
Sick Hours Taken	0.00
Vacation Hours Left	0.00

Important Notes

Employee Identification Nbr: 170179
Total Hours Worked: 75.70

Deductions	Statutory	this period	year to date
Federal Withholding Tax		58.59-	1,202.10-
Social Security Tax		66.58-	1,474.21-
Medicare Tax		15.57-	344.78-
CA Withholding Tax		11.92-	245.90-
CA SSDisMLvEE		10.74-	237.78-

Other

*MedicalHMO	43.85-	964.70-
*Dental	15.45-	339.90-
*Vision	3.86-	84.92-
*401K	34.11-	755.04-
Net Pay		1,262.17-

Net Pay \$ 1,262.17

* This deduction reduces taxable gross.

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Advice number: 73063606
Period Ending: 10/05/2019
Pay Date: 10/11/2019
Employee ID: 170179

Account Type	Account Number	Transit Number	ABA	Amount
Checking	XXXXXXXXXX	XXXX	XXXXX	\$876.33

NON-NEGOTIABLE
(THIS IS NOT A CHECK)

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Taxable Marital Status: Married
Exemptions/Allowances:

Federal: 0
State (CA): 0

Local: N/A

Earnings Statement

Period Beginning: 10/06/2019
Period Ending: 10/19/2019
Pay Date: 10/25/2019

Koval, Karen D

Earnings	rate	hours/units	this period	year to date
Regular	15.0000	73.93	1,108.95	22,076.40
O/T Earn	22.5000	0.50	11.25	107.80
Bonus 1				2,500.00
CAMEAL				61.70
Sick Pay				421.25
Gross Pay			1,120.20	25,167.15

Deductions	Statutory	this period	year to date
Federal Withholding Tax		56.96-	1,202.10-
Social Security Tax		65.53-	1,474.21-
Medicare Tax		15.33-	344.78-
CA Withholding Tax		11.56-	245.90-
CA SSDisMLvEE		10.57-	237.78-

Other

*MedicalHMO	43.85-	964.70-
*Dental	15.45-	339.90-
*Vision	3.86-	84.92-
*401K	33.61-	755.04-
Net Pay		1,262.17-

Net Pay \$ 863.48

* This deduction reduces taxable gross.

Other Benefits and Information

	year to date
Basis of Payment: Hourly	
Sick Hours Left	8.00
Sick Hours Taken	0.00
Vacation Hours Left	0.00

Important Notes

Employee Identification Nbr: 170179
Total Hours Worked: 74.43

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Advice number: 73079956
Period Ending: 10/19/2019
Pay Date: 10/25/2019
Employee ID: 170179

Account Type	Account Number	Transit Number	ABA	Amount
Checking	XXXXXXXXXX	XXXX	XXXXX	\$863.48

NON-NEGOTIABLE
(THIS IS NOT A CHECK)

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Taxable Marital Status: Married
Exemptions/Allowances:

Federal: 0
State (CA): 0

Local: N/A

Earnings Statement

Period Beginning: 11/17/2019
Period Ending: 11/30/2019
Pay Date: 12/06/2019

Koval, Karen D

Earnings	rate	hours/units	this period	year to date
Regular	15.0000	65.57	983.55	26,230.05
O/T Earn	22.5000	0.17	3.83	207.26
Bonus 1			750.00	3,250.00
Holiday	15.0000	8.00	120.00	120.00
CAMEAL				61.70
PrevFocusA				200.00
Sick Pay				421.25
Gross Pay			1,857.38	30,490.26

Deductions	Statutory	this period	year to date
Federal Withholding Tax		139.24-	1,503.01-
Social Security Tax		111.24-	1,776.18-
Medicare Tax		26.01-	415.40-
CA Withholding Tax		27.54-	306.09-
CA SSDisMLvEE		17.94-	286.48-

Other

*MedicalHMO	43.85-	1,140.10-
*Dental	15.45-	401.70-
*Vision	3.86-	100.36-
*401K	55.72-	908.74-
Net Pay		1,262.17-

Net Pay 1,416.53

Continued this period year to date

* This deduction reduces taxable gross.

Other Benefits and Information

Basis of Payment:	Hourly	year to date
Sick Hours Left	7	8.00
Sick Hours Taken		0.00
Vacation Hours Left		0.00

Important Notes

Employee Identification Nbr: 170179
Total Hours Worked: 73.74

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Advice number: 73126294
Period Ending: 11/30/2019
Pay Date: 12/06/2019
Employee ID: 170179

Account Type	Account Number	Transit Number	ABA	Amount
Checking	XXXXXXXXXX	XXXX	XXXXXX	\$1,416.53

NON-NEGOTIABLE
(THIS IS NOT A CHECK)

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Taxable Marital Status: Married
Exemptions/Allowances:

Federal: 0
State (CA): 0

Local: N/A

Earnings Statement

Period Beginning: 12/01/2019
Period Ending: 12/14/2019
Pay Date: 12/20/2019

Koval, Karen D

Earnings	rate	hours/units	this period	year to date
PrevFocusA	15.0000		200.00	200.00
Bonus 1				3,250.00
Holiday				120.00
CAMEAL				61.70
O/T Earn				207.26
Regular				26,230.05
Sick Pay				421.25
Gross Pay			\$ 200.00	30,490.26

Deductions	Statutory	this period	year to date
	Federal Withholding Tax		1,503.01-
	Social Security Tax		1,776.18-
	Medicare Tax		415.40-
	CA Withholding Tax		306.09-
	CA SSDisMLvEE		286.48-
	Other		
	*Dental		401.70-
	*MedicalHMO		1,140.10-
	Net Pay		1,262.17-
	*Vision		100.36-
	*401K		908.74-
	Net Pay	\$ 200.00	

Continued this period year to date

* This deduction reduces taxable gross.

Other Benefits and Information

Basis of Payment: Hourly
Sick Hours Left 8.00
Sick Hours Taken 0.00
Vacation Hours Left 0.00

Important Notes

Employee Identification Nbr: 170179

Lithia of Stockton, Inc.
800-866-9213
3077 E Hammer Lane
Stockton, CA 95212

Advice number: 73143874
Period Ending: 12/14/2019
Pay Date: 12/20/2019
Employee ID: 170179

Account Type	Account Number	Transit Number	ABA	Amount
Checking	XXXXXXXXXX	XXXX	XXXXXX	\$200.00

NON-NEGOTIABLE
(THIS IS NOT A CHECK)

EXHIBIT 2

From: Email Broadcast <EBroadcast@lithia.com>

Sent: Wednesday, April 1, 2020 12:53 PM

Subject: Message from Lithia Human Resources

Dear Lithia Team Member,

In an effort to stay connected, our Human Resources department will be reaching out to you, via email, every Wednesday. Although your schedule has been affected due to reduced business demands or local government restrictions, you are a valued employee of Lithia Motors. Please note that while on furlough, your Lithia email is not accessible. All access will be restored when you return to work. If you would like us to send these communications to an alternate email address, please reach out to payroll@lithia.com.

On Monday, you received a communication from Bryan that noted Lithia will be providing financial benefits to employees impacted by COVID-19. This will start with loading Sick Time for hours missed during the next two weeks (up to 80 hours). To qualify for this sick time benefit, you must meet one of the following criteria:

1. Partial closure of the sales department because the business is subject to a Federal, State, or local quarantine or isolation order related to COVID-19;
2. Employee could work but has been advised by a healthcare provider to self-quarantine related to COVID-19;
3. Employee is experiencing COVID-19 symptoms and is seeking a medical diagnosis;
4. Employee is caring for an individual subject to an order described in (2) or self-quarantine as described in (3); or
5. Employee is caring for his or her child whose school or place of care is closed (or childcare provider is unavailable) due to COVID-19-related reasons.

This assistance is intended to help bridge the financial gap for those who have been impacted due to one of the reasons above. To see all available benefits while furloughed, please see the Employee Resources document attached.

This additional time does not apply if:

- You are not working due to reduced business activity.
- You voluntarily take yourself off of the schedule (self-furlough).
- You choose not to accept work after business needs change (unless reasons 2-5 apply).

If you are unable to work because of one of the qualified reasons, you will get a weekly load of sick time hours you can use, if you choose, in e-Time, beginning April 2nd. Please complete a [short survey](#) in order to be considered for these hours.

In addition, for each full pay period you are out during the month of April, **Lithia will be covering your employee paid benefit premiums**, regardless if you qualify for the additional Sick Time benefit.

Your health and safety are our first priority, but we hope this financial support also provides you some comfort and peace of mind. As the COVID-19 situation evolves, we want to remind you that we are actively monitoring the federal, state and local guidelines to ensure our employees are safe and our business operations are in compliance.

Your patience and understanding are appreciated as we navigate this unusual time. More to come next Wednesday.

Best Regards,

Lithia Human Resources

EXHIBIT 3

From: Carla Hegler <cHegler@lithia.com>
Sent: Friday, April 10, 2020 1:59:12 PM
To: karen fregozo <karenfregozo@live.com>
Subject: FW: benifits on furlough

Hi Karen,
Unfortunately, you were actually terminated not furloughed so that is why your coverage is cancelled as of the end of March.

From: karen fregozo <karenfregozo@live.com>
Sent: Thursday, April 9, 2020 7:31 AM
To: Carla Hegler <cHegler@lithia.com>
Subject: benifits on furlough

Hi Carla,

I left you a message earlier this morning. I Need to speak to someone about my benefits with Lithia. I was told on March 20th, that we were all going to be furloughed and we would be receiving a packet or some way to continue to pay our health care benefits. I waited and didn't receive anything but 1 email stating I still work for Lithia (email stated you, lithia, would be covering our benefits for the month of april) and then i got a packet yesterday stating that my benefits would be continued but I would resposible for our monthly portion and would be getting an invoice or paying it when our work started again. I never received an invoice. I am 9 months pregnant. I went to a Drs appointment yesterday and was told I had no Insurance. I called you and Gina Morse yesterday and didn't receive a call back. Kaiser cant give me coverage until May. I am supposed to have my baby this week or next week. This is a very scary time and I would really like to speak with someone.

Karen Koval
209-269-6637

From: Carla Hegler <cHegler@lithia.com>
Sent: Friday, April 10, 2020 1:59:12 PM
To: karen fregozo <karenfregozo@live.com>
Subject: FW: benifits on furlough

Hi Karen,



May 14, 2020

Dear Julie Zeyen:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6152 4158 28.

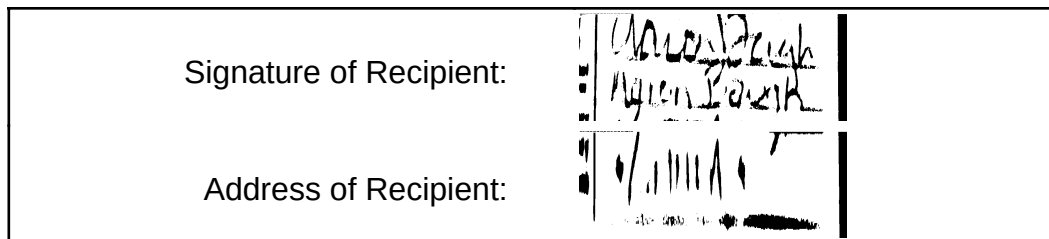
Item Details

Status:	Delivered, Individual Picked Up at Postal Facility
Status Date / Time:	May 12, 2020, 8:56 am
Location:	MEDFORD, OR 97501
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™
	Return Receipt Electronic

Shipment Details

Weight:	6lb, 5.9oz
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Recipient Signature



Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004



May 14, 2020

Dear Julie Zeyen:

The following is in response to your request for proof of delivery on your item with the tracking number:
9489 0090 0027 6152 4158 35.

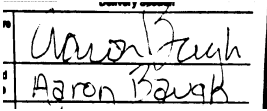
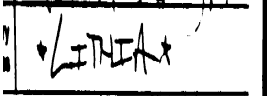
Item Details

Status:	Delivered, Individual Picked Up at Postal Facility
Status Date / Time:	May 8, 2020, 8:50 am
Location:	MEDFORD, OR 97501
Postal Product:	First-Class Mail®
Extra Services:	Certified Mail™ Return Receipt Electronic

Shipment Details

Weight:	6lb, 8.6oz
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Recipient Signature

Signature of Recipient:	
Address of Recipient:	

Note: Scanned image may reflect a different destination address due to Intended Recipient's delivery instructions on file.

Thank you for selecting the United States Postal Service® for your mailing needs. If you require additional assistance, please contact your local Post Office™ or a Postal representative at 1-800-222-1811.

Sincerely,
United States Postal Service®
475 L'Enfant Plaza SW
Washington, D.C. 20260-0004