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SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SACRAMENTO

ROBERT LUCAS, an individual,

Plaintiff,

v.

THE HANOVER INSURANCE COMPANY, a New Hampshire corporation; STEFAN PHELPS, an individual; and DOES 1 through 10, inclusive,

Defendants.

Case No. 25CV021751

ROBERT LUCAS'S COMPLAINT FOR:

(1) Wrongful Termination in Violation of Public Policy

(2) Discrimination in Violation of FEHA (Gov. Code § 12940, subd. (a))

(3) Retaliation (Lab. Code § 1102.5)

(4) Work Environment Harassment (Gov. Code §§ 12923, 12940, subd. (j))

(5) Failure to Prevent Harassment, Discrimination, and Retaliation (Gov. Code § 12940, subd. (k))

(6) Failure to Pay Overtime Wages (Lab. Code §§ 510, 1194, and IWC Wage Orders)

(7) Failure to Provide Meal and Rest Periods (Lab. Code §§ 226.7, 512, and IWC Wage Orders)

(8) Failure to Pay Wages Upon Termination (Lab. Code §§ 201-203)

(9) Failure to Provide Accurate Wage Statements (Lab. Code § 226)

(10) Violation of Unfair Competition Law (Bus. & Prof. Code § 17200, *et seq.*)

(11) Private Attorneys General Act (Lab. Code § 2698, *et seq.*)

<u>JURY TRIAL DEMANDED</u>

Robert Lucas brings this action against The Hanover Insurance Company, Stephan Phelps, and Does 1 through 10 (collectively, "Defendants"), inclusive, and alleges as follows:

INTRODUCTION

1. This case arises from Defendant Hanover Insurance Company's discriminatory and unlawful treatment of Plaintiff Mr. Lucas, a 63-year-old Black employee with a documented disability, who was wrongfully terminated after enduring months of excessive workloads, wage violations, and retaliation. Despite his exemplary performance as a Senior Commercial General Liability Adjuster—including a recent raise and bonus—Mr. Lucas was targeted for disparate treatment because of his age, race, and disability, and was punished for asserting his rights under California law.

2. Mr. Lucas was misclassified as an exempt employee, denied overtime pay, and routinely forced to work 80–90 hours per week just to keep up with an unreasonable caseload—nearly double the industry norm. When he complained about the heavy workload, and later requested the reasonable accommodation of working remotely due to his serious knee-related disability, he was written up, placed on a sham Performance Improvement Plan by Stefan Phelps, and ultimately terminated under the pretext of "poor performance." Younger, non-Black, and non-disabled employees who engaged in similar conduct were not disciplined. Mr. Lucas brings this action to hold Hanover accountable for its age, race, and disability discrimination, wage and hour violations, and for unlawfully terminating him in retaliation for asserting his legal rights.

THE PARTIES

3. Plaintiff Robert Lucas ("Mr. Lucas" or "Plaintiff") is an individual residing in Carmichael, California.

4. Defendant The Hanover Insurance Company ("Hanover Insurance") is a New Hampshire corporation with its principal place of business in Worcester, New Hampshire.

5. Defendant Stefan Phelps ("Mr. Phelps") is an individual. Plaintiff is informed and believes and on that basis alleges that Mr. Phelps is a resident of Sacramento County, California.

6. Plaintiff is unaware of the true names and capacities of the defendants sued as Does 1 through 10, inclusive, and therefore sues these defendants by fictitious names. Plaintiff will

amend this complaint to allege their true names and capacities when the same have been ascertained. Plaintiff is informed and believes that each of the fictitiously named defendants is responsible in some manner for the occurrences herein alleged and that Plaintiff's damages were proximately caused by said defendants' conduct.

7. All the acts and conduct alleged herein were duly authorized, ordered by management-level employees of Defendants. In addition, Defendants participated in the aforementioned conduct of their said employees, agents and representatives, and, upon completion of the aforesaid conduct, officers, directors, and/or managing agents of the Defendants ratified, accepted the benefits of, condoned, lauded, acquiesced, authorized and otherwise approved of the conduct alleged herein.

VENUE AND JURISDICTION

8. The wrongful conduct alleged against the Defendants occurred in the County of Sacramento, California. At all times relevant hereto, the conduct at issue was part of a continuous and ongoing pattern of behavior.

9. This Court is the proper forum to adjudicate this action because the wrongful acts that are the subject of this action occurred here and because Defendants now reside in its jurisdictional area.

10. Plaintiff has complied with and/or exhausted any applicable claims statutes and/or administrative and/or internal remedies and/or grievance procedures, and/or is excused from complying therewith. Plaintiff was issued a right-to-sue notice on or about September 12, 2025. A true and correct copy of Plaintiff's "Right to Sue" letter is attached as **Exhibit A**.

GENERAL ALLEGATIONS

A. Hanover Insurance Hires Mr. Lucas

11. Mr. Lucas, who is 63 years old and Black, began working for Hanover Insurance in April of 2023, as a Senior Commercial General Liability Adjuster. Mr. Lucas lives with the disability of severe knee issues, and has been told by his doctor that he needs knee-replacement surgery. Mr. Lucas' tenure was devoid of any disciplinary or performance issues, and he frequently received positive feedback from colleagues and supervisors alike.

12. Mr. Lucas observed that the majority of his colleagues were younger than him, and that non-Black employees were typically promoted more frequently than Black employees.

B. <u>Hanover Insurance Commits Wage and Hour Violations</u>

13. Throughout his tenure, Mr. Lucas was misclassified as a salaried, exempt employee. However, the majority of Mr. Lucas' job duties were not managerial, executive, or administrative, as he worked as an insurance adjuster, did not have any direct reports, and did not have hiring or firing power. Additionally, Mr. Lucas was instructed to fill out a time card to document his hours, which he found unusual as a salaried employee.

14. Mr. Lucas occasionally needed to work through his meal and rest breaks due to his heavy workload. He was not paid a premium for the missed breaks.

15. Upon his hiring, Mr. Lucas was told that he and his colleagues were allowed to work two hours of overtime a week due to the heavy workload at the time, for which they were paid "time and a half," even though they were classified as salaried, exempt employees. However, Mr. Lucas immediately discovered that his workload was so heavy that two hours of overtime a week was not enough time to get through his assignments.

16. Mr. Lucas complained to his manager about his excessive workload. Specifically, he said that there was no way he would be able to finish his assignments with just two hours of approved overtime per week. Mr. Lucas' manager told him that he and his colleagues should only be working two hours of overtime a week, but acknowledged that their workload was far too heavy, and implied that he would "look the other way" if Mr. Lucas worked over two hours of overtime a week.

17. Around this time, Mr. Lucas began working excessive amounts of overtime due to his workload, for which he was not paid, due to his misclassification as a salaried employee. From then on, Mr. Lucas consistently worked between 80-90 hours a week, between six and seven days in a row. Mr. Lucas felt pressured to work this unapproved overtime, because it was the only way to make a dent in his ever-increasing workload. He felt that if he did not work the unpaid overtime, that he would be disciplined or even terminated for not completing his work in a timely manner.

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18. Throughout his tenure, Mr. Lucas and his colleagues consistently had nearly 300 cases assigned to them at a time, nearly double the number of cases that insurance adjusters typically had at other insurance companies.

19. Mr. Lucas observed that Hanover Insurance held frequent mandatory trainings, that pulled him and his colleagues away from their work, making it even more difficult for them to catch up with their increasing workload.

C. Mr. Lucas Begins Reporting to Stefan Phelps

20. In approximately 2024, Mr. Lucas observed that Hanover Insurance had begun hiring many new employees, almost all of whom were younger than him, and most of whom were in their 20s and 30s.

21. In approximately the fall of 2024, Mr. Lucas' former colleague, Stefan Phelps ("Mr. Phelps"), who is in his 40s, was promoted, and Mr. Lucas began reporting to him. Around this time, Mr. Phelps encouraged Mr. Lucas and his colleagues to come into the office in person more frequently, especially if they wished to discuss something with him.

D. Mr. Lucas Discloses His Knee-Related Disability to Mr. Phelps

22. In approximately late 2024, there was an office event that Mr. Lucas had planned on attending, but, due to an exacerbation of his knee-related disability, he was unable to go. Mr. Lucas contacted Mr. Phelps and disclosed his knee-related disability to him, and explained that due to an exacerbation of his disability, that he would be unable to attend the event.

23. In approximately late February of 2025, Mr. Lucas was given both a raise and a bonus.

E. Mr. Phelps Disciplines Mr. Lucas For Working Overtime

24. On March 9, 2025, a Sunday, Mr. Lucas worked several hours, because he needed to finish a report. The next day, Mr. Phelps chastised him for working overtime, and told him that the hours he worked the previous day had not been approved, and wrote him up. Mr. Phelps told Mr. Lucas that he was not allowed to work any more overtime, despite the fact that Mr. Lucas was a classified as a salaried, exempt employee, and instructed him to sign a "no overtime agreement," which Mr. Lucas refused to sign. Mr. Lucas complained that his and his colleagues' workloads

were too heavy, and that due to this it was not possible for them to complete their work if they only worked 40 hours. Mr. Phelps did nothing to address his complaint. As part of the write-up, Mr. Phelps ordered Mr. Lucas to come into the office to work several days a week. Mr. Lucas knew that many of his younger, non-Black, non-disabled colleagues often worked unapproved overtime, but they were not disciplined or forced to come into the office. Mr. Lucas reminded Mr. Phelps that he had issues with his knees, and requested the reasonable accommodation of continuing to work fully remote. Mr. Lucas was given a medical authorization form regarding his accommodation request, and around this time he retained a worker's compensation attorney.

25. Around this time, Mr. Lucas observed that one of his colleagues, who is in his 50s, was also written up. Mr. Lucas became concerned that Hanover was writing up its older employees with the intention of discriminatorily terminating their employment due to their age.

F. <u>Mr. Phelps Places Mr. Lucas on a Performance Improvement Plan</u>

26. On April 4, 2025, Mr. Phelps placed Mr. Lucas on a Performance Improvement Plan ("PIP"). Mr. Lucas was told that while he was on the PIP, he would not be assigned any additional claims, so that he could focus on his existing assignments and the goals outlined in the PIP. However, he continued to be assigned claims throughout the entire time he was on the PIP, and was never given a fair chance to meet the goals outlined.

G. <u>Hanover Insurance Unlawfully Terminates Mr. Lucas</u>

27. On July 7, 2025, Mr. Phelps terminated Mr. Lucas' employment, claiming that it was due to "poor performance." However, Mr. Lucas had continued to be assigned claims throughout the entirety of his PIP, thereby making it impossible for him to meet the goals outlined in the plan. Moreover, he had been giving a performance-based raise and bonus just four months earlier.

28. Mr. Lucas was wrongfully terminated due to his age, race, disability, and in retaliation for complaining that his and his colleagues' workloads were too heavy, and for requesting the reasonable accommodation of continuing to work remotely due to his knee-related disability.

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29. Mr. Lucas was not provided his final paycheck on the day of his termination, and was told that he would be paid on the usual pay day.

FIRST CAUSE OF ACTION

Wrongful Termination in Violation of Public Policy

(Against Hanover Insurance)

30. Plaintiff incorporates all preceding paragraphs of this complaint as though set forth fully herein.

31. At all times relevant hereto, Hanover Insurance employed Mr. Lucas.

32. Hanover Insurance terminated Mr. Lucas on or about July 7, 2025.

33. Mr. Lucas's age, race, disability, complaints of wage and hour issues, and request for reasonable accommodation, were substantial motivating reasons for his discharge.

34. As a result of Hanover Insurance's conduct, Mr. Lucas has sustained, and continues to sustain, damages, in the form of lost wages and other employment benefits, and emotional and physical distress in an amount in excess of the minimum jurisdictional requirements of this court, in an amount to be proven at trial.

SECOND CAUSE OF ACTION

Age, Race, and Disability Discrimination in Violation of FEHA

(Gov. Code § 12940, subd. (a))

(Against Hanover Insurance)

35. Mr. Lucas incorporates all preceding paragraphs of this complaint as though set forth fully herein.

36. At all times relevant hereto, Mr. Lucas was an employee of Hanover Insurance.

37. Hanover Insurance knew that Mr. Lucas had a history of having knee issues and that he needed knee replacement surgery.

38. Mr. Lucas was able to perform the essential job duties of his position either with or without reasonable accommodation for his disability.

39. Hanover Insurance discharged Mr. Lucas.

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40. Mr. Lucas's age, race, and disability was a substantial motivating reason for Hanover Insurance's decision to discharge him.

41. Mr. Lucas was harmed and Defendants' conduct was a substantial factor in causing Mr. Lucas's harm.

<u>THIRD CAUSE OF ACTION</u>

Retaliation (Lab. Code § 1102.5)

(Against Hanover Insurance)

42. Mr. Lucas incorporates all preceding paragraphs of this complaint as though set forth fully herein.

43. Mr. Lucas complained to Hanover Insurance management of Hanover Insurance's that his and his colleagues' workload was too heavy, and that they felt they needed to work overtime hours for which they were not compensated for, and other violations of California law.

44. Mr. Lucas had reasonable cause to believe that the information he disclosed to Hanover Insurance described a violation of the statutes asserted in this complaint.

45. Instead of remedying these violations, Hanover Insurance terminated Mr. Lucas, and Mr. Lucas's reporting of these violations to Hanover Insurance was a contributing factor in defendant's decision to terminate Mr. Lucas.

46. As a result of Hanover Insurance's conduct, Mr. Lucas has sustained, and continues to sustain, damages, in the form of lost wages and other employment benefits, and emotional and physical distress in an amount in excess of the minimum jurisdictional requirements of this court, in an amount to be proven at trial.

<u>FOURTH CAUSE OF ACTION</u>

Work Environment Harassment (Gov. Code §§ 12923, 12940, subd. (j))

(Against All Defendants)

47. Plaintiff incorporates all preceding paragraphs of this complaint as though set forth fully herein.

48. Mr. Lucas was employed by Hanover Insurance.

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49. During the course of his employment, Mr. Lucas was subjected to harassing conduct because of his age, race, and disability by Hanover Insurance's management, including Stefan Phelps. Specifically, Mr. Phelps repeatedly harassed Mr. Lucas during his employment on the basis of his age and disability. After the disclosure of his knee-related disability, Mr. Phelps discriminated against Mr. Lucas by disciplining him for working overtime, ordered him to work in-person in the office, things he did not do to Mr. Lucas' younger, non-disabled, non-black colleagues, and placed him on an unfair PIP.

50. The harassing conduct Mr. Lucas experienced was both severe and pervasive, and a reasonable person in Mr. Lucas's circumstances would have considered the work environment to be hostile, intimidating, offensive, oppressive, and abusive.

51. Mr. Lucas considered the work environment to be hostile, intimidating, offensive, oppressive, and abusive because of the conduct that Hanover Insurance and its management—including Mr. Lucas— engaged in.

52. Mr. Phelps deliberately harassed, humiliated, and discriminated against Mr. Lucas because of his age, race, and disability. Moreover, both Hanover Insurance and Mr. Phelps knew or should have known about this conduct and yet failed to take immediate and appropriate corrective action.

53. Mr. Lucas incurred economic and non-economic damages because of the Defendants' conduct and such conduct was a substantial factor in causing his damages.

FIFTH CAUSE OF ACTION

Failure to Prevent Harassment, Discrimination, and Retaliation

(Gov. Code § 12940, subd. (k))

(Against Hanover Insurance)

54. Plaintiff incorporates all preceding paragraphs of this complaint as though set forth fully herein.

55. Hanover Insurance employed Mr. Lucas.

56. Mr. Lucas was subjected to harassment, discrimination, and retaliation in the course of his employment.

57. Hanover Insurance failed to take all reasonable steps to prevent the harassment, discrimination, and retaliation.

58. Mr. Lucas incurred economic and non-economic damages because of the Hanover Insurance's failure to take all reasonable steps to prevent the harassment, discrimination, and retaliation, and this failure was a substantial factor in causing his damages.

SIXTH CAUSE OF ACTION

Failure to Pay Overtime Wages (Lab. Code §§ 510, 1194, and IWC Wage Orders)

(Against All Defendants)

59. Plaintiff incorporates all preceding paragraphs of this Complaint as though set forth fully herein.

60. At all times relevant to this complaint, Plaintiff was employed by Hanover Insurance.

61. By the course of conduct set forth above, Defendants violated Labor Code sections 510, 1194, and relevant IWC Wage Orders.

62. The Labor Code requires employers, such as Defendants, to pay overtime compensation to all non-exempt employees.

63. At all relevant times, Plaintiff was a non-exempt employee entitled to be paid proper overtime compensation for all overtime hours worked.

64. Labor Code section 510 and the applicable Wage Orders require that an employer compensate all work performed by an employee in excess of eight hours in one workday or in excess of forty hours in any one workweek, and all work performed by an employee during the first eight hours worked on the seventh day of work in any one workweek, at one and one-half times the employee's regular rate of pay.

65. Labor Code section 510 and the applicable Wage Orders further require that an employer compensate all work performed by an employee in excess of 12 hours in one workday, and all work in excess of eight hours on any seventh day of a workweek, at twice the employee's regular rate of pay.

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66. During the relevant time period, Plaintiff worked in excess of eight hours in a work day and/or 40 hours in a work week, and on occasion over twelve hours in a day for Defendants.

67. Defendants knowingly and willfully failed to pay proper overtime wages earned and due to for overtime hours worked.

68. As a result of Defendants' failure to pay wages earned and due, Defendants violated the Labor Code.

69. As a direct and proximate result of Defendants' unlawful conduct, as set forth herein, Plaintiff has sustained damages, including loss of earnings for hours of overtime worked on behalf of Defendant, prejudgment interest, and attorneys' fees and costs.

SEVENTH CAUSE OF ACTION

Failure to Provide Meal and Rest Periods (Lab. Code §§ 226.7, 512, and IWC Wage Orders)

(Against All Defendants)

70. Plaintiff incorporates all preceding paragraphs of this Complaint as though set forth fully herein.

71. At all relevant times, Defendants were aware of and were under a duty to comply with Labor Code sections 226.7 and 512 and applicable sections of IWC Wage Orders.

72. Labor Code section 512 prohibits an employer from employing an employee for a work period of more than five hours per day without providing the employee with a meal period of not less than 30 minutes, or for a work period of more than 10 hours per day without providing the employee with a second meal period of not less than 30 minutes.

73. Section 11 of Wage Order No. 4 provides, and at all times relevant hereto provided, in relevant part that:

> No employer shall employ any person for a work period of more than five (5) hours without a meal period of not less than 30 minutes, except that when a work period of not more than six (6) hours will complete the day's work the meal period may be waived by mutual consent of the employer and employee. Unless the employee is relieved of all duty during a 30 minute meal period, the meal period shall be considered an "on duty" meal period and counted as time worked. An "on duty"

> meal period shall be permitted only when the nature of the work prevents an employee from being relieved of all duty and when by written agreement between the parties an on-the-job paid meal period is agreed to. The written agreement shall state that the employee may, in writing, revoke the agreement at any time. If an employer fails to provide an employee a meal period in accordance with the applicable provisions of this Order, the employer shall pay the employee one (1) hour of pay at the employee's regular rate of compensation for each work day that the meal period is not provided.

74. Section 12 of Wage Order No. 4 provides, and at all times relevant hereto provided, in relevant part that:

> Every employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period. The authorized 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. However, a rest period need not be authorized for employees whose total daily work time is less than three and one-half (3 ½) hours. Authorized rest period time shall be counted, as hours worked, for which there shall be no deduction from wages. If an employer fails to provide an employee a rest period in accordance with the applicable provisions of this Order, the employer shall pay the employee one (1) hour of pay at the employee's regular rate of compensation for each work day that the rest period is not provided.

75. Labor Code section 226.7 prohibits any employer from requiring any employee to work during any meal or rest period mandated by an applicable IWC wage order, and provides that an employer that fails to provide an employee with a required rest break or meal period shall pay that employee one additional hour of pay at the employee's regular rate of compensation for each work day that the employer does not provide a compliant meal or rest period.

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76. Defendants knowingly failed to provide Plaintiff with meal periods as required by law, and knowingly failed to authorize and permit Plaintiff to take rest periods as required by law. Defendants also failed to provide Plaintiff with any payment of meal and rest premiums.

77. Plaintiff has therefore been damaged and is entitled to payment of the meal and rest period premiums as provided by law.

EIGHTH CAUSE OF ACTION

Failure to Pay Wages Upon Termination (Lab. Code §§ 201-203)

(Against All Defendants)

78. Plaintiff incorporates all preceding paragraphs of this Complaint as though set forth fully herein.

79. Labor Code sections 201 and 202 require an employer to pay its employees all wages due immediately upon discharge or within 72 hours of resignation. This requirement applies to unpaid overtime wages. Labor Code section 203 provides that if an employer willfully fails to pay such wages, the employer must continue to pay the subject employee's wages until the back wages are paid in full or an action is commenced, up to a maximum of thirty days of wages.

80. Defendants willfully failed to pay Plaintiff his earned and unpaid overtime wages for 30 days from the time such wages should have been paid under the Labor Code.

81. As a result of Defendants' willful failure to pay Plaintiff's owed overtime wages upon separation from employment, Plaintiff has been harmed and Defendants are liable for statutory waiting time penalties pursuant to Labor Code section 203.

NINTH CAUSE OF ACTION

Failure to Provide Accurate Wage Statements (Lab. Code § 226)

(Against All Defendants)

82. Plaintiff incorporates all preceding paragraphs of this Complaint as though set forth fully herein.

83. Labor Code section 226, subdivision (a) requires employers to provide employees, semi-monthly or at the time of each payment of wages, with a statement that accurately reflects certain itemized information including total number of hours worked.

84. Defendants knowingly and intentionally failed to furnish Plaintiff with timely and accurate wage statements that accurately reflected the total number of hours worked and wages earned, as required by Labor Code section 226.

85. As a result of Defendants' failure to provide accurate itemized wage statements, Plaintiff suffered actual damages and harm by being unable to determine the amount of overtime worked each pay period in a timely manner, which prevented him from asserting his rights under California law.

86. As a result, Defendants are liable to Plaintiff for the amounts provided by Labor Code section 226, subdivision (e): the greater of actual damages or fifty dollars ($50) for the initial violation and one hundred dollars ($100) for each subsequent violation, up to four thousand dollars ($4,000).

<u>TENTH CAUSE OF ACTION</u>

Violation of Unfair Competition Law (Bus. & Prof. Code § 17200, *et seq.*)

(Against All Defendants)

87. Plaintiff incorporates all preceding paragraphs of this Complaint as though set forth fully herein.

88. Business and Professions Code section 17200, *et seq.* ("UCL") prohibits any "unlawful, unfair, or fraudulent business act or practice." Defendants have engaged in unlawful activity as follows:

a. Violations of Labor Code sections 226.7 and 512 for failure to provide meal periods and rest breaks;

b. Violations of Labor Code sections 510 and 1194 for failure to pay overtime wages;

c. Violations of Labor Code section 226 for failure to provide accurate wage statements;

d. Violations of Labor Code sections 201-203 for failure to pay accrued wages upon separation of employment;

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e. Violations of Labor Code section 1102.5 for terminating Plaintiff in retaliation for his good faith complaints about Defendant's wage and hour violations;

f. Violations of IWC Wage Orders for the same conduct set forth herein; and

89. Plaintiff lost money as a result of Defendants' violations of the unlawful prong of the UCL in the form of lost wages, lost paid time off, and ultimately, the loss of his job and future wages.

90. As a result of its unlawful business practices, Defendants have damaged Plaintiff by wrongfully denying his earned overtime wages, meal periods, rest breaks, and premium compensation.

91. Plaintiff seeks restitution and disgorgement and other appropriate relief available under Business and Professions Code section 17200, *et seq*.

ELEVENTH CAUSE OF ACTION

Private Attorneys General Act (Lab. Code § 2698, *et seq.*)

(Against All Defendants)

92. Plaintiff incorporates all preceding paragraphs of this Complaint as though set forth fully herein.

93. Plaintiff is an aggrieved employee under PAGA because he was employed by Defendants during the applicable statutory period and suffered one or more of the Labor Code violations set forth in this Complaint. Plaintiff seeks to recover on his behalf, on behalf of the State, and on behalf of all current and former aggrieved employees of Defendants, the civil penalties provided by PAGA, plus reasonable attorney's fees and costs in this representative action.

94. Plaintiff seeks penalties pursuant to PAGA for violation of the following Labor Code sections:

a. Failure to provide prompt payment of wages to employees upon termination and resignation in violation of Labor Code sections 201-203;

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b. Failure to provide accurate itemized wage statements to employees in violation of Labor Code section 226;

c. Failure to maintain accurate payroll records in violation of Labor Code sections 1174 and 1174.5;

d. Failure to pay overtime wages in violation of applicable wage orders and Labor Code sections 510, 558, and 1194; and

e. Failure to provide premium pay for missed meal and rest breaks in violation of 226.7.

95. On May 19, 2025, Plaintiff provided the requisite written notice by certified mail to the California Labor and Workforce Development Agency ("LWDA") and to Defendants, informing them of the provisions of the Labor Code alleged to have been violated, including the facts and theories to support the alleged violations. Plaintiff's PAGA case number is LWDA-CM-1099769-25. A true and correct copy of Plaintiff's letter to LWDA is attached as **Exhibit B**.

96. At the time of this filing, LWDA has not indicated that it intends to investigate Defendants' Labor Code violations discussed in the notice. If it does so, Plaintiff will amend his complaint. Otherwise, Plaintiff may commence a civil action to recover penalties under Labor Code section 2699 pursuant to section 2699.3 for the violations of the Labor Code described in this Complaint. These penalties include, but are not limited to, penalties under Labor Code sections 210, 226.3, 558, 1197.1, and 2699, subdivision (f)(2).

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for judgment against Defendants as follows:

A. For general damages, special damages, and non-economic damages according to proof, but in an amount in excess of the jurisdictional limit of this Court;

B. For punitive damages in an amount appropriate to punish Defendants and deter others from engaging in similar misconduct on appropriate legal causes of action;

C. For unpaid overtime wages, meal and rest period premiums, and other due wages;

D. For amounts provided for in in Labor Code sections 226 and 226.7;

E. For penalties available under applicable laws, including waiting time penalties;

F. For restitution and disgorgement under the UCL;

G. For an award of civil penalties under PAGA;

H. For prejudgment interest;

I. For costs of suit, including attorneys' fees and expert witness fees; and

J. For such other relief as the Court deems just and proper.

Dated: September 12, 2025

MILLS SADAT DOWLAT LLP

By: *__/s/ Arash Sadat__*
Arash Sadat

Attorneys for Plaintiff
Robert Lucas

EXHIBIT A

STATE OF CALIFORNIA | Business, Consumer Services and Housing Agency GAVIN NEWSOM, GOVERNOR

Civil Rights Department KEVIN KISH, DIRECTOR

651 Bannon Street, Suite 200 | Sacramento | CA | 95811
1-800-884-1684 (voice) | 1-800-700-2320 (TTY) | California's Relay Service at 711
calcivilrights.ca.gov | contact.center@calcivilrights.ca.gov

September 12, 2025

Robert Lucas
,

RE: **Notice of Case Closure and Right to Sue**
CRD Matter Number: 202509-31198712
Right to Sue: Lucas / The Hanover Insurance Company

Dear Robert Lucas:

This letter informs you that the above-referenced complaint filed with the Civil Rights Department (CRD) has been closed effective September 12, 2025 because an immediate Right to Sue notice was requested.

This letter is also your Right to Sue notice. According to Government Code section 12965, subdivision (b), a civil action may be brought under the provisions of the Fair Employment and Housing Act against the person, employer, labor organization or employment agency named in the above-referenced complaint. The civil action must be filed within one year from the date of this letter.

This matter may qualify for CRD's Small Employer Family Leave Mediation Program. Under this program, established under Government Code section 12945.21, a small employer with 5 -19 employees, charged with violation of the California Family Rights Act, Reproductive Loss Leave, or Bereavement Leave (Government Code sections 12945.2, 12945.6, or 12945.7) has the right to participate in CRD's free mediation program. Under this program both the employee requesting an immediate right to sue and the employer charged with the violation may request that all parties participate in CRD's free mediation program. The employee is required to contact the Department's Dispute Resolution Division prior to filing a civil action and must also indicate whether they are requesting mediation. The employee is prohibited from filing a civil action unless the Department does not initiate mediation within the time period specified in section 12945.21, subdivision (b) (4), or until the mediation is complete or is unsuccessful. The employee's statute of limitations to file a civil action, including for all related claims not arising under section 12945.2, is tolled from the date the employee contacts the Department regarding the intent to pursue legal action until the mediation is complete or is unsuccessful. Contact CRD's Small Employer Family Leave Mediation Pilot Program by emailing DRDOnlinerequests@calcivilrights.ca.gov and include the CRD matter number indicated on the Right to Sue notice.

STATE OF CALIFORNIA | Business, Consumer Services and Housing Agency
GAVIN NEWSOM, GOVERNOR
KEVIN KISH, DIRECTOR

Civil Rights Department
651 Bannon Street, Suite 200 | Sacramento | CA | 95811
1-800-884-1684 (voice) | 1-800-700-2320 (TTY) | California's Relay Service at 711
calcivilrights.ca.gov | contact.center@calcivilrights.ca.gov

After receiving a Right-to-Sue notice from CRD, you may have the right to file your complaint with a local government agency that enforces employment anti-discrimination laws if one exists in your area that is authorized to accept your complaint. If you decide to file with a local agency, you must file before the deadline for filing a lawsuit that is on your Right-to-Sue notice. Filing your complaint with a local agency does not prevent you from also filing a lawsuit in court.

To obtain a federal Right to Sue notice, you must contact the U.S. Equal Employment Opportunity Commission (EEOC) to file a complaint within 30 days of receipt of this CRD Notice of Case Closure or within 300 days of the alleged discriminatory act, whichever is earlier.

Sincerely,

Civil Rights Department

EXHIBIT B

MSD MILLS SADAT DOWLAT LLP

333 South Hope Street
40th Floor
Los Angeles, CA 90071
www.msdlawyers.com

Arash Sadat
O: (213) 628 3856
D: (213) 279-2827
E: arash@msdlawyers.com

May 19, 2025

VIA ELECTRONIC SUBMISSION TO LWDA;
VIA CERTIFIED MAIL TO EMPLOYER

California Labor and Workforce Development Agency
Attn: PAGA Administrator
455 Golden Gate Avenue, 9th Floor
San Francisco, CA 94102

The Hanover Insurance Company
440 Lincoln Street
Worcester, MA 01653

Re: Notice of Claim Under Private Attorneys General Act ("PAGA")

Dear LWDA:

My office has been retained by Robert Lucas ("Plaintiff'') to pursue a PAGA representative action (Lab. Code § 2699, *et seq.*) against The Hanover Insurance Company ("Defendant"). This letter shall serve as notice, and a request pursuant to Labor Code section 2699.3, that the Labor and Workforce Development Agency ("LWDA") investigate the violations by Defendant described herein against Plaintiff and against other current and/or former employees ("Aggrieved Employees"). If LWDA does not intend to investigate the violations described herein, we respectfully request that the agency specifically notify our office of the same at your earliest possible opportunity

Plaintiff's Employment with Defendant

Defendant owns/owned and operates/operated an industry, business, and establishment within the State of California. Defendant is therefore subject to the California Labor Code, Wage Orders issued by the Industrial Welfare Commission ("IWC"), and the California Business and Professions Code.

Plaintiff is a resident of Sacramento, California who started working for Defendant in California as an hourly-paid, non-exempt employee from approximately April 10, 2023. Plaintiff regularly worked more than eight hours in a workday and/or more than 40 hours in a workweek.

Throughout Plaintiff's employment, Defendant failed to pay for all hours worked (including minimum, straight time, and overtime wages), failed to provide Plaintiff with legally compliant meal periods, failed to authorize and permit Plaintiff to take rest periods, failed to timely pay all final wages to Plaintiff when Defendant terminated Plaintiff's employment, failed to furnish accurate wage statements to Plaintiff, and failed to indemnify Plaintiff for expenditures. As discussed below, Plaintiff's experience working for Defendant was typical and illustrative.

Defendant Failed to Pay for All Hours Worked, Including Minimum, Straight Time, and Overtime Wages

Under California law, an employer must pay for all hours worked by an employee. **"**Hours worked**"** is 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.

In addition, Labor Code section 510 provides that employees in California shall not be employed more than eight hours in any workday or 40 hours in a workweek unless they receive additional compensation beyond their regular wages in amounts specified by law. Labor Code sections 1194 and 1198 also provide that employees in California shall not be employed more than eight hours in any workday unless they receive additional compensation beyond their regular wages in amounts specified by law. Additionally, Labor Code section 1198 states that the employment of an employee for longer hours than those fixed by the IWC is unlawful.

Throughout the statutory period, Defendant maintained a policy and practice of not paying Plaintiff and the Aggrieved Employees for all hours worked, including minimum, straight time, and overtime wages. Defendant required Plaintiff and the Aggrieved Employees to work "off-the clock," uncompensated, by, for example, requiring Plaintiff and the Aggrieved Employees to perform work during unpaid meal periods and after clocking out for the workday. Some of this unpaid work should have been paid at the overtime rate. In failing to pay for all hours worked, Defendant also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

Throughout the statutory period, Defendant used a system of time rounding and/or synthetic timekeeping that resulted, over a period of time, in failing to compensate Plaintiff and the Aggrieved Employees properly for all the time they have actually worked, even though the realities of Defendant operations are such that it is possible, practical, and feasible to count and pay for work time to the minute. Accordingly, Defendant frequently paid Plaintiff and the Aggrieved Employees less than all their work time. Some of this unpaid work also should have been paid at the overtime rate. In failing to pay for all hours worked, also failed to maintain accurate records of the hours Plaintiff and the Aggrieved Employees worked.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code sections 210, 1197.1, and 2699, subdivision (t)(2) for failing to pay for all hours worked, including minimum, straight time, and overtime wages.

Failure to Authorize and Permit Rest Periods

Employers are required by California law to authorize and permit breaks of 10 uninterrupted minutes for each four hours of work or major fraction of four hours (*i.e.*, more than two hours). Thus, for example, if an employee's work time is six hours and ten minutes, the employee is entitled to two rest breaks. Each failure to authorize rest breaks as required is itself a violation of California's rest break laws.

Throughout the statutory period, Defendant has wrongfully failed to authorize and permit Plaintiff and the Aggrieved Employees to take legally compliant rest periods. Defendant regularly required Plaintiff and the Aggrieved Employees to work in excess of four consecutive hours a day without Defendant authorizing and permitting them to take a 10-minute, uninterrupted, duty-free rest period for every four hours of work (or major fraction of four hours), or without compensating Plaintiff and the Aggrieved Employees for rest periods that were not authorized or permitted.

Instead, Defendant continued to assert control over Plaintiff and the Aggrieved Employees by requiring, pressuring, or encouraging them to perform work tasks which could not be completed without working in lieu of taking mandatory rest periods, or by denying Plaintiff and the Aggrieved Employees permission to take a rest period. Accordingly, Defendant's policy and practice was to not authorize and permit Plaintiff and the Aggrieved Employees to take rest periods in compliance with California law.

Plaintiff and the Aggrieved Employees are thus entitled to be paid one hour of additional wages for each workday he or she was not authorized and permitted to take all required rest period(s). Defendant, however, regularly failed to pay Plaintiff and the Aggrieved Employees the additional wages to which they were entitled for rest periods and that they were not authorized and permitted to take.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code sections 210 and 2699, subdivision (f)(2) for failing to authorize and permit rest periods and pay rest period premium wages.

Failure to Pay All Earned Wages Twice Per Month

Based on its failure to pay Plaintiff and the Aggrieved Employees for all wages as discussed above, Defendant also violated Labor Code section 204.

Labor Code section 204 requires employers to pay employees all earned wages two times per month. Throughout the statute of limitations period applicable to this cause of action, employees were entitled to be paid twice a month at their regular rates, including all meal period premium wages owed, rest period premium wages owed, and wages owed for overtime hours worked. However, during all such times, Defendant systematically failed and refused to pay the employees all wages due, and failed to pay those wages twice a month, in that employees were not paid all wages for all meal periods not provided by Defendant, all wages for all rest periods not authorized and permitted by Defendant, and all wage for all hours worked. As a result, Defendant owes employees the legally required wages for unpaid wages, and Plaintiff and the Aggrieved Employees suffered damages in those amounts.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code section 210 for failing to pay all earned wages twice per month.

<u>Failure to Maintain Accurate Records of Hours Worked and Meal Periods</u>

Plaintiff seeks penalties under Labor Code section 1174, subdivision (d). Under Labor Code section 1174.5, any person, including any entity, employing labor who willfully fails to maintain accurate and complete records required by Labor Code section 1174 is subject to a penalty under section 1174.5. Pursuant to IWC Wage Order § 7(A)(3), every employer shall keep time records showing when the employee begins and ends each work period. Meal periods and total hours worked daily shall also be recorded.

Defendant, however, failed to maintain accurate records of hours worked and all meal periods taken or missed by Plaintiff and the Aggrieved Employees.

Defendant's failure to provide and maintain records required by the Labor Code and the applicable IWC Wage Order deprived Plaintiff and the Aggrieved Employees the ability to know, understand and question the accuracy and frequency of meal periods, and the accuracy of their hours worked stated in Defendant's records. Therefore, Plaintiff and the Aggrieved Employees had no way to dispute the resulting failure to pay wages, all of which resulted in an unjustified economic enrichment to Defendant. As a direct result, Plaintiff and the Aggrieved Employees have suffered and continue to suffer, substantial losses related to the use and enjoyment of such wages, lost interest on such wages and expenses and attorney's fees in seeking to compel Defendant to fully perform its obligation under state law, all to their respective damage in amounts according to proof at trial. As a result of Defendant's knowing failure to comply with the Labor Code and applicable IWC Wage Order, Plaintiff and the Aggrieved Employees have also suffered an injury in that they were prevented from knowing, understanding, and disputing the wage payments paid to them.

<u>Failure to Provide Accurate Itemized Wage Statements</u>

Labor Code section 226, subdivision (a) provides that every employer shall furnish each of his or her employees an accurate itemized wage statement in writing showing nine pieces of information, including: (1) gross wages earned; (2) total hours worked by the employee; (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis; (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item; (5) net wages earned; (6) the inclusive dates of the period for which the employee is paid; (7) the name of the employee and the last four digits of his or her social security number or an employee identification number other than a social security number; (8) the name and address of the legal entity that is the employer; and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee. An employee is presumed to suffer an injury if this information is missing. (Lab. Code § 226, subd. (e)(2)(B)(iii).)

The statute further provides that "[a]n employee suffering injury as a result of a knowing and intentional failure by an employer to comply with subdivision (a) is entitled to recover the greater of all actual damages or fifty dollars ($50) for the initial pay period in which a violation occurs and one hundred dollars ($100) per employee for each violation in a subsequent pay period, not to exceed an aggregate penalty of four thousand dollars ($4,000), and is entitled to an award of costs and reasonable attorney's fees." (Lab. Code § 226, subd. (e)(1).)

Throughout the statutory period, Defendant or failed to furnish Plaintiff and the Aggrieved Employees with accurate, itemized wage statements showing all applicable hourly rates, and all gross and net wages earned (including correct hours worked, correct wages for meal periods that were not provided in accordance with California law, and correct wages for rest periods that were not authorized and permitted to take in accordance with California law).

Because Defendant violated Labor Code § 226, Plaintiff and similarly Aggrieved Employees suffered injury and damage to their statutorily protected rights. Accordingly, Plaintiff and similarly Aggrieved Employees are entitled to recover from Defendant the greater of their actual damages caused by Defendant's failure to comply with Labor Code § 226(a), or an aggregate penalty not exceeding four thousand dollars ($4,000) per employee.

Moreover, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code § 226.3 for failing to furnish accurate itemized wage statements.

Failure to Reimburse Necessary Expenditures

Labor Code section 2802, subdivision (a) provides that employers shall indemnify employees for all necessary business expenditures or losses that have been incurred by the employees in direct discharge of their duties. Throughout the statutory period applicable to this cause of action, Defendant wrongfully required Plaintiff and the Aggrieved Employees to pay expenses that they incurred in direct discharge of their duties for Defendant. Plaintiff and the Aggrieved Employees regularly paid out-of-pocket for necessary employment-related expenses, including, without limitation, work-related equipment, work attire, and use of personal cellular phones. Plaintiff and the Aggrieved Employees incurred substantial expenses as a direct result of performing their job duties for Defendant, but Defendant or failed to indemnify Plaintiff and the Aggrieved Employees for these employment-related expenses.

As a result, Defendant is liable to Plaintiff and the Aggrieved Employees for the civil penalties provided for in Labor Code sections 2802 and 2699, subdivision (f)(2) for failing to indemnify Plaintiff and the Aggrieved Employees for necessary business expenditures.

Statement of Specific Provisions of the Labor Code Violated

Plaintiff alleges that Defendant violated the following provisions of the Labor Code with respect to the Aggrieved Employees:

(1) Labor Code sections 204, 510, 1194, 1197, and 1198 by failing to pay for all hours worked, including minimum wages, straight time wages, and overtime wages;

(2) Labor Code section 226.7 and applicable IWC Wage Orders by failing to provide meal periods;

(3) Labor Code section 226.7 and applicable IWC Wage Orders by failing to authorize and permit rest periods;

(4) Labor Code section 204 by failing to pay all earned wages twice per month;

(5) Labor Code section 1174.5 and applicable IWC Wage Orders by failing to maintain accurate records of hours worked and meal periods taken or missed;

(6) Labor Code section 226 by failing to provide accurate itemized wage statements; and

(7) Labor Code section 2802 by failing to indemnify for necessary expenditures.

Pursuant to PAGA, Plaintiff seeks civil penalties arising from these violations. These include, but are not limited to, penalties under Labor Code sections 210, 226.3, l 174.5, 1197.l, and 2699, subdivision (f)(2).

This letter shall serve as Plaintiff's notice pursuant to Labor Code section 2699.3 and we ask that LWDA conduct an investigation concerning the violations described herein. Alternatively, if LWDA does not intend to investigate these violations, we ask that it issue a notification letter to our office confirming the same so that we may proceed with our civil action asserting the PAGA claims described herein.

Please feel free to contact me if you have any questions or if you would like to discuss this matter further. Nothing in this letter is intended to be, or should be construed as, an admission against the interests of Plaintiff or other current or former employees of Defendant and shall not be construed as a waiver of their rights, remedies, claims, or defenses, all of which are expressly reserved.

Sincerely,

Arash Sadat