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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

ANN LEE,

Plaintiff,

vs.

CONSOLIDATED ELECTRICAL
DISTRIBUTORS, INC., ROYAL
INDUSTRIAL SOLUTIONS, and DOES 1 to
100, Inclusive.

CASE NO.: 23STCV08818

**PLAINTIFF ANN LEE'S COMPLAINT
FOR:**

**1. VIOLATION OF THE CALIFORNIA
PRIVATE ATTORNEYS GENERAL
ACT, LABOR CODE §§ 2698, ET
SEQ. (PAGA)**

1. Plaintiff Ann Lee (“Plaintiff”), brings this action against Defendants CONSOLIDATED ELECTRICAL DISTRIBUTORS, INC. (“CED”), ROYAL INDUSTRIAL SOLUTIONS (“Royal”), and DOES 1 to 100, inclusive (hereinafter, collectively referred to as “Defendants”) for civil penalties, interest, costs, and attorneys’ fees resulting from Defendants’ unlawful and tortious conduct, and as grounds therefore allege:

PARTIES

2. Plaintiff is and/or was at all times relevant herein an individual; a resident of Los Angeles County, California; was employed in Los Angeles County, California; and an “employee” as defined by Gov. Code § 12926.

3. CED is and was at all times relevant herein a Texas corporation and an “employer” as defined by Gov. Code § 12926. Plaintiff had been employed by CED for approximately 7 years.

4. Royal is and was at all times relevant herein a California business organization whose form is unknown and an “employer” as defined by Gov. Code § 12926. Plaintiff had been employed by Royal for approximately 7 years.

5. Plaintiff is informed and believes, and there upon alleges that at all times herein mentioned, CED and all other entities she was involved with regarding her employment at CED were agents and employees of CED and in doing the things herein alleged, were acting within the course and scope of such agency or employment, and with the approval and ratification of CED and each of the other defendants.

6. Plaintiff is informed and believes, and thereupon alleges that at all times herein mentioned, Royal and all other entities she was involved with regarding her employment at Royal were agents and employees of Royal and in doing the things herein alleged, were acting within the course and scope of such agency or employment, and with the approval and ratification of Royal and each of the other defendants.

7. Plaintiff is unaware of the true names and capacities of the Defendants sued as Does 1 through 100 and therefore sues these Defendants by fictitious names. Does 1 through 100

1 are each responsible in some way for the acts alleged in the Complaint. Plaintiff will seek leave
2 to amend the Complaint to add such names and capacities when they have been ascertained.
3 Plaintiff is informed and believe, and on that basis alleges, that Does 1 through 10 have
4 knowledge and/or notice of the conduct, transactions and/or occurrences that form the basis of
5 Plaintiff's allegations herein.

6 **JURISDICTION AND VENUE**

7 8. Jurisdiction is conferred on this Court over Defendants named herein as they are
8 residents of the state of California, and/or conduct business in the state of California. Jurisdiction
9 is conferred on this Court as to all causes of action as they arise under state statutory or common
10 law.

11 9. Venue is proper in this Court because Plaintiff was employed in this County,
12 Defendants reside in this County or conduct business in this County, and because a substantial
13 part of the events and omissions giving rise to Plaintiff's causes of action occurred in this County.

14 10. Plaintiff has fully complied with all prerequisites to jurisdiction in this Court,
15 including exhaustion of administrative remedies.

16 **PRIVATE ATTORNEY GENERAL ALLEGATIONS**

17 11. The Private Attorney General Act ("PAGA"), as set forth at Labor Code § 2698 *et*
18 *seq.*, is and at all times relevant herein was applicable to Plaintiff's employment with Defendants.

19 12. Pursuant to Labor Code § 2699(a), any provision of the Labor Code which
20 provides for a civil penalty to be assessed and collected by the Labor and Workforce
21 Development Agency ("LWDA") for violations of the Labor Code may, as an alternative, be
22 recovered through a civil action brought by an aggrieved employee on behalf of himself or herself
23 and other current or former employees pursuant to the procedures outlined in Labor Code §
24 2699.3.

25 13. Plaintiff was hired by Defendants in 2014. Plaintiff was employed by Defendants
26 and the alleged violations were committed against her during her time of employment. Plaintiff is
27 therefore an aggrieved employee as defined by Labor Code § 2699(c). Other current and former
28

1 employees are also aggrieved employees in that one or more of the alleged violations were also
2 committed against them during their time of employment with CED and Royal.

3 14. Pursuant to Labor Code § 2699(f), the civil penalty recoverable in a PAGA action
4 is that which provided for by the Labor Code or, where no civil penalty is specifically provided,
5 one hundred dollars (\$100) for each aggrieved employee per pay period for the initial violation
6 and two hundred dollars (\$200) for each aggrieved employee per pay period for each subsequent
7 violation.

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

12 16. Pursuant to Labor Code § 2699.3 an aggrieved employee may pursue a civil action
13 arising under the PAGA after the following requirements have been met:

- 14 a. The aggrieved employee or representative shall give written notice by online
15 filing with the Labor and Workforce Development Agency and by certified
16 mail to the employer of the specific provisions of this code alleged to have
17 been violated, including the facts and theories to support the alleged violation;
18 b. The agency shall notify the employer and the aggrieved employee or
19 representative by certified mail that it does not intend to investigate the alleged
20 violation within 60 calendar days of the postmark date of the notice received
21 pursuant to paragraph (1). Upon receipt of that notice or if no notice is
22 provided within 65 calendar days of the postmark date of the notice given
23 pursuant to paragraph (1), the aggrieved employee may commence a civil
24 action pursuant to § 2699.

25 17. On December 30, 2021, Plaintiff provided written notice by online filing with the
26 LWDA and by certified mail to Royal and CED. Plaintiff's written notice concerned Royal's and
27 CED's violation of, among other statutes, Labor Code § 432.5 which prohibits an employer from
28 requiring any employee or applicant for employment to agree, in writing, to any term or condition

1 which is known to be prohibited by law. Specifically, Royal and CED required employees to sign
2 overbroad confidentiality, non-disclosure, and non-solicitation provisions/agreements which,
3 *inter alia*, contained no geographic limitations.. As of the date of this filing, the LWDA has not
4 provided written notice that it intends to investigate these allegations. A true and correct copy of
5 Plaintiff's December 30, 2021 written notice to the LWDA is attached as Exhibit 1 and
6 incorporated herein by reference.

7 18. On March 8, 2022, Plaintiff submitted an amended notice concerning Royal and
8 CED's violation of, among other statutes, Labor Code § 432.5. Plaintiff's amended notice stated
9 CED requires employees to agree in writing to confidentiality agreements and policies that
10 unlawfully restrain trade by prohibiting employees from speaking with prospective employers
11 about information that is not confidential as a matter of law about their work and about their
12 wages and working conditions. The amended notice further stated that CED prohibits employees
13 from engaging in lawful conduct during non-work hours, including but not limited to the exercise
14 of constitutional rights such as freedom of speech, freedom to speak to the press, and economic
15 liberty under both the California and federal constitutions; and engaging in conduct protected by
16 the Labor Code with respect to disclosing information about wages and working conditions. As of
17 the date of this filing, the LWDA has not provided written notice that it intends to investigate
18 these allegations. A true and correct copy of Plaintiff's March 8, 2022 amended notice to the
19 LWDA is attached as Exhibit 2 and incorporated herein by reference.

20
21 **FIRST CAUSE OF ACTION**
22 **VIOLATION OF LABOR CODE §§ 2698, ET SEQ. (PAGA)**
23 **Plaintiff, On Behalf Of Herself And All Aggrieved Employees Against All Defendants and**
24 **Does, 1-100**

25 19. Plaintiff refers to and herein incorporates Paragraphs 1 through 18, inclusive.

26 20. Labor Code § 432.5 prohibits an employer from requiring any employee or
27 applicant for employment to agree, in writing, to any term or condition which is known to be
28 prohibited by law.

21. Defendants required signature of an "AGREEMENT REGARDING
PROPRIETARY INFORMATION" that contained confidentiality, non-disclosure, and non-

1 solicitation provisions. These provisions and policies violated the California Labor Code.
2 Confidentiality, non-disclosure, and non-solicitation provisions, agreements, and policies affect
3 the State of California's interest in promoting commercial competition via the free flow of
4 information. These agreements constitute a restraint on trade.

5 22. Defendants' confidentiality, non-disclosure, and non-solicitation
6 provisions/agreements are overbroad and, inter alia, contained no geographic limitations.
7 Defendants required employees to agree, in writing, to confidentiality agreements and
8 confidentiality policies that unlawfully restrain trade by prohibiting the use of information that is
9 not confidential as a matter of law. For example, the confidentiality agreements purport to prevent
10 employees from using or disclosing all of the general skills, knowledge, acquaintances, and the
11 overall experience they obtained at CED. The confidentiality agreements also purport to prevent
12 employees from using or disclosing general business practices. The confidentiality agreements
13 also purport to prevent employees from using or disclosing customer information that is readily
14 available to competitors through normal competitive means. The confidentiality agreements and
15 policies prohibit employees from using their knowledge of their own and other employees'
16 working conditions and wages for purposes of competition, as permitted by the Labor Code.
17 Plaintiff's amended notice stated CED requires employees to agree in writing to confidentiality
18 agreements and policies that unlawfully restrain trade by prohibiting employees from speaking
19 with prospective employers about information that is not confidential as a matter of law about
20 their work and about their wages and working conditions. Furthermore, it prohibits employees
21 from engaging in lawful conduct during non-work hours, including but not limited to the exercise
22 of constitutional rights such as freedom of speech, freedom to speak to the press, and economic
23 liberty under both the California and federal constitutions; and engaging in conduct protected by
24 the Labor Code with respect to disclosing information about wages and working conditions.

25 23. As described above, Defendants require employees to agree in writing to
26 confidentiality agreements and policies that unlawfully restrain trade by prohibiting employees
27 from speaking with prospective employers about information that is not confidential as a matter
28 of law about their work at Defendants, and about their wages and working conditions. This is a

1 violation of, *inter alia*, California Labor Code §§ 232, 232.5, 432.5, and 1197.5, 1102.5, 98.6,
2 and 96(k), and 1197.5. Defendants knew or should have known that their confidentiality
3 agreements and policies violate the law.

4 24. As described above, Defendants prohibit employees from engaging in lawful
5 conduct during non-work hours. This lawful conduct includes the exercise of constitutional rights
6 such as freedom of speech, freedom to speak to the press, and economic liberty under both the
7 California and federal constitutions. The lawful conduct also includes engaging in conduct
8 protected by the Labor Code with respect to disclosing information about wages and working
9 conditions.

10 25. Defendants' agreements and conspiracy have included concerted action and
11 undertakings among the Defendants with the purpose and effect of: (a) reducing open competition
12 among Defendants for skilled labor; (b) reducing employee mobility; (c) eliminating
13 opportunities for employees to pursue lawful employment of their choice; (d) limiting employee
14 professional betterment and (e) deeming the "information of CED, its customers, suppliers, and
15 other persons and entities with which CED does business" as confidential and considered
16 "Proprietary Information."

17 26. Defendants' agreements and conspiracy are in contravention to California's settled
18 legislative policy in favor of open competition and employee mobility and are therefore void and
19 unlawful.

20 27. Defendants' agreements and conspiracy were not intended to protect and were not
21 limited to protect any legitimate proprietary interest of Defendants.

22 28. Defendants' agreements and conspiracy do not fall within any statutory exception
23 to Section 16600.

24 29. The acts done by each Defendant as part of, and in furtherance of, their contracts,
25 combinations or conspiracies were authorized, ordered, or done by their respective officers,
26 directors, agents, employees, or representatives while actively engaged in the management of
27 each Defendant's affairs.
28

1 30. Defendants know or should know that their confidentiality agreements and policies
2 violate the law. Accordingly, Defendants impose a term and condition of employment on all
3 employees that they know are prohibited by law in violation of Labor Code § 432.5.

4 31. Wherefore, Plaintiff, on behalf of herself and all aggrieved employees, seeks
5 damages as set forth below.

6
7 **PRAYER FOR RELIEF**

8 WHEREFORE, Plaintiff prays for judgment as follows.

9 32. For statutory attorneys' fees and costs;

10 33. For civil and statutory penalties, including but not limited to those available under
11 Labor Code § 2699(f);

12 34. For prejudgment and post-judgment interest according to any applicable provision
13 of law or as otherwise permitted by law; and

14 35. For such other and further relief as the court deems proper.

15 **REQUEST FOR JURY TRIAL.**

16 DATED: April 11, 2023

THE LAW OFFICE OF LIEN M. NGUYEN

17
18 By:


LIEN M. NGUYEN

19
20 Attorney for Plaintiff
21 Ann Lee

Exhibit 1



The Law Office of Lien M. Nguyen

10866 Wilshire Blvd., 4th Floor
PMB #142
Los Angeles, CA 90024
Direct Dial: (714) 890-2801 Fax: (213) 315-6017
E-Mail: LienNguyen@LMNLegal.net

December 30, 2021

Via On-Line

Labor & Workforce Development Agency

Via Certified Mail

Consolidated Electrical Distributors, Inc.
Legal Department
1920 Westridge Drive.
Irving, Tx 75038

Consolidated Electrical Distributors, Inc.
Agent for Service of Process
CT Corporation System
330 N Brand Blvd Suite 700
Glendale, CA 91203

RE: Request for Relief Under the Private Attorneys General Act

Dear LWDA and Representative:

I represent Ann Lee. Ms. Lee is an “aggrieved employee” of Consolidated Electrical Distributors, Inc. (“C.E.D.”) under Labor Code section 2699 *et seq.* Ms. Lee worked for C.E.D. in California from approximately 2014 to 2020.

The purpose of this letter is to provide notice to the LWDA and her employers.

Ms. Lee seeks penalties for violations of the California Labor Code, which are recoverable under Labor Code 2699, *et seq.*, the Labor Code Private General Act of 2004 (“PAGA”) and all other remedies available under PAGA.

Ms. Lee seeks these remedies on behalf of the State of California and “aggrieved employees,” as defined herein. This letter is sent in compliance with the reporting requirements of California Labor Code section 2699.3.

The “aggrieved employees” that Ms. Lee seeks penalties on behalf of are all current and former employees who worked for any of the above-referenced entities (including any and all affiliates, subsidiaries, parents, directors, officers, and employees) within the State of California who worked one or more pay periods.

Based on the following facts and theories, Consolidated Electrical Distributors, Inc. has violated and/or continues to violate, among other provisions of the California Labor Code, California Labor Code § 432.5 which prohibits an employer from requiring any employee or applicant for employment to agree, in writing, to any term or condition which is known to be prohibited by law. Specifically, Consolidated Electrical Distributors, Inc. required employees to sign overbroad confidentiality, non-disclosure, and non-solicitation provisions/agreements which, *inter alia*, contained no geographic limitations. The aforementioned confidentiality, non-disclosure, and non-solicitation provisions/agreements and policies violate California Business & Professions Code §§17200 et seq. through application of California Business & Professions Code § 16600 and the Cartwright Act. For example, Consolidated Electrical Distributors, Inc. required employees to sign AGREEMENT REGARDING PROPRIETARY INFORMATION which contained overbroad confidentiality, non-disclosure, and non-solicitation provisions.

Therefore, on behalf of all aggrieved employees, Ms. Lee seeks all applicable penalties arising out of the above-referenced practices, or which could be assessed and collected by the Labor and Workforce Development Agency, for violation of the California Labor Code pursuant to PAGA.

If you have any questions or require additional information, please do not hesitate to contact me. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Lien M. Nguyen", is written over a horizontal line.

Lien M. Nguyen
The Law Office of Lien M. Nguyen

Exhibit 2



The Law Office of Lien M. Nguyen

10866 Wilshire Blvd., 4th Floor
PMB #142
Los Angeles, CA 90024
Direct Dial: (714) 890-2801 Fax: (213) 315-6017
E-Mail: LienNguyen@LMNLegal.net

March 8, 2022

Via On-Line

Labor & Workforce Development Agency

Via Certified Mail

Consolidated Electrical Distributors, Inc.
Legal Department
1920 Westridge Drive.
Irving, Tx 75038

Consolidated Electrical Distributors, Inc.
Agent for Service of Process
CT Corporation System
330 N Brand Blvd Suite 700
Glendale, CA 91203

RE: Amended Request for Relief Under the Private Attorneys General Act

Dear LWDA and Representative:

I represent Ann Lee. Ms. Lee is an “aggrieved employee” of Consolidated Electrical Distributors, Inc. (“C.E.D.”) under Labor Code section 2699 *et seq.* Ms. Lee worked for C.E.D. in California from approximately 2014 to 2020.

The purpose of this letter is to provide an amended notice to the LWDA and her employers. Ms. Lee’s original notice was sent to her employer and the LWDA on December 29, 2021.

Ms. Lee seeks penalties for violations of the California Labor Code, which are recoverable under Labor Code 2699, *et seq.*, the Labor Code Private General Act of 2004 (“PAGA”) and all other remedies available under PAGA.

Ms. Lee seeks these remedies on behalf of the State of California and “aggrieved employees,” as defined herein. This letter is sent in compliance with the reporting requirements of California Labor Code section 2699.3.

The “aggrieved employees” that Ms. Lee seeks penalties on behalf of are all current and former employees who were subjected to the violations alleged here, and who worked for any of the above-referenced entities (including any and all affiliates, subsidiaries, parents, directors,

officers, and employees). These aggrieved employees also include Consolidated Electrical Distributors, Inc.'s temporary, vendor, and contractual employees.

Based on the following facts and theories, Consolidated Electrical Distributors, Inc. has violated and/or continues to violate, among other provisions of the California Labor Code, California Labor Code § 432.5 which prohibits an employer from requiring any employee or applicant for employment to agree, in writing, to any term or condition which is known to be prohibited by law. Specifically, Consolidated Electrical Distributors, Inc. required employees to sign overbroad confidentiality, non-disclosure, and non-solicitation provisions/agreements which, *inter alia*, contained no geographic or time limitations. The aforementioned confidentiality, non-disclosure, and non-solicitation provisions/agreements and policies violate California Business & Professions Code §§17200 et seq. through application of California Business & Professions Code § 16600 and the Cartwright Act. For example, Consolidated Electrical Distributors, Inc. required employees to sign AGREEMENT REGARDING PROPRIETARY INFORMATION which contained overbroad confidentiality, non-disclosure, and non-solicitation provisions.

Furthermore, Consolidated Electrical Distributors, Inc. requires employees to agree in writing to confidentiality agreements and policies that unlawfully restrain trade by prohibiting employees from speaking with prospective employers about information that is not confidential as a matter of law about their work at Consolidated Electrical Distributors, Inc. and about their wages and working conditions. This is a violation of California Business & Professions Code §§17200 et seq. through application of California Business & Professions Code § 16600 and California Labor Code §§ 232, 232.5, and 1197.5, 1102.5, 98.6, and 96(k). Consolidated Electrical Distributors, Inc. prohibits employees from engaging in lawful conduct during non-work hours. This lawful conduct includes the exercise of constitutional rights such as freedom of speech, freedom to speak to the press, and economic liberty under both the California and federal constitutions. The lawful conduct also includes engaging in conduct protected by the Labor Code with respect to disclosing information about wages and working conditions.

Consolidated Electrical Distributors, Inc.'s actions with respect to its agreements has had the following effects: (a) reducing open competition among employees for skilled labor; (b) reducing employee mobility; (c) eliminating opportunities for employees to pursue lawful employment of their choice; (d) limiting employee professional betterment and (e) deeming the "information of CED, its customers, suppliers, and other persons and entities with which CED does business" as confidential and considered "Proprietary Information." Consolidated Electrical Distributors, Inc.'s agreements are in contravention to California's settled legislative policy in favor of open competition and employee mobility and are therefore void and unlawful.

Therefore, on behalf of all aggrieved employees, Ms. Lee seeks all applicable penalties arising out of the above-referenced practices, or which could be assessed and collected by the Labor and Workforce Development Agency, for violation of the California Labor Code pursuant to PAGA.

If you have any questions or require additional information, please do not hesitate to contact me. Thank you for your attention to this matter.

Sincerely,

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Lien M. Nguyen
The Law Office of Lien M. Nguyen