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VIA ONLINE SUBMISSION

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**VIA CERTIFIED MAIL,
RETURN RECEIPT REQUESTED**

Shipt, Inc.
c/o C T Corporation System
330 N. Brand Blvd., Suite 700
Glendale, CA 91203

**Re: Joel Bourne, et al. v. Shipt, Inc.
PAGA Claim Notice**

To Whom It May Concern:

We represent Joel Bourne, April Ennsman, Chandler Hanson, and Manuel Barrera (collectively, “Plaintiffs”) in their potential Private Attorney General Act (“PAGA”) action pursuant to California Labor Code section 2699, et seq., against Shipt, Inc. (“Ship” or “Defendant”). This letter serves as formal notice pursuant to Labor Code section 2699.3 of Plaintiffs’ intent to recover penalties under PAGA on behalf of themselves and similarly aggrieved employees. A copy of this letter is also being sent to Defendant.

Defendant is a delivery services company that connects customers with “Shoppers” who fulfill and deliver grocery and retail orders from stores such as Target, Kroger, Costco, and other retail partners. Shipt operates through two primary order models that dictate how customers place orders and how Shoppers fulfill them.

In the first model, customers place orders directly through Shipt’s app or website by selecting items from partner retailers. Shoppers like Plaintiffs are responsible for receiving these orders through the Shipt platform, shopping for items in-store (or picking up pre-assembled orders), and delivering them to customers’ homes or businesses within strict timeframes set by Shipt. Customers can communicate directly with Shoppers through the app to request substitutions or provide special instructions during the shopping process.

In the second model, customers place orders directly on a retailer’s website (e.g., Target.com). These orders are then routed to Shipt for fulfillment. In these cases, Shoppers may either shop for the items in-store or pick up pre-assembled orders for delivery only. Retailer-partnered orders often have stricter guidelines regarding store location and item handling to ensure consistency with the retailer’s policies.

Regardless of the order model, Shoppers like Plaintiffs are required to adhere to detailed guidelines imposed by Shipt for order fulfillment, delivery procedures, customer interactions, and performance monitoring systems. For example, Shoppers must follow specific delivery windows, comply with instructions for substitutions or replacements during shopping trips, and meet Shipt's customer service standards. Shipt tracks Shoppers' locations during assignments through its app and uses a performance rating system that can impact a Shopper's ability to receive future delivery opportunities. Despite this extensive control over its Shoppers' work, Defendant misclassifies them as "independent contractors" in violation of California law (Labor Code section 226.8).

By misclassifying its Shoppers as independent contractors rather than employees, Defendant fails to pay them for all hours worked. Defendant compensates Shoppers on a per-job or piece-rate basis but does not account for time spent waiting between assignments or performing non-shopping tasks such as communicating with customers about substitutions or driving without an active assignment. This practice violates California law requiring compensation for all hours worked under Labor Code sections 1194 and 1197. Furthermore, Defendant fails to separately compensate Shoppers for nonproductive time as required by Labor Code section 226.2. Nonproductive time includes all hours worked that are not directly tied to the performance of piece-rate tasks (e.g., waiting between deliveries or completing administrative tasks).

Defendant also fails to pay overtime wages for hours worked beyond eight in a day or forty in a week in violation of Labor Code section 510. Shoppers often work extended hours due to the nature of their assignments but are not compensated at the legally required overtime rates.

Additionally, Defendant does not provide paid rest breaks or meal periods as required by Labor Code sections 226.7 and 512. Shoppers are frequently unable to take uninterrupted breaks due to the demands of their assignments and are not compensated for missed or shortened breaks. Furthermore, because Defendant pays Shoppers on a piece-rate basis, it fails to separately compensate them for rest breaks as required by Labor Code section 226.2. Rest periods must be compensated at either the employee's average hourly rate (calculated based on total compensation excluding rest period pay) or the applicable minimum wage, whichever is higher. Defendant's failure to provide separate compensation for rest breaks violates this statutory requirement.

Defendant further violates Labor Code section 2802 by failing to reimburse Shoppers for necessary business expenses incurred while performing their duties. These expenses include fuel costs, vehicle maintenance and repairs, insurance premiums, tolls, parking fees, and cell phone usage required for communication and navigation during assignments.

Moreover, Defendant fails to issue accurate itemized wage statements in compliance with Labor Code section 226. These wage statements do not reflect all hours worked (including nonproductive time), applicable hourly rates (including separate pay for rest breaks), or reimbursable expenses owed to Shoppers like Plaintiffs.

Finally, upon termination or resignation of employment relationships with Shoppers like Plaintiffs, Defendant fails to pay all wages due immediately or within the statutory timeframes required by Labor Code sections 201 and 202. Furthermore, this failure subjects Defendant to penalties under Labor Code section 203 for willfully failing to pay all wages owed at termination

in a timely manner. These unpaid wages include compensation for hours worked (including nonproductive time) and unreimbursed business expenses as described above.

Based on these violations and others outlined herein, Plaintiffs respectfully request that the Labor and Workforce Development Agency (“LWDA”) initiate an investigation into Shipt’s employment practices. If the LWDA declines enforcement within the statutory period, Plaintiffs will pursue these claims on behalf of themselves and all other similarly aggrieved employees under PAGA.

Please do not hesitate to contact us if you have any questions or require additional information regarding this matter. Thank you for your attention to this important issue.

Sincerely,
NICHOLAS & TOMASEVIC, LLP



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