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SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

TEODORO C. DEGUZMAN, individually, and
on behalf of all others similarly situated,

Plaintiff,

vs.

FATE THERAPEUTICS, INC., a Delaware
corporation; BIO PHASE SOLUTIONS, a
California corporation; and DOES 1 through 10,
inclusive,

Defendants.

Case No.: 37-2021-00038877-CU-OE-CTL

**FIRST AMENDED REPRESENTATIVE
ACTION COMPLAINT:**

1. Civil Penalties Under PAGA [Cal. Lab.
Code § 2699, et seq.].

DEMAND FOR JURY TRIAL

TABLE OF CONTENTS

INTRODUCTION & PRELIMINARY STATEMENT	1
THE PARTIES	3
A. Plaintiff.....	3
B. Defendants.....	3
ALLEGATIONS COMMON TO ALL CAUSES OF ACTION	5
FIRST CAUSE OF ACTION	9
PRAYER FOR RELIEF	11
DEMAND FOR JURY TRIAL	12

1 Plaintiff Teodoro C. Deguzman (“Plaintiff”), based upon facts that either have evidentiary
2 support or are likely to have evidentiary support after a reasonable opportunity for further
3 investigation and discovery, alleges as follows:

4 **INTRODUCTION & PRELIMINARY STATEMENT**

5 1. Plaintiff brings this action against Defendants Fate Therapeutics, Inc., Bio Phase
6 Solutions, and Does 1 through 10 (collectively referred to as “Defendants”) for California Labor
7 Code violations and unfair business practices stemming from Defendants’ failure to pay
8 minimum wages, failure to pay overtime wages, failure to provide meal periods, failure to
9 authorize and permit rest periods, failure to maintain accurate records of hours worked and meal
10 periods, failure to timely pay all wages to terminated employees, failure to indemnify necessary
11 business expenses, and failure to furnish accurate wage statements.

12 2. For over 50 years, California’s courts and legislature have recognized that this
13 State’s wage-and-hour laws serve a compelling public interest of fostering a stable job market.
14 Wages are not ordinary debts. Because of the economic position of the average worker and his
15 or her family, it is essential to the public welfare that employers obey the wage-and-hour laws so
16 that employees are promptly paid the minimum/overtime wages that the Legislature has required
17 for employees. So fundamental are California’s wage-and-hour laws that the Legislature has
18 criminalized certain types of violations. In extending extra protection to deter violations of these
19 underlying statutes—since Plaintiff is not seeking general and/or special damages, restitution or
20 other damages other than civil penalties—California has enacted the PAGA to permit an
21 individual to bring an action for PAGA penalties only, which is the precise and sole nature of this
22 action.

23 3. All non-exempt California employees of Defendants, beginning September 13,
24 2020 to the present, are “Aggrieved Employees.”

25 4. Plaintiff brings this action against Defendants seeking only to recover penalties on
26 behalf of all Aggrieved Employees that worked for Defendants, and on behalf of the State of
27 California. Plaintiff does not seek to recover anything other than penalties as permitted by
28 California Labor Code Section 2699 at this time. To the extent that statutory violations are

1 mentioned for wage violations, Plaintiff does not seek underlying general and/or special damages
2 for those violations, but simply penalties as permitted by California Labor Code Section 2699,
3 declaratory relief, and injunctive relief for themselves and all aggrieved employees as permitted
4 by the PAGA.

5 5. Defendants own/owned and operate/operated an industry, business, and
6 establishment within the State of California, including San Diego County. As such, and based
7 upon all the facts and circumstances incident to Defendants' business in California, Defendants
8 are subject to the California Labor Code, Wage Orders issued by the Industrial Welfare
9 Commission ("IWC"), and the California Business & Professions Code.

10 6. Despite these requirements, throughout the statutory period Defendants
11 maintained a systematic, company-wide policy and practice of:

- 12 (a) Failing to pay employees for all hours worked, including all minimum
13 wages, and overtime wages in compliance with the California Labor Code
14 and IWC Wage Orders;
- 15 (b) Failing to provide employees with timely and duty-free meal periods in
16 compliance with the California Labor Code and IWC Wage Orders, failing
17 to maintain accurate records of all meal periods taken or missed, and
18 failing to pay an additional hour's pay for each workday a meal period
19 violation occurred;
- 20 (c) Failing to authorize and permit employees to take timely and duty-free rest
21 periods in compliance with the California Labor Code and IWC Wage
22 Orders, and failing to pay an additional hour's pay for each workday a rest
23 period violation occurred;
- 24 (d) Failing to indemnify employees for necessary business expenses incurred;
- 25 (e) Willfully failing to pay employees all minimum wages, overtime wages,
26 meal period premium wages, and rest period premium wages due within
27 the time period specified by California law when employment terminates;
28 and

- (f) Failing to maintain accurate records of the hours that employees worked.
- (g) Failing to provide employees with accurate, itemized wage statements containing all the information required by the California Labor Code and IWC Wage Orders.

7. On information and belief, Defendants, and each of them were on actual and constructive notice of the improprieties alleged herein and intentionally refused to rectify their unlawful policies. Defendants' violations, as alleged above, during all relevant times herein were willful and deliberate.

8. At all relevant times, Defendants were and are legally responsible for all of the unlawful conduct, policies, practices, acts and omissions as described in each and all of the foregoing paragraphs as the employer of Plaintiff and the Aggrieved Employees. Further, Defendants are responsible for each of the unlawful acts or omissions complained of herein under the doctrine of "respondeat superior".

THE PARTIES

A. Plaintiff

9. Plaintiff Teodoro C. Deguzman is a California resident that worked for Defendants in the County of San Diego, State of California, as an IT service desk associate from approximately March 2021 to June 2021.

10. Plaintiff reserves the right to seek leave to amend this complaint to add new plaintiffs, if necessary, in order to establish suitable representative(s) pursuant to *La Sala v. American Savings and Loan Association* (1971) 5 Cal.3d 864, 872, and other applicable law.

B. Defendants

11. Plaintiff is informed and believes, and based upon that information and belief alleges, that Defendant Fate Therapeutics, Inc. is:

- (a) A Delaware corporation with its principal place of business in San Diego, California.
- (b) A business entity conducting business in numerous counties throughout the State of California, including in San Diego County; and

- 1 (c) The former employer of Plaintiff, and the current and/or former employer
2 of the putative Class. Fate Therapeutics, Inc. suffered and permitted
3 Plaintiff and the Aggrieved Employees to work, and/or controlled their
4 wages, hours, or working conditions.

5 12. Plaintiff is informed and believes, and based upon that information and belief
6 alleges, that Defendant Bio Phase Solutions is:

- 7 (a) A California corporation with its principal place of business in San Diego,
8 California.
9 (b) A business entity conducting business in numerous counties throughout the
10 State of California, including in San Diego County; and
11 (c) The former employer of Plaintiff, and the current and/or former employer
12 of the putative Class. Bio Phase Solutions suffered and permitted Plaintiff
13 and the Aggrieved Employees to work, and/or controlled their wages,
14 hours, or working conditions.

15 13. Plaintiff does not currently know the true names or capacities of the persons or
16 entities sued herein as Does 1-10, inclusive, and therefore sues said Defendants by such fictitious
17 names. Each of the Doe Defendants was in some manner legally responsible for the damages
18 suffered by Plaintiff and the Aggrieved Employees as alleged herein. Plaintiff will amend this
19 complaint to set forth the true names and capacities of these Defendants when they have been
20 ascertained, together with appropriate charging allegations, as may be necessary.

21 14. At all times mentioned herein, the Defendants named as Does 1-10, inclusive, and
22 each of them, were residents of, doing business in, availed themselves of the jurisdiction of,
23 and/or injured a significant number of the Plaintiff and the Aggrieved Employees in the State of
24 California.

25 15. Plaintiff is informed and believes and thereon alleges that at all relevant times
26 each Defendant, directly or indirectly, or through agents or other persons, employed Plaintiff and
27 the Aggrieved Employees and exercised control over their wages, hours, and working conditions.
28 Plaintiff is informed and believes and thereon alleges that, at all relevant times, each Defendant

1 was the principal, agent, partner, joint venturer, officer, director, controlling shareholder,
2 subsidiary, affiliate, parent corporation, successor in interest and/or predecessor in interest of
3 some or all of the other Defendants, and was engaged with some or all of the other Defendants in
4 a joint enterprise for profit, and bore such other relationships to some or all of the other
5 Defendants so as to be liable for their conduct with respect to the matters alleged below. Plaintiff
6 is informed and believes and thereon alleges that each Defendant acted pursuant to and within the
7 scope of the relationships alleged above, that each Defendant knew or should have known about,
8 and authorized, ratified, adopted, approved, controlled, aided and abetted the conduct of all other
9 Defendants.

10 **ALLEGATIONS COMMON TO ALL CAUSES OF ACTION**

11 16. Plaintiff Teodoro C. Deguzman is a California resident who worked for
12 Defendants in the County of San Diego, State of California, as an IT service desk associate from
13 approximately March 2021 to June 2021. During the statutory period, Defendants classified
14 Plaintiff as non-exempt from California's overtime requirements, and paid Plaintiff an hourly
15 wage.

16 17. Throughout the statutory period, Defendants failed to pay Plaintiff for all hours
17 worked (including minimum wages and overtime wages), failed to provide Plaintiff with
18 uninterrupted meal periods, failed to authorize and permit Plaintiff to take uninterrupted rest
19 periods, failed to indemnify Plaintiff for necessary business expenses, failed to timely pay all
20 final wages to Plaintiff when Defendants terminated Plaintiff's employment, and failed to furnish
21 accurate wage statements to Plaintiff. As discussed below, Plaintiff's experience working for
22 Defendants was typical and illustrative.

23 18. Throughout the statutory period, Defendants maintained a policy and practice of
24 not paying Plaintiff and the Aggrieved Employees for all hours worked, including all overtime
25 wages. Defendants regularly use a system of time rounding in a manner that resulted, over a
26 period of time, in failing to compensate Plaintiff and the Aggrieved Employees properly for all
27 the time they have actually worked, even though the realities of Defendants' operations are such
28 that it is possible, practical, and feasible to count and pay for work time to the minute. Plaintiff

1 and the Aggrieved Employees were required to input a rounded number, which effectively
2 shaved time from Plaintiff and the Class's work, leading to uncompensated time. Also
3 throughout the statutory period, Plaintiff and the Aggrieved Employees worked off the clock,
4 uncompensated. For example, Plaintiff and the Aggrieved Employees were required to submit
5 timesheets while off the clock, and after business hours. For example, on June 11, 2021,
6 Plaintiff's shift ended at 3:30 p.m., but timesheets were submitted at 8:02 p.m. Plaintiff and the
7 Aggrieved Employees were not compensated for this additional work. In maintaining a practice
8 of not paying all wages owed, Defendants failed to maintain accurate records of the hours
9 Plaintiff and the Aggrieved Employees worked.

10 19. Throughout the statutory time period, Plaintiff and at least some, if not all,
11 Aggrieved Employees members were jointly employed by Bio Phase Solutions, a staffing
12 agency. Accordingly, Plaintiff and the Aggrieved Employees were required to be paid on a
13 weekly basis. However, Plaintiff and the Aggrieved Employees were improperly paid on a bi-
14 weekly basis.

15 20. Throughout the statutory period, Defendants have wrongfully failed to provide
16 Plaintiff and the Aggrieved Employees with legally compliant meal periods. Defendants
17 sometimes, but not always, required Plaintiff and the Aggrieved Employees to work in excess of
18 five consecutive hours a day without providing 30-minute, continuous and uninterrupted, duty-
19 free meal period for every five hours of work, or without compensating Plaintiff and the
20 Aggrieved Employees for meal periods that were not provided by the end of the fifth hour of
21 work or tenth hour of work. Defendants also did not adequately inform Plaintiff and the
22 Aggrieved Employees of their right to take a meal period by the end of the fifth hour of work, or,
23 for shifts greater than 10 hours, by the end of the tenth hour of work. Further, Plaintiff and the
24 Aggrieved Employees were required to record their meal periods at the end of the day, and they
25 were automatically deducted 30 minutes, which means Defendants failed to accurately record
26 these meal breaks as they occurred. Accordingly, Defendants' policy and practice was to not
27 provide meal periods to Plaintiff and the Aggrieved Employees in compliance with California
28 law.

1 21. Throughout the statutory period, Defendants have wrongfully failed to authorize
2 and permit Plaintiff and the Aggrieved Employees to take timely and duty-free rest periods.
3 Defendants sometimes, but not always, required Plaintiff and the Aggrieved Employees to work
4 in excess of four consecutive hours a day without Defendants authorizing and permitting them to
5 take a 10-minute, continuous and uninterrupted, rest period for every four hours of work (or
6 major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees
7 for rest periods that were not authorized or permitted. Defendants also did not adequately inform
8 Plaintiff and the Aggrieved Employees of their right to take a rest period. Moreover, Defendants
9 did not have adequate policies or practices permitting or authorizing rest periods for Plaintiff and
10 the Class, nor did Defendants have adequate policies or practices regarding the timing of rest
11 periods. Defendants also did not have adequate policies or practices to verify whether Plaintiff
12 and the Aggrieved Employees were taking their required rest periods. Further, Defendants did
13 not maintain accurate records of employee work periods, and therefore Defendants cannot
14 demonstrate that Plaintiff and the Aggrieved Employees took rest periods during the middle of
15 each work period. Also, Defendants prohibited Plaintiff and the Aggrieved Employees from
16 leaving the premises during their rest breaks. Accordingly, Defendants' policy and practice was
17 to not authorize and permit Plaintiff and the Aggrieved Employees to take rest periods in
18 compliance with California law.

19 22. Throughout the statutory period, Defendants wrongfully required Plaintiff and the
20 Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for
21 Defendants without reimbursement. For example, Plaintiff and the Aggrieved Employees
22 occasionally used their own vehicles for business purposes, without reimbursement. Also,
23 Plaintiff and the Aggrieved Employees were required to use their own personal cellular
24 telephones for work, without reimbursement.

25 23. Throughout the statutory period, Defendants willfully failed and refused to timely
26 pay Plaintiff and the Aggrieved Employees at the conclusion of their employment all wages for
27 all minimum wages, overtime wages, meal period premium wages, and rest period premium
28 wages. Further, Defendants did not pay Plaintiff and the Aggrieved Employees their final

1 paychecks immediately upon termination. For example, Plaintiff was terminated in-person on
2 June 18, 2021, but he did not receive his final paycheck on that same day, but instead over a
3 week later (on the regularly scheduled payday). Defendants failed to pay waiting time penalties
4 for the late payment.

5 24. Throughout the statutory period, Defendants failed to furnish Plaintiff and the
6 Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly
7 rates, and all gross and net wages earned (including correct hours worked, correct wages earned
8 for hours worked, correct overtime hours worked, correct wages for meal periods that were not
9 provided in accordance with California law, correct wages for rest periods that were not
10 authorized and permitted to take in accordance with California law, and Defendant's address).
11 Further, the wage statements do not show Defendant's address as required by California law. As
12 a result of these violations of California Labor Code § 226(a), the Plaintiff and the Aggrieved
13 Employees suffered injury because, among other things:

- 14 (a) the violations led them to believe that they were not entitled to be paid
15 minimum wages, overtime wages, meal period premium wages, and rest
16 period premium wages to which they were entitled, even though they were
17 entitled;
- 18 (b) the violations led them to believe that they had been paid the minimum,
19 overtime, meal period premium, and rest period premium wages, even
20 though they had not been;
- 21 (c) the violations led them to believe they were not entitled to be paid
22 minimum, overtime, meal period premium, and rest period premium wages
23 at the correct California rate even though they were;
- 24 (d) the violations led them to believe they had been paid minimum, overtime,
25 meal period premium, and rest period premium wages at the correct
26 California rate even though they had not been;
- 27 (e) the violations hindered them from determining the amounts of minimum,
28 overtime, meal period premium, and rest period premium owed to them;

- 1 (f) in connection with their employment before and during this action, and in
2 connection with prosecuting this action, the violations caused them to have
3 to perform mathematical computations to determine the amounts of wages
4 owed to them, computations they would not have to make if the wage
5 statements contained the required accurate information;
- 6 (g) by understating the wages truly due them, the violations caused them to
7 lose entitlement and/or accrual of the full amount of Social Security,
8 disability, unemployment, and other governmental benefits;
- 9 (h) the wage statements inaccurately understated the wages, hours, and wages
10 rates to which Plaintiff and the Aggrieved Employees were entitled, and
11 Plaintiff and the Aggrieved Employees were paid less than the wages and
12 wage rates to which they were entitled.

13 Thus, Plaintiff and the Aggrieved Employees are owed the amounts provided for
14 in California Labor Code § 226(e), including actual damages.

15 **FIRST CAUSE OF ACTION**

16 **(Against all Defendants for Civil Penalties Under the Private Attorneys General Act**
17 **of 2004, Cal. Lab. Code § 2698 et seq.)**

18 25. Plaintiff incorporates by reference and re-alleges as if fully stated herein
19 paragraphs 1 through 24 in this First Amended Complaint.

20 26. At all times herein mentioned, Defendants were subject to the Labor Code of the
21 State of California and the applicable Industrial Welfare Commission Orders.

22 27. California Labor Code § 2699(a) specifically provides for a private right of action
23 to recover penalties for violations of the Labor Code: “Notwithstanding any other provision of
24 law, any provision of this code that provides for a civil penalty to be assessed and collected by
25 the Labor and Workforce Development Agency or any of its departments, divisions,
26 commissions, boards, agencies, or employees, for a violation of this code, may, as an alternative,
27 be recovered through a civil action brought by an aggrieved employee on behalf of himself or
28

1 herself and other current or former employees pursuant to the procedures specified in Section
2 2699.3.”

3 28. Plaintiff has exhausted his administrative remedies pursuant to California Labor
4 Code § 2699.3. On September 13, 2021, Plaintiff gave written notice by online filing to the
5 Labor and Workforce Development Agency and by certified mail to Defendants of the specific
6 provisions of the Labor Code that Defendants have violated against Plaintiff and current and
7 former aggrieved employees, including the facts and theories to support the violations. At the
8 time of this filing, 65 days has elapsed since Plaintiff provided notice, but the Labor and
9 Workforce Development Agency has not indicated that it intends to investigate Defendants’
10 Labor Code violations discussed in the notice. Accordingly, Plaintiff may commence a civil
11 action to recover penalties under Labor Code § 2699 pursuant to § 2699.3 for the violations of
12 the Labor Code described in this Complaint. These penalties include, but are not limited to,
13 penalties under California Labor Code §§ 210, 226.3, 558, 1197.1, and 2699(f)(2).

14 29. In addition, Plaintiff seeks penalties for Defendants’ violation of California Labor
15 Code § 1174(d). Pursuant to California Labor Code § 1174.5, any person, including any entity,
16 employing labor who willfully fails to maintain accurate and complete records required by
17 California Labor Code § 1174 is subject to a penalty under § 1174.5. Pursuant to the applicable
18 IWC Order § 7(A)(3), every employer shall keep time records showing when the employee
19 begins and ends each work period. Meal periods, and total hours worked daily shall also be
20 recorded. Additionally, pursuant to the applicable IWC Order § 7(A)(5), every employer shall
21 keep total hours worked in the payroll period and applicable rates of pay.

22 30. During the time period of employment for Plaintiff and the Aggrieved Employees,
23 Defendants failed to maintain records pursuant to the Labor Code and IWC Orders by failing to
24 maintain accurate records showing meal periods, and accurate records showing when employees
25 begin and end each work period. Defendants’ failure to provide and maintain records required by
26 the Labor Code IWC Wage Orders deprived Plaintiff and the Aggrieved Employees the ability to
27 know, understand and question the accuracy and frequency of meal periods, and the accuracy of
28 their hours worked stated in Defendants’ records. Therefore, Plaintiff and the Aggrieved

1 Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an
2 unjustified economic enrichment to Defendants. As a direct result, Plaintiff and the Aggrieved
3 Employees have suffered and continue to suffer, substantial losses related to the use and
4 enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking
5 to compel Defendants to fully perform its obligation under state law, all to their respective
6 damage in amounts according to proof at trial. Because of Defendants' knowing failure to
7 comply with the Labor Code and applicable IWC Wage Orders, Plaintiff and the Aggrieved
8 Employees have also suffered an injury in that they were prevented from knowing,
9 understanding, and disputing the wage payments paid to them.

10 31. Based on the conduct described in this First Amended Complaint, Plaintiff is
11 entitled to an award of civil penalties on behalf of himself, the State of California, and similarly
12 Aggrieved Employees of Defendants. The exact amount of the applicable penalties, in all, is in
13 an amount to be shown according to proof at trial. These penalties are in addition to all other
14 remedies permitted by law.

15 32. In addition, Plaintiff seeks an award of reasonable attorney's fees and costs
16 pursuant to California Labor Code § 2699(g)(1), which states, "Any employee who prevails in
17 any action shall be entitled to an award of reasonable attorney's fees and costs."

18 **PRAYER FOR RELIEF**

19 Plaintiff, on behalf of himself, the State of California, and similarly Aggrieved Employees
20 of Defendants, prays for relief and judgment against Defendants, jointly and severally, as
21 follows:

22 **As to the First Cause of Action**

23 33. That the Court declare, adjudge and decree that Defendants violated the California
24 Labor Code by failing to pay wages for all hours worked (including minimum, straight time, and
25 overtime wages), failing to provide meal periods, failing to maintain accurate records of meal
26 periods, failing to authorize and permit rest periods, failing to maintain accurate records of all
27 hours worked and meal periods, failing to pay final wages at termination, and failing to furnish
28 accurate wage statements;

34. For all actual, consequential and incidental losses and damages, according to proof.

35. For all civil penalties pursuant to California Labor Code § 2699, et seq., and all other applicable Labor Code provisions;

36. For reasonable attorneys' fees and costs of suit incurred herein pursuant to California Labor Code § 2699;

37. For such other and further relief as the Court may deem equitable and appropriate.

Respectfully submitted,

Dated: January 17, 2022

MOON & YANG, APC

By: _____

Kane Moon
Lilit Ter-Astvatsatryan

Attorneys for Plaintiff

DEMAND FOR JURY TRIAL

Plaintiff demands a trial by jury as to all causes of action triable by jury.

Dated: January 17, 2022

MOON & YANG, APC

By: _____

Kane Moon
Lilit Ter-Astvatsatryan

Attorneys for Plaintiff

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I am employed in the State of California, County of Los Angeles. I am over the age of 18 and not a party to the within suit; my business address is 1055 W. 7th Street, Suite 1880, Los Angeles, CA 90017.

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[✓] **BY E-MAIL:** I hereby certify that this document was served from Los Angeles, California, by e-mail delivery on the parties listed herein at their most recent known e-mail address or e-mail of record in this action.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed this **January 17, 2022** at Los Angeles, California.

Ivette Hernandez
Type or Print Name

Signature