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January 28, 2025

VIA ONLINE SUBMISSION

California Labor & Workforce Development Agency
ATTN: PAGA Administrator
(<https://dir.govfa.net/308>)

Subject: *Marklis Gipson v. Staffpay, LLC dba Emplicity, et al.*

Dear PAGA Administrator:

This office represents Marklis Gipson in connection with his claims under the California Labor Code. Mr. Gipson was an employee of STAFFPAY, LLC dba EMPLICITITY; ECLIPSE RTO, LLC; EMPLICITITY ADMINISTRATIVE SERVICES, LLC; and/or RENT-A-CENTER WEST, INC. For the purpose of this letter, Mr. Gipson collectively refers to these entities as "RAC."

The employers may be contacted directly at the addresses below:

STAFFPAY, LLC
1475 S. PRICE RD
CHANDLER, AZ 85286

ECLIPSE RTO, LLC
7250 DALLAS PARKWAY SUITE 800
PLANO, TX 75024

EMPLICITITY ADMINISTRATIVE SERVICES, LLC
1475 S. PRICE RD
CHANDLER, AZ 85286

RENT-A-CENTER WEST, INC.
5501 HEADQUARTERS DR.
PLANO, TX 75024

Mr. Gipson intends to seek civil penalties, attorneys' fees, costs, and other available relief for violations of the California Labor Code, which are recoverable under sections 2698, *et seq.*, the Labor Code Private Attorneys General Act of 2004 ("PAGA"). Mr. Gipson seeks relief on behalf of himself, the State of California, and other persons who are or were employed by RAC as a non-exempt, hourly paid employee in California and who received at least one wage statement ("aggrieved employees"). This letter is sent in compliance with the notice and reporting requirements of California Labor Code section 2699.3.

RAC employed Mr. Gipson as an hourly paid, non-exempt employee from approximately 2014 to April 2024. Mr. Gipson worked as a Customer Account Representative and subsequently a Store Manager from 2014 to about 2016 at RAC's Hawaiian Gardens store (12130 E Carson St, Hawaiian Gardens, California 90716); Store Manager from about 2016 to 2019 at one of RAC's Long Beach stores (605 E. Anaheim St., Long Beach, California 90813), and as a Credit Manager from about

2020 until April 2024 at another one of RAC's Long Beach stores (291 E. Willow St. Ste. E, Long Beach, California 90806). During his employment, Mr. Gipson typically worked eight (8) to ten (10) hours per day and five (5) days per week. At the time his employment ended, Mr. Gipson was compensated approximately \$20.24 per hour. His job duties as a Store Manager included, without limitation, maintaining the store's appearance and inventory; and assisting with deliveries, sales, and credit checks. His job duties as a Store Manager included, without limitation, running the credit team's day to day operations, evaluating customers' creditworthiness, and making sales.

RAC committed each of the following Labor Code violations against Mr. Gipson, the facts and theories of which follow, making him an "aggrieved employee" pursuant to California Labor Code section 2699(c)(1):¹

RAC's Company-Wide and Uniform Payroll and HR Practices

STAFFPAY, LLC dba EMPLICIT and EMPLICIT ADMINISTRATIVE SERVICES, LLC are California limited liability companies. ECLIPSE RTO, LLC is a Texas limited liability company and RENT-A-CENTER WEST, INC. is a Delaware corporation. Together, they operate a chain of Rent-A-Center franchise stores, which sell furniture, appliances, electronics, and other name-brand items on a rent-to-own basis, with approximately 99 locations in California. Upon information and belief, RAC maintains a single, centralized Human Resources (HR) department at its corporate headquarters in Chandler, Arizona or Plano, Texas, for all non-exempt, hourly paid employees working for RAC in California, including Mr. Gipson and other aggrieved employees. At all relevant times, RAC issued and maintained uniform, standardized scheduling and timekeeping practices and procedures for all non-exempt, hourly paid employees in California, including Mr. Gipson and other aggrieved employees, regardless of their location or position.

Upon information and belief, RAC maintains a centralized Payroll department at its corporate headquarters in Chandler, Arizona or Plano, Texas, which processes payroll for all non-exempt, hourly paid employees working for RAC in California, including Mr. Gipson and other aggrieved employees. Further, RAC issues the same formatted wage statements in the same manner for all non-exempt, hourly paid employees in California, including Mr. Gipson and other aggrieved employees, irrespective of their location, position, or manner in which each employee's employment ended. In other words, RAC utilized the same methods and formulas when calculating wages due to Mr. Gipson and other aggrieved employees in California.

Violation of California Labor Code §§ 510 and 1198 – Unpaid Overtime

California Labor Code sections 510 and 1198 and the applicable Industrial Welfare Commission ("IWC") Wage Order require employers to pay employees working more than eight (8) hours in a day or more than forty (40) hours in a workweek at the rate of time-and-one-half (1 ½) times the regular rate of pay for all hours worked in excess of eight (8) hours in a day or more than forty (40)

¹ These facts, theories, and claims are based on Mr. Gipson's experience and counsel's review of those records currently available relating to Mr. Gipson's employment. Discovery conducted in litigation of wage and hour claims such as these often reveals additional claims that the aggrieved employee was not initially aware of (because the aggrieved employee was not aware of the law's requirements, the employer misinformed its employee of the law's requirements, or because the employer effectively hid the violations). Thus, Mr. Gipson reserves the right to supplement this letter with additional facts, theories, and claims if he becomes aware of them subsequent to the submission of this letter.

hours in a workweek. The applicable IWC Wage Order further provides that employers are required to pay employees working more than twelve (12) hours in a day overtime compensation at a rate of two (2) times their regular rate of pay. An employee's regular rate of pay includes all remuneration for employment paid to, or on behalf of, the employee, including nondiscretionary bonuses and incentive pay.

During the relevant time period, RAC willfully failed to pay all overtime wages owed to Mr. Gipson and other aggrieved employees. During the relevant time period, Mr. Gipson and other aggrieved employees were not paid overtime premiums for all of the hours they worked in excess of eight (8) hours in a day, in excess of twelve (12) hours in a day, and/or in excess of forty (40) hours in a week, because all hours worked were not recorded.

First, during the relevant time period, upon information and belief, RAC had a policy and/or practice of discouraging and impeding Mr. Gipson and other aggrieved employees from recording hours worked that were outside of their scheduled shifts, in order to limit the amount of overtime employees could accrue. On information and belief, this policy of limiting overtime, coupled with RAC's practices of understaffing and/or single-staffing and assigning heavy workloads (*see infra*), led Mr. Gipson and other aggrieved employees to work off-the-clock before and after their scheduled shift times in order to complete assigned tasks.

For example, RAC's management called Mr. Gipson to discuss work-related matters, for about 5-10 minutes each occurrence, after his shifts, time for which he was not paid. As another example, Mr. Gipson was required to travel to mandatory events while off-the-clock prior to the start of his shifts. About 2-3 times per quarter, RAC's management required that Mr. Gipson attend meetings, trainings, and sales events in various cities up to an hour's drive away, such as Irvine and Buena Park, California, but did not allow him to record this time worked and thus he was not paid for the drive time. Further, about 2-3 times per week, Mr. Gipson was required to clock out at his scheduled shift end-time and continue working for an addition 5-10 minutes to complete his assigned tasks. Additionally, on information and belief, RAC's management would alter and/or falsify time records to shave off time that Mr. Gipson and other aggrieved employees spent working in order to limit overtime accrual. This off-the-clock work could have been recorded by RAC, but it refused to do so to avoid payment of additional wages to Mr. Gipson and other aggrieved employees.

Second, RAC had, and continues to have, a company-wide policy and/or practice of understaffing while assigning heavy workloads, including pressuring employees to meet productivity quotas. In particular, RAC pressured Mr. Gipson and other aggrieved employees to make 8-12 sales per week, resulting in a failure to provide Mr. Gipson and other aggrieved employees with adequate meal period coverage. Also, RAC systematically, and on a company-wide basis, understaffed its store locations, including by adopting a single-staffing model for some of its positions, whereby only one (1) employee was scheduled to work at certain times, thereby failing to provide adequate meal period coverage to permit those employees to take compliant meal periods.

RAC also had a practice of failing to schedule meal periods and/or failing to adhere to a schedule for meal periods, which further caused Mr. Gipson and other aggrieved employees to not be relieved of their duties for compliant meal periods. For example, Mr. Gipson regularly worked through his meal periods or had them interrupted and/or cut short due to the lack of coverage and heavy workload. However, RAC did not compensate Mr. Gipson and other aggrieved employees for the time they spent working off the clock during unpaid meal periods.

Third, because RAC frowned upon employees accruing meal period premiums, RAC pressured Mr. Gipson and other aggrieved employees to clock out for meal periods to reflect compliant meal periods, often on threat of discipline, even when they did not receive a compliant meal period. For example, RAC's management required Mr. Gipson to record compliant meal periods, even if he was too busy with his workload due to understaffing in order to take a compliant meal period. Thus, RAC did not record all hours worked during meal periods and Mr. Gipson and other aggrieved employees performed work during meal periods for which they were not paid.

Fourth, RAC maintained a company-wide on-premises meal period policy, which effectively required that Mr. Gipson and other aggrieved employees remain on the premises during their unpaid meal periods. Because Mr. Gipson and other aggrieved employees were restricted from leaving the premises during meal periods, they were denied the ability to use their meal periods freely for their own purposes. Thus, RAC maintained control over Mr. Gipson and other aggrieved employees during their unpaid meal periods.

Moreover, RAC had, and continue to have, a company-wide policy and/or practice of requiring that Mr. Gipson and other aggrieved employees respond to their personal mobile devices at all times, including during unpaid meal periods. For example, RAC's management regularly contacted Mr. Gipson on his personal cellular phone during meal periods to discuss work-related matters.

RAC knew or should have known that as a result of these company-wide practices and/or policies, Mr. Gipson and other aggrieved employees were performing their assigned duties off-the-clock before and after their shifts and during meal periods, and were suffered or permitted to perform work for which they were not paid. Because Mr. Gipson and other aggrieved employees worked shifts of eight (8) hours or more a day, or forty (40) hours a week or more, some of this off-the-clock work qualified for overtime premium pay. Therefore, Mr. Gipson and other aggrieved employees were not paid overtime wages for all of the overtime hours they actually worked.

RAC's failure to pay Mr. Gipson and other aggrieved employees the balance of overtime compensation, as required by California law, violates the provisions of California Labor Code sections 510 and 1198. Mr. Gipson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring RAC into compliance with the applicable IWC Wage Order and Labor Code sections 510 and 1198, pursuant to Labor Code sections 558 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 1182.12, 1194, 1197, 1197.1, and 1198 – Unpaid Minimum Wages

California Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198 require employers to pay employees the minimum wage fixed by the IWC. The payment of a lesser wage than the minimum so fixed is unlawful. Compensable work time is defined in Wage Order No. 7-2001 as "the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so." Cal. Code Regs. Tit. 8, § 11070(2)(H) (defining "Hours Worked").

First, as set forth above, due to RAC's company-wide policies and/or practices of limiting the amount of overtime employees could accrue, RAC failed to pay Mr. Gipson and other aggrieved employees for work performed outside their scheduled shifts, including, but not limited to, fielding calls from management during off-hours, traveling to mandatory meetings, trainings, and sales events

outside of their shifts, and completing tasks after being required to clock out. Additionally, as set forth above, on information and belief, RAC's management would alter and/or falsify time records to shave off time Mr. Gipson and other aggrieved employees spent working in order to limit overtime accrual. As a result, RAC failed to track this time Mr. Gipson and other aggrieved employees spent working off-the-clock, and Mr. Gipson and other aggrieved employees received no compensation for this time.

Second, as also stated above, due to RAC's company-wide practices of understaffing and/or single-staffing certain positions, assigning heavy workloads (including productivity quotas), failing to schedule meal periods and/or failing to adhere to a schedule for meal periods, requiring employees to remain on the premises during meal periods, and requiring employees to respond to managers' communications on their personal mobile devices at all times, Mr. Gipson and other aggrieved employees were impeded from taking all uninterrupted meal periods to which they were entitled and were required to work during their meal periods, time for which they were not paid.

Third, as stated, in order to limit meal period premiums that RAC would otherwise owe, RAC pressured Mr. Gipson and other aggrieved employees to clock out for meal periods, often on threat of discipline, even when they did not receive a compliant meal period. Thus, RAC systematically failed to pay Mr. Gipson and other aggrieved employees for actual hours worked during unpaid meal periods because these hours were not always correctly recorded.

RAC did not pay at least minimum wages for all hours worked by Mr. Gipson and other aggrieved employees. To the extent that these off-the-clock hours did not qualify for overtime premium payment, RAC did not pay at least minimum wages for those hours worked off-the-clock in violation of California Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198.

Accordingly, RAC regularly failed to pay at least minimum wages to Mr. Gipson and other aggrieved employees for all of the hours they worked in violation of California Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198. Mr. Gipson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring RAC into compliance with the applicable IWC Wage Order and Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198, pursuant to Labor Code sections 1197.1 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 226.7, 512(a), 516, and 1198 – Failure to Provide Meal Periods

California Labor Code sections 226.7, 512(a), 516, and 1198 and the applicable IWC Wage Order require employers to provide meal periods and to pay an employee one (1) additional hour of pay at the employee's regular rate for each work day that a meal or rest period is not provided. Pursuant to Labor Code sections 226.7 and 512(a) and the applicable IWC Wage Order, an employer may not require, cause or permit an employee to work for a period of more than five (5) hours per day without providing the employee with an uninterrupted meal period of not less than thirty (30) minutes, except that if the total work period per day of the employee is not more than six (6) hours, the meal period may be waived by mutual consent of both the employer and the employee. Under California law, first meal periods must start after no more than five hours. *Brinker Rest. Corp. v. Superior Court*, 53 Cal. 4th 1004, 1041-1042 (2012). Labor Code sections 226.7 and 512(a) and the applicable IWC Wage Order also require employers to provide a second meal period of not less than thirty (30) minutes if an employee works over ten (10) hours per day or to pay an employee one (1) additional hour of pay at the employee's regular rate, except that if the total hours worked is no more than

twelve (12) hours, the second meal period may be waived by mutual consent of the employer and the employee only if the first meal period was not waived.

First, during the relevant time period, as stated, RAC had, and continues to have, company-wide policies and/or practices of understaffing and/or single-staffing while assigning heavy workloads, including pressuring employees to meet productivity quotas, which has resulted in a lack of meal period coverage and prevented Mr. Gipson and other aggrieved employees from taking all timely, uninterrupted meal periods to which they were entitled. Further, as stated, RAC had a company-wide practice and/or policy of failing to schedule meal periods and/or failing to adhere to a schedule for meal periods, which further caused Mr. Gipson and other aggrieved employees to not be relieved of their duties for compliant meal periods. For example, as stated, Mr. Gipson regularly had to work through his meal periods, have them interrupted, and/or sometimes take them late due to the lack of coverage and heavy workload. Further, about 2-3 times per quarter, Mr. Gipson's and other aggrieved employees' meal breaks were cut short during meetings, trainings, and sales events.

Second, as stated, in order to limit meal period premiums that RAC would otherwise owe, RAC pressured Mr. Gipson and other aggrieved employees to clock out for meal periods to reflect compliant meal periods, often on threat of discipline. For example, as stated above, RAC's management pressured Mr. Gipson and other aggrieved employees to record compliant meal periods when they had not, in fact, received these timely, uninterrupted meal periods.

Third, as also stated, during the relevant time period, RAC maintained and implemented a company-wide on-premises meal period policy for employees, which effectively required that Mr. Gipson and other aggrieved employees remain on the work premises during meal periods. Because Mr. Gipson and other aggrieved employees were restricted from leaving the premises during meal periods, they were denied the ability to use their meal periods freely for their own purposes. Thus, RAC maintained control over Mr. Gipson and other aggrieved employees during meal periods. Moreover, as stated, RAC had a company-wide policy and/or practice of requiring that Mr. Gipson and other aggrieved employees respond to communications from management on their personal mobile devices at all times, including during meal periods. For example, Mr. Gipson's meal periods were interrupted and cut short numerous times by his managers' text messages to his personal cellular phone.

Fourth, Mr. Gipson and other aggrieved employees worked shifts in excess of ten (10) hours without receiving an uninterrupted second 30-minute meal period. For example, during his employment, Mr. Gipson worked shifts in excess of ten (10) or more hours per day, but was not provided a second 30-minute meal period. Mr. Gipson and other aggrieved employees did not sign valid meal period waivers on days that they were entitled to meal periods and were not relieved of all duties.

At all times herein mentioned, RAC knew or should have known that, as a result of these policies, Mr. Gipson and other aggrieved employees were prevented from being relieved of all duties and required to perform some of their assigned duties during meal periods. RAC further knew or should have known that it did not pay Mr. Gipson and other aggrieved employees meal period premiums when meal periods were missed, shortened, interrupted, and/or late.

Moreover, RAC engaged in a company-wide practice and/or policy of not paying meal period premiums owed when compliant meal periods are not provided. Because of this practice and/or policy, Mr. Gipson and other aggrieved employees have not received premium pay for all missed, late, and interrupted meal periods.

Accordingly, RAC failed to provide all meal periods in violation of California Labor Code sections 226.7, 512(a), 516, and 1198. Mr. Gipson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring RAC into compliance with the applicable IWC Wage Order and Labor Code sections 226.7, 512(a), 516, and 1198, pursuant to Labor Code sections 558 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 226.7, 516, and 1198 – Failure to Authorize and Permit Rest Periods

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

To comply with its obligation to authorize and permit rest periods under California Labor Code section 226.7 and the applicable IWC Wage Order, an employer must "relinquish any control over how employees spend their break time, and relieve their employees of all duties—including the obligation that an employee remain on call. A rest period, in short, must be a period of rest." *Augustus, et al. v. ABM Security Services, Inc.*, 2 Cal. 5th 257, 273 (2016).

During the relevant time period, RAC regularly failed to authorize and permit Mr. Gipson and other aggrieved employees to take a ten (10) minute rest period per each four (4) hour period worked or major fraction thereof. As with meal periods, RAC's company-wide policies and practices, including understaffing/single-staffing and assigning heavy workloads, and its requirement that employees respond to their personal mobile devices at all times, including during rest periods, prevented Mr. Gipson and other aggrieved employees from being able to take rest periods. RAC also failed to schedule rest periods, which, coupled with RAC's failure to provide adequate rest period coverage, further led to Mr. Gipson and other aggrieved employees not being authorized and permitted to take rest periods.

Furthermore, during the relevant time period, on information and belief, RAC maintained a company-wide on-premises rest period policy, which effectively required that Mr. Gipson and other aggrieved employees remain on the work premises during their rest periods. Because Mr. Gipson and other aggrieved employees were restricted from leaving the premises during rest periods, they were denied the ability to use their rest periods freely for their own purposes, such as running personal errands. Thus, RAC effectively maintained control over Mr. Gipson and other aggrieved employees during rest periods.

As a result of RAC's practices and policies, Mr. Gipson and other aggrieved employees worked shifts in excess of 3.5 hours, in excess of 6 hours, and/or in excess of 10 hours without receiving all uninterrupted rest periods to which they were entitled. For example, Mr. Gipson had to forgo his rest periods altogether due to heavy workload and lack of coverage.

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

Accordingly, RAC failed to authorize and permit all rest periods in violation of California Labor Code sections 226.7, 516, and 1198. Mr. Gipson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring RAC into compliance with the applicable IWC Wage Order and Labor Code sections 226.7, 516, and 1198, pursuant to Labor Code sections 558 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 226(a), 1174(d), and 1198 – Non-Compliant Wage Statements and Failure to Maintain Accurate Payroll Records

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

During the relevant time period, RAC has knowingly and intentionally provided Mr. Gipson and other aggrieved employees with uniform, incomplete, and inaccurate wage statements. For example, RAC issued uniform wage statements to Mr. Gipson and other aggrieved employees that fail to correctly list: gross wages earned; total hours worked; net wages earned; and all applicable hourly rates in effect during the pay period, including rates of pay for overtime wages, and the corresponding number of hours worked at each hourly rate. Specifically, RAC violated sections 226(a)(1), 226(a)(2), 226(a)(5), and 226(a)(9).

Because RAC did not record the time Mr. Gipson and other aggrieved employees spent working off-the-clock and deducted time from their records for meal periods that were interrupted and/or missed (and therefore time for which they should have been paid), RAC did not list the correct amount of gross wages and net wages earned by Mr. Gipson and other aggrieved employees in compliance with section 226(a)(1) and section 226(a)(5), respectively. For the same reason, RAC failed to accurately list the total number of hours worked by Mr. Gipson and other aggrieved employees, in violation of section 226(a)(2), and failed to list the applicable hourly rates of pay in effect during the pay period and the corresponding accurate number of hours worked at each hourly rate, in violation of section 226(a)(9).

The wage statement deficiencies also include, among other things, failing to list the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis; failing to list all deductions; failing to list the inclusive dates of the period for which aggrieved employees were paid; failing to list the name of the employee and only the last four digits of his or her social security number or an employee identification number other than a social security number; failing to

list the name and address of the legal entity that is the employer; and/or failing to state all hours worked as a result of not recording or stating hours worked off-the-clock.

California Labor Code section 1174(d) provides that “[e]very person employing labor in this state shall . . . [k]eep a record showing the names and addresses of all employees employed and the ages of all minors” and “[k]eep, at a central location in the state or at the plants or establishments at which employees are employed, payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments” Labor Code section 1174.5 provides that employers are subject to a \$500 civil penalty if they fail to maintain accurate and complete records as required by section 1174(d). During the relevant time period, and in violation of Labor Code section 1174(d), RAC willfully failed to maintain accurate payroll records for Mr. Gipson and other aggrieved employees showing the daily hours they worked and the wages paid thereto as a result of failing to record the off-the-clock hours that they worked.

California Labor Code section 1198 provides that the maximum hours of work and the standard conditions of labor shall be those fixed by the Labor Commissioner and as set forth in the applicable IWC Wage Order. Section 1198 further provides that “[t]he employment of any employees for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.” Pursuant to the applicable IWC Wage Order, employers are required to keep accurate time records showing when the employee begins and ends each work period and meal period. During the relevant time period, RAC engaged in company-wide practices and/or policies of failing to record actual hours worked, and thereby failed to keep accurate records of work period and meal period start and end times for Mr. Gipson and other aggrieved employees, in violation of section 1198. Furthermore, in light of RAC’s failure to provide Mr. Gipson and other aggrieved employees with second 30-minute meal periods to which they were entitled, RAC kept no records of meal start and end times for second meal periods.

Because RAC failed to provide the correct net and gross wages earned, applicable rates of pay, and number of total hours worked on wage statements, Mr. Gipson and other aggrieved employees have been prevented from verifying, solely from information on the wage statements themselves, that they were paid correctly and in full. Instead, Mr. Gipson and other aggrieved employees have had to look to sources outside of the wage statements themselves and reconstruct time records to determine whether in fact they were paid correctly and the extent of underpayment, thereby causing them injury.

Mr. Gipson and other aggrieved employees are entitled to recover civil penalties, attorneys’ fees, costs, and interest thereon, and seek injunctive relief to bring RAC into compliance with the applicable IWC Wage Order and Labor Code sections 226(a), 1174(d), and 1198, pursuant to Labor Code sections 226.3, 1174.5, and/or 2699(a), (f), and (k).

Violation of California Labor Code § 204 – Failure to Timely Pay Wages During Employment

California Labor Code section 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following

month. California Labor Code section 204 also requires that all wages earned for labor in excess of the normal work period shall be paid no later than the payday for the next regular payroll period. Alternatively, California Labor Code section 204 provides that the requirements of this section are deemed satisfied by the payment of wages for weekly, biweekly, or semimonthly payroll if the wages are paid not more than seven (7) calendar days following the close of the payroll period.

During the relevant time period, RAC willfully failed to pay Mr. Gipson and other aggrieved employees all wages due including, but not limited to, overtime wages, minimum wages, and/or meal and rest period premiums, within the time periods specified by California Labor Code section 204.

Mr. Gipson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring RAC into compliance with Labor Code section 204, pursuant to Labor Code sections 210 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 201 and 202 – Failure to Timely Pay Final Wages Upon Termination

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

During the relevant time period, RAC willfully failed to pay Mr. Gipson and other aggrieved employees who are no longer employed by RAC the earned and unpaid wages set forth above, including but not limited to, overtime wages, minimum wages, and/or meal and rest period premiums, either at the time of discharge, or within seventy-two (72) hours of their leaving RAC's employ.

Mr. Gipson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring RAC into compliance with Labor Code sections 201 and 202, pursuant to Labor Code sections 256 and/or 2699(a), (f), and (k).

Violation of California Labor Code § 450 – Compelling Patronization

Labor Code section 450 provides that an employer may not "compel or coerce any employee, or applicant for employment, to patronize his or her employer, or any other person, in the purchase of anything of value." An employer violates section 450 by forcing an employee to patronize the employer's business in the purchase of a company-provided good.

During the relevant time period, RAC had a company-wide policy of not providing a sufficient number of uniform items to Mr. Gipson and other aggrieved employees in relation to the shifts they were scheduled to work. During his employment, Mr. Gipson was scheduled to work five (5) days per week and RAC provided him with only two (2) shirts, forcing him to purchase additional shirts from RAC.

RAC's conduct of compelling and/or coercing Mr. Gipson and other aggrieved employees to purchase goods from them is in violation of California Labor Code section 450. Mr. Gipson and

other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring RAC into compliance with Labor Code section 450, pursuant to Labor Code sections 2699(a), (f), and (k).

Violation of California Labor Code § 2802 – Unreimbursed Business Expenses

California Labor Code section 2802 requires employers to pay for all necessary expenditures and losses incurred by the employee in the performance of his or her job. The purpose of Labor Code section 2802 is to prevent employers from passing off their cost of doing business and operating expenses on to their employees. *Cochran v. Schwan's Home Service, Inc.*, 228 Cal. App. 4th 1137, 1144 (2014). The applicable wage order, IWC Wage Order No. 7-2001, provides that: "[w]hen tools or equipment are required by the employer or are necessary to the performance of a job, such tools and equipment shall be provided and maintained by the employer, except that an employee whose wages are at least two (2) times the minimum wage provided herein may be required to provide and maintain hand tools and equipment customarily required by the trade or craft." IWC Wage Order No. 7-2001 further provides that: "[w]hen uniforms are required by the employer to be worn by the employee as a condition of employment, such uniforms shall be provided and maintained by the employer."

First, RAC had a company-wide policy of requiring Mr. Gipson and other aggrieved employees to utilize their own personal vehicles to carry out company business, but failed to reimburse them for all costs of travel, including mileage. Specifically, RAC required Mr. Gipson and other aggrieved employees to travel to distant cities for mandatory events, but did not reimburse them for all travel expenses. For example, at least 2-3 times per quarter, RAC required Mr. Gipson to drive his personal vehicle between 10 to 40 miles from his home in Los Angeles, California, to meetings, trainings, and sales events in Irvine, Buena Park, and Compton, California. Although RAC required Mr. Gipson and other aggrieved employees to utilize his own vehicles to carry out his work-related responsibilities, RAC did not reimburse him for their travel expenses.

Second, during the relevant time period, RAC, on a company-wide basis, required that Mr. Gipson and other aggrieved employees use their own personal mobile devices, including, but not limited to, cellular phones, and/or mobile data to carry out their job duties, but failed to fully reimburse them for the costs of their work-related mobile device expenses. For example, Mr. Gipson was required to use his personal mobile device and mobile data to communicate with RAC's management regarding work-related matters. Although RAC required Mr. Gipson and other aggrieved employees to utilize their personal mobile devices and/or mobile data to carry out their work-related responsibilities, RAC failed to fully reimburse them for these costs.

Third, during the relevant time period, RAC, on a company-wide basis, required Mr. Gipson and other aggrieved employees to wear uniforms bearing the company's logo, including a shirt. However, RAC did not provide their employees with sufficient uniforms to wear for their shifts throughout the week. For example, RAC only provided Mr. Gipson with two (2) uniform shirts. Because RAC failed to provide Mr. Gipson and other aggrieved employees with an adequate number of uniform shirts in relation to their scheduled shifts and for the tasks they were required to perform, Mr. Gipson and other aggrieved employees had to wash their uniforms more frequently than they otherwise do laundry, and incur expenses in doing so. Thus, RAC failed to maintain uniforms they required Mr. Gipson and other aggrieved employees to wear during their shifts and forced them to incur the cost of maintaining employee uniforms.

Fourth, in addition to providing an insufficient number of uniform shirts to employees, RAC had a company-wide policy of requiring Mr. Gipson and other aggrieved employees to purchase replacement or additional uniform shirts. For example, Mr. Gipson had to purchase uniform shirts bearing RAC's logo for approximately \$12 per shirt because the two (2) uniform shirts provided by RAC were not enough for his scheduled shifts. Thus, RAC failed to reimburse Mr. Gipson and other aggrieved employees for all of the costs of obtaining replacement or additional uniform shirts.

RAC could have provided Mr. Gipson and other aggrieved employees with the actual equipment for use on the job, such as company vehicles, mobile devices, as well as an adequate number of uniform items and access to laundering services. Or, RAC could have reimbursed employees for the costs of their mileage, travel expenses, mobile device usage, uniform shirts, and laundering expenses or provided a uniform maintenance allowance. Instead, RAC passed these operating costs onto Mr. Gipson and other aggrieved employees. At all relevant times, Mr. Gipson did not earn at least two (2) times the minimum wage.

Thus, RAC had, and continues to have, a company-wide policy and/or practice of not reimbursing employees for expenses necessarily incurred in violation of California Labor Code section 2802. Mr. Gipson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring RAC into compliance with the applicable IWC Wage Order and Labor Code section 2802, pursuant to Labor Code sections 2699(a), (f), and (k).

California Labor Code § 558(a)

California Labor Code section 558(a) provides "[a]ny employer or other person acting on behalf of an employer who violates, or causes to be violated, a section of this chapter or any provision regulating hours and days of work in any order of the Industrial Welfare Commission shall be subject to a civil penalty as follows: (1) For any initial violation, fifty dollars (\$50) for each underpaid employee for each pay period for which the employee was underpaid (2) For each subsequent violation, one hundred dollars (\$100) for each underpaid employee for each pay period for which the employee was underpaid" Labor Code section 558(c) provides that "[t]he civil penalties provided for in this section are in addition to any other civil or criminal penalty provided by law." RAC, at all relevant times, was an employer or person acting on behalf of an employer(s) who violated Mr. Gipson's and other aggrieved employees' rights by violating various sections of the California Labor Code.

Accordingly, Mr. Gipson seeks the remedies set forth in Labor Code section 558 for himself, the State of California, and all other aggrieved employees. Specifically, pursuant to PAGA, and in particular California Labor Code sections 1194.5, 2699(a), 2699(k), 2699.3(a), 2699.3(c), 2699.5, and 558, Mr. Gipson acting in the public interest as a private attorney general, seeks assessment and collection of civil penalties and injunctive relief for himself, all other aggrieved employees, and the State of California against RAC for violations of California Labor Code sections 201, 202, 204, 226(a), 226.7, 450, 510, 512(a), 516, 1174(d), 1182.12, 1194, 1197, 1197.1, 1198, and 2802.

Therefore, on behalf of all aggrieved employees, Mr. Gipson seeks all applicable civil penalties related to these violations of the California Labor Code pursuant to PAGA.

Thank you for your attention to this matter. If you have any questions, please contact me at the phone number or address below:

Sairah Budhwani
Capstone Law APC
1875 Century Park East, Suite 1000
Los Angeles, CA 90067
(310) 556-4811

Best Regards,

A handwritten signature in black ink, reading "Sairah Budhwani". The signature is fluid and cursive, with a small dot at the end.

Sairah Budhwani

Copy: STAFFPAY, LLC (via U.S. Certified Mail); ECLIPSE RTO, LLC (via U.S. Certified Mail);
EMPLICITY ADMINISTRATIVE SERVICES, LLC (via U.S. Certified Mail); RENT-A-CENTER
WEST, INC. (via U.S. Certified Mail)

Capstone Law, APC
1875 Century Park, East, 1000
Los Angeles, CA, 90067

7022 2410 0000 2265 1462



STAFFPAY, LLC
1475 S. PRICE RD
CHANDLER, AZ 85286

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STAFFPAY, LLC
1475 S. PRICE RD
CHANDLER, AZ 85286

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A. Signature
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☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
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Service Type

- | | |
|--|---|
| ☐ Adult Signature | ☐ Priority Mail Express® |
| ☐ Adult Signature Restricted Delivery | ☐ Registered Mail™ |
| ☒ Certified Mail® | ☐ Registered Mail Restricted Delivery |
| ☐ Certified Mail Restricted Delivery | ☐ Signature Confirmation™ |
| ☐ Collect on Delivery | ☐ Signature Confirmation Restricted Delivery |
| ☐ Collect on Delivery Restricted Delivery | |
| ☐ Mail Restricted Delivery | |

9590 9402 7706 2122 1527 15
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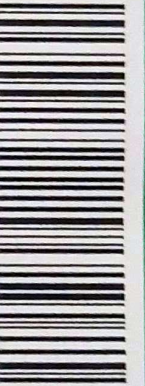
Certified Mail fee \$
Extra Services & Fees (check box, add fee as appropriate)
☐ Return Receipt (hardcopy) \$
☐ Return Receipt (electronic) \$
Postage \$
Fees \$
Total \$
City
State
Zip

STAFFPAY, LLC
1475 S. PRICE RD
CHANDLER, AZ 85286

7022 2410 0000 2265 1462

Capstone Law, APC
1875 Century Park, East, 1000
Los Angeles, CA. 90067

7022 2410 0000 2265 1455



ECLIPSE RTO, LLC
7250 DALLAS
PARKWAY SUITE 800
PLANO, TX 75024

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ECLIPSE RTO, LLC
7250 DALLAS
PARKWAY SUITE 800
PLANO, TX 75024



9590 9402 7706 2122 1527 08

2. Article Number (Transfer from service label)

7022 2410 0000 2265 1455

PS Form 3811, July 2020 PSN 7530-02-000-9053

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☒ Agent
☒ Addressee
B. Received by (Printed Name) C. Date of Delivery
Is the delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

Service Type
☐ Adult Signature
☐ Adult Signature Restricted Delivery
☒ Certified Mail®
☐ Certified Mail Restricted Delivery
☐ Collect on Delivery
☐ Collect on Delivery Restricted Delivery
☐ Restricted Delivery
☐ Priority Mail Express®
☐ Registered Mail™
☐ Registered Mail Restricted Delivery
☐ Signature Confirmation™
☐ Signature Confirmation Restricted Delivery

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☐ Return Receipt (electronic) \$

ECLIPSE RTO, LLC
7250 DALLAS
PARKWAY SUITE 800
PLANO, TX 75024

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Capstone Law, APC
1875 Century Park, East, 1000
Los Angeles, CA. 90067

7022 2410 0000 2265 1448



EMPLICITY ADMINISTRATIVE
SERVICES, LLC
1475 S. PRICE RD
CHANDLER, AZ 85286

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- Print your name and address on the reverse so that we can return the card to you.

EMPLICITY ADMINISTRATIVE
SERVICES, LLC
1475 S. PRICE RD
CHANDLER, AZ 85286



9590 9402 7706 2122 1526 92

2. Article Number (Transfer from service label)

7022 2410 0000 2265 1448

PS Form 3811, July 2020 PSN 7530-02-000-9053

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X

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

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If YES, enter delivery address below: ☐ No

Service Type

- ☐ Adult Signature
- ☐ Adult Signature Restricted Delivery
- ☐ Certified Mail®
- ☐ Certified Mail Restricted Delivery
- ☐ Collect on Delivery
- ☐ Collect on Delivery Restricted Delivery
- ☐ Priority Mail Express®
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- ☐ Registered Mail Restricted Delivery
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Signature

☐ Return Receipt (electronic)

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7022 2410 0000 2265 1448

EMPLICITY ADMINISTRATIVE
SERVICES, LLC
1475 S. PRICE RD
CHANDLER, AZ 85286

PS Form 3800, April 2015 PSN 7530-02-000-9047

See Reverse for Instructions

Capstone Law, APC
1875 Century Park, East, 1000
Los Angeles, CA. 90067



7022 2410 0000 2265 1431

RENT-A-CENTER WEST, INC.
5501 HEADQUARTERS DR.
PLANO, TX 75024

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RENT-A-CENTER WEST, INC.
5501 HEADQUARTERS DR.
PLANO, TX 75024

9590 9402 7706 2122 1526 85

7022 2410 0000 2265 1431

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Service Type

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☐ Adult Signature Restricted Delivery	☐ Registered Mail™
☒ Certified Mail®	☐ Registered Mail Restricted Delivery
☐ Certified Mail Restricted Delivery	☐ Signature Confirmation™
☐ Collect on Delivery	☐ Signature Confirmation Restricted Delivery
☐ Delivery Restricted Delivery	
☐ Insured Mail	
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Extra Services & Fees (Enter box, and fee in appropriate column)

Return Receipt (hardcopy)	Signature Confirmation	Registered Mail
☐	☐	☐

Signature

RENT-A-CENTER WEST, INC.
5501 HEADQUARTERS DR.
PLANO, TX 75024

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