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Superior Court of California,
County of San Diego

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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO**

ISIAIAH HARRIS, individually and on behalf of
all others similarly situated and the State of
California under the Private Attorneys General
Act,

Plaintiffs,

vs.

AUSTAL USA LLC; and DOES 1 through 50,
inclusive,

Defendants.

Case No. 37-2023-00034540-CU-OE-CTL

CLASS ACTION

**CLASS AND REPRESENTATIVE ACTION
COMPLAINT**

1. Failure to Pay All Overtime Wages
2. Meal Period Violations
3. Rest Period Violations
4. Paid Sick Leave Violations
5. Untimely Payment of Wages
6. Wage Statement Violations
7. Waiting Time Penalties
8. Failure to Reimburse Business Expenses
9. Unfair Competition
10. Civil Penalties under the Private Attorneys
General Act (Labor Code §§ 2698 *et seq.*)

1 Plaintiff ISIAIAH HARRIS, individually and on behalf of all others similarly situated and the
2 State of California under the Private Attorneys General Act (“Plaintiff”), brings this CLASS AND
3 REPRESENTATIVE ACTION COMPLAINT against Defendants AUSTAL USA LLC; and DOES
4 1 through 50, inclusive (collectively “Defendants”), alleging as follows:

5 **INTRODUCTION**

6 1. This is a wage and hour class and PAGA action against Austal USA LLC.

7 2. Defendants failed to pay daily overtime and deprived class members of
8 reimbursements. Additionally, Defendants failed to provide fully compliant meal and rest periods or
9 premiums in lieu of those breaks. Defendants failed to maintain a lawful sick pay policy in accordance
10 with California law.

11 3. To the extent overtime wages and premiums were paid, they were at depreciated wage
12 rates based on Defendants’ failure to include bonuses and incentives in the regular rate.

13 4. These violations, evident from Defendants’ records, result in derivative liability for
14 civil and statutory penalties.

15 5. Plaintiff seeks to recover the damages, wages, interest and penalties, in addition in
16 attorneys’ fees and costs, according to proof.

17 **JURISDICTION & VENUE**

18 6. Jurisdiction of this action is proper in this Court under Article VI, Section 10 of the
19 California Constitution as the causes of action are premised upon violations of California law.

20 7. The monetary damages and restitution sought exceed the minimal jurisdiction limits of
21 the Superior Court.

22 8. This Court has jurisdiction over Defendants because, upon information and belief,
23 Defendants have sufficient minimum contacts in California, or otherwise intentionally avail
24 themselves to the California economy so as to render the exercise of jurisdiction over them by the
25 California courts consistent with traditional notions of fair play and substantial justice.

26 9. Venue is proper in this Court under Code of Civil Procedure sections 393(a), 395,
27 and/or 395.5 because, upon information and belief, Defendants conduct business and committed some
28 of the alleged violations in this county.

PARTIES

A. Plaintiff Isaiah Harris

10. Plaintiff Harris is an individual over 18 years of age who worked for Defendants in California as a current non-exempt employee of Defendants. He works as a Ship Fitter.

11. The State of California, via the Labor and Workforce Development Agency (“LWDA”), is the real party in interest in this action. (*Kim v. Reins Int’l California, Inc.* (2020) 9 Cal. 5th 73, 81 [The “government entity on whose behalf the plaintiff files suit is always the real party in interest.”])

B. Defendants

12. Defendant Austal USA LLC is a limited liability company that maintains operations and conducts business throughout the State of California, including in this county.

13. The true names and capacities, whether individual, corporate, or otherwise, of the parties sued as DOES 1 through 50, are presently unknown, unascertainable, or uncertain, and are sued by such fictitious names under Code of Civil Procedure section 474. Upon information and belief, each of DOES 1 through 50 constitutes a legal employer or is otherwise legally responsible in some manner for the acts and omissions alleged herein. This Complaint may be amended to reflect their true names and capacities once ascertained.

14. Upon information and belief, Defendants in this action are employers, co-employers, joint employers, and/or part of an integrated employer enterprise, as each of the Defendants exercised control over the wages, hours, and working conditions of the employees, suffered and permitted them to work, and otherwise engaged them as employees under California law.

15. Upon information and belief, at least some of the Defendants have common ownership, common management, interrelationship of operations, and centralized control over labor relations and are therefore part of an integrated enterprise and thus jointly and severally responsible for the acts and omissions alleged herein, including pursuant to Labor Code sections 558, 558.1, and 1197.1.

16. Upon information and belief, Defendants acted in all respects pertinent to this action as an alter-ego, agent, servant, joint employer, joint venturer, co-conspirator, partner, in an integrated

enterprise, or in some other capacity on behalf of all other co-defendants, such that the acts and omissions of each defendant may be legally attributable to all others.

CLASS ALLEGATIONS

17. This action is brought individually and on behalf of the following class pursuant to Code of Civil Procedure section 382:

- a. All current and former non-exempt employees who worked for Defendants in California at any time from four years (plus the additional 178-day statutory tolling period under Emergency Rule 9) prior to the filing of this action through date of class certification, and as further tolled by the Tolling Stipulation executed by the Parties.

18. Plaintiff reserves the right to establish various subclass definitions as appropriate at the class certification stage, according to proof.

19. The class is ascertainable and shares a well-defined community of interest in this litigation:

- a. Numerosity: The class is estimated to exceed 50 individuals, although the precise membership of the entire class is unknown at this time. The class is so numerous that joinder of all class members is impracticable. The identities of class members are ascertainable by inspection of Defendants' employment and payroll records.
- b. Typicality: Plaintiff's claims are typical of the claims of the other class members. They were subject to the same policies and practices of Defendants, which resulted in losses to the class. Proof of common unlawful business practices, which Plaintiff experienced, will establish the right of the class to recover on the causes of action alleged herein.
- c. Adequacy: Plaintiff is an adequate class representative; will take all necessary steps to protect the class members' interests adequately and fairly; has no interest antagonistic to other class members; and is represented by attorneys who have substantial experience prosecuting, defending, resolving, and

litigating wage and hour class, collective, and representative actions in California state and federal courts.

d. Superiority: A class action is superior to other means for adjudicating this dispute. Individual joinder is impractical. Class treatment will allow for common issues to be resolved in a single forum, simultaneously, and without duplication of effort and expense.

e. Public Policy Considerations: Certification of this lawsuit as a class action advances the State of California's strong public interest in ensuring its approximately millions of employed residents are properly paid the wages they earned for the hours they worked. Class actions provide a mechanism for enforcement of labor laws and allow for vindication of employee rights by unnamed class members.

20. Common questions of law and fact as to the class members predominate over questions affecting only individual members. The common questions of law and fact exist as to whether the employment policies and practices formulated by Defendants and applied to the class members constitute violations of California law.

GENERAL ALLEGATIONS

21. Defendants failed to pay daily overtime or double time to Plaintiff and putative class members as a matter of policy and practice. Defendants paid overtime based only on a 40-hour overtime week, resulting in underpayments of overtime and double-time to Plaintiff and class members.

22. Furthermore, Defendants paid non-discretionary bonuses to Plaintiff and class members, as illustrated on Plaintiff's wage statement dated October 21, 2022. However, Defendants did not factor this bonus category into the regular rate of pay for purposes of paying overtime, sick pay and premiums.

23. Defendants failed altogether to pay or provide paid sick leave in accordance with the applicable state and city ordinances. On information and belief, Plaintiff alleges Defendants failed to maintain any sick pay policy and procedure during the class period.

1 24. With respect to meal periods, Defendants maintain facially non-complaint meal period
2 records demonstrating violations on time records without corresponding meal period premium
3 payments on wage statements. To the extent *any* premiums were paid, Plaintiff alleges they were not
4 paid at the regular rate of pay based on Defendants' regular rate defects related to bonuses and
5 commissions and incentives.

6 25. Defendants maintained an unlawful rest period policy and practice whereby they
7 authorized only one ten-minute rest period per shift, including for shifts in excess of six hours.

8 26. These violations resulted in wage statement violations, as the hourly rate was incorrect
9 based on the regular rate of pay violations for overtime and sick pay, and because Defendants failed
10 to list meal and rest period premiums, sick pay, and other wages indeed earned on employee paystubs.

11 27. Defendants failed to pay all wages based on the foregoing policies and practices each
12 pay day or upon separation of employment, resulting in statutory penalties.

13 28. With respect to the reimbursement claims, Defendants promised relocation bonuses to
14 employees who relocated for work, but failed to pay those bonuses in full, resulting in unpaid
15 reimbursements.

16 **FIRST CAUSE OF ACTION**

17 **FAILURE TO PAY ALL OVERTIME WAGES**

18 **Violation of Labor Code §§ 510 and 1194**

19 29. All outside paragraphs of this Complaint are incorporated into this section.

20 30. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
21 §§ 204, 510, 558, 1194, and 1198, which require non-exempt employees be timely paid overtime
22 wages all overtime hours worked, and which further provide a private right of action for an employer's
23 failure to pay all overtime compensation for overtime hours worked.

24 31. Defendants failed in their affirmative obligation to pay Plaintiff and class members no
25 less than one and one-half times their respective "regular rate of pay" for all hours worked in excess
26 of eight hours in one day, 40 hours in one week, or the first eight hours worked on the seventh day of
27 work in any one workweek, and no less than twice their respective "regular rate of pay" for all hours
28 over 12 hours in one day and any work in excess of eight hours on any seventh day of a workweek for

1 such hours worked, in violation of Labor Code sections 204, 510, 558, 1194, and 1198 and the IWC
2 Wage Orders (the “Hours and Days of Work” sections of the applicable orders).

3 32. Plaintiff and class members are entitled to recover the full amount of the unpaid
4 overtime, in addition to interest, statutory and civil penalties, and attorneys’ fees, and costs to the
5 extent permitted by law.

6 **SECOND CAUSE OF ACTION**

7 **MEAL PERIOD VIOLATIONS**

8 **Violation of Labor Code §§ 226.7 and 512**

9 33. All outside paragraphs of this Complaint are incorporated into this section.

10 34. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
11 §§ 226.7, 558 and 512, which require non-exempt employees be provided complaint meal periods (or
12 meal period premiums in lieu thereof), and which further provide a private right of action for an
13 employer’s failure to lawfully provide all meal periods and/or pay meal period premiums at the lawful
14 regular rate of compensation.

15 35. Defendants willfully failed in their affirmative obligation to consistently provide
16 Plaintiff and class members compliant, duty-free meal periods of not less than 30 minutes beginning
17 before the fifth hour of hour for each work period of more than five hours per day and a second duty-
18 free meal period of not less than 30 minutes beginning before the tenth hour of hour of work in
19 violation of Labor Code sections 226.7, 512, 558, 1198 and the IWC Wage Orders (the “Meal Periods”
20 sections of the applicable orders).

21 36. Further, Defendants willfully failed in their affirmative obligation to consistently pay
22 Plaintiff and class members one additional hour of pay at the respective regular rate of compensation
23 for each workday that a fully compliant meal period was not provided, in violation of Labor Code
24 sections 226.7, 512, 558, and 1198 and the IWC Wage Orders (the “Meal Periods” sections of the
25 applicable orders).

26 37. Plaintiff and class members are entitled to recover the full amount of the meal period
27 premiums owed, in addition to interest, statutory and civil penalties, and attorneys’ fees, and costs to
28 the extent permitted by law.

1 **THIRD CAUSE OF ACTION**

2 **REST PERIOD VIOLATIONS**

3 **Violation of Labor Code §§ 226.7 and 516**

4 38. All outside paragraphs of this Complaint are incorporated into this section.

5 39. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
6 §§ 226.7 and 516, which require non-exempt employees be authorized to take complaint rest periods
7 (or rest period premiums in lieu thereof), and which further provide a private right of action for an
8 employer's failure to lawfully provide all rest periods and/or pay rest period premiums at the lawful
9 regular rate of compensation.

10 40. Defendants willfully failed in their affirmative obligation to consistently authorize and
11 permit Plaintiff and class members to receive compliant, duty-free rest periods of not less than ten
12 (10) minutes for every four hours worked (or major fraction thereof) in violation of Labor Code
13 sections 226.7, 516, 558, and 1198 and the IWC Wage Orders (the "Rest Periods" sections of the
14 applicable orders).

15 41. Further, Defendants willfully failed in their affirmative obligation to consistently pay
16 Plaintiff and class members one additional hour of pay at the respective regular rate of compensation
17 for each workday that a fully compliant rest period was not provided, in violation of Labor Code
18 sections 226.7, 516, 558, and 1198 and the IWC Wage Orders.

19 **FOURTH CAUSE OF ACTION**

20 **FAILURE TO PAY ALL PAID SICK LEAVE WAGES**

21 **Violation of Labor Code §§ 200, 218, 246 *et seq.***

22 42. All outside paragraphs of this Complaint are incorporated into this section.

23 43. Defendants knowingly and intentionally failed in their affirmative obligation to pay
24 sick leave wages to Plaintiff and a paid sick leave subclass in violation of Labor Code section 246
25 *et seq.* Paid sick leave earnings constitute wages for purposes of California wage and hour law.
26 (*Murphy v. Kenneth Cole Productions, Inc.* (2007) 40 Cal.4th 1094, 1103 ["Courts have recognized
27 that 'wages' also include those benefits to which an employee is entitled as a part of his or her
28 compensation, including money, room, board, clothing, vacation pay, and sick pay"].)

1 44. Labor Code section 246(l) governs how Defendants were required to calculate paid sick
2 leave:

3 [A]n employer shall calculate paid sick leave using any of the following calculations:

4 (1) Paid sick time for nonexempt employees shall be calculated in the same
5 manner as the regular rate of pay for the workweek in which the employee uses
6 paid sick time, whether or not the employee actually works overtime in that
7 workweek.

8 (2) Paid sick time for nonexempt employees shall be calculated by dividing the
9 employee's total wages, not including overtime premium pay, by the
10 employee's total hours worked in the full pay periods of the prior 90 days of
11 employment.

12 (3) Paid sick time for exempt employees shall be calculated in the same manner
13 as the employer calculates wages for other forms of paid leave time.

14 45. Defendants failed to pay Plaintiff and class members their paid sick leave wages at one
15 of the lawful rates set forth in the statute because Defendants failed to include in their sick leave
16 calculation the additional remuneration received by Plaintiff and class members.

17 46. Furthermore, to the extent the paid sick leave paid constitutes Covid-related paid sick
18 leave, Defendants knowingly and intentionally failed in their affirmative obligation to pay Covid-19
19 Supplemental Sick Leave wages to class members at the correct rate in violation of Labor Code
20 sections 246, 248.1, 248.2, and 248 *et seq.*

21 47. Pursuant to Labor Code section 248.1, Defendants were required to provide up to 80
22 hours of Covid-19 Supplemental Paid Sick Leave to employees for the period of April 20, 2020 to
23 December 31, 2020. Labor Code section 248.2 required Defendants to provide up to 80 hours of
24 Covid-19 Supplemental Paid Sick Leave for the period of January 1, 2021 through at least September
25 30, 2021. Labor Code section 248.6 extended Covid sick leave protections and requires employers to
26 provide up to 80 hours of Covid-19 Supplemental Paid Sick Leave for the period of January 1, 2022
27 to September 30, 2022, and may be extended thereafter.

1 48. Under Labor Code section 248.1, employees must be paid for Covid-19 Supplemental
2 Paid Sick Leave at the highest of the following: (1) the regular rate of pay for the last pay period,
3 (2) state minimum wage, (3) local minimum wage.

4 49. Under Labor Code section 248.2, non-exempt employees must be paid supplemental
5 paid sick leave according to the highest of the following four methods:

6 (I) Calculated in the same manner as the regular rate of pay for the workweek in which
7 the covered employee uses COVID-19 supplemental paid sick leave, whether or not
8 the employee actually works overtime in that workweek.

9 (II) Calculated by dividing the covered employee's total wages, not including
10 overtime premium pay, by the employee's total hours worked in the full pay periods
11 of the prior 90 days of employment.

12 (III) The state minimum wage.

13 (IV) The local minimum wage to which the covered employee is entitled.

14 50. Labor Code section 248.6 requires employers to pay supplemental sick leave using
15 either method (I) or (II), as identified above.

16 51. On information and belief, Defendants failed to pay Covid-19 Supplemental Sick
17 Leave in the manner described above because Defendants failed to include in their sick leave
18 calculation the additional remuneration received by class members.

19 52. As a result, Defendants violated the Labor Code and are liable to Plaintiff and class
20 members for underpaid sick leave wages, in addition to interest, attorneys' fees, and costs.

21 **FIFTH CAUSE OF ACTION**

22 **UNTIMELY PAYMENT OF WAGES**

23 **Violation of Labor Code §§ 204, 210, 218**

24 53. All outside paragraphs of this Complaint are incorporated into this section.

25 54. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
26 §§ 204, 204b, and 210 which require non-exempt employees be timely paid all wages owed each pay
27 period, and which further provide a private right of action for an employer's failure to comply with
28

1 this obligation. Labor Code § 218 authorizes individuals to sue directly for wages and penalties due
2 under these sections, including Labor Code § 210(c)'s statutory late payment penalties.

3 55. Defendants willfully failed in their affirmative obligation to timely pay all wages,
4 including paid sick leave and meal and rest premiums, earned by Plaintiff and class members twice
5 during each calendar month on days designated in advance by the employer as regular paydays (for
6 employees paid on a non-weekly basis) and on the regularly-scheduled weekly payday for weekly
7 employees, if any, in violation of Labor Code sections 204 and 204b and the IWC Wage Orders (the
8 "Minimum Wages" sections of the applicable orders).

9 56. Plaintiff and class members are entitled to recover the full amount of the unpaid wages,
10 in addition to a statutory penalty in the amount of \$100 for the initial violation for each failure to pay
11 each employee and \$200 for all subsequent violations and for all willful or intentional violations for
12 each failure to pay each employee, plus 25 percent of the amount unlawfully withheld under provided
13 in Labor Code § 210, in addition to interest, attorneys' fees, and costs to the extent permitted by law.

14 **SIXTH CAUSE OF ACTION**

15 **WAGE STATEMENT VIOLATIONS**

16 **Violation of Labor Code § 226**

17 57. All outside paragraphs of this Complaint are incorporated into this section.

18 58. This cause of action is brought by a wage statement subclass pursuant to Labor Code
19 § 226(a) which requires non-exempt employees be provided accurate itemized wage statements each
20 pay period, and which further provide a private right of action for an employer's failure to comply
21 with this obligation.

22 59. Defendants knowingly and intentionally failed in their affirmative obligation to provide
23 accurate itemized wage statements to Plaintiff and class members resulting in injury to Plaintiff and
24 class members. Specifically, the wage statements issued to Plaintiff and class members did not
25 accurately state each pay period all of the information required by Labor Code § 226(a)(1)-(9).

26 60. Defendants' unlawful acts and omissions deprived Plaintiff and class members of
27 accurate itemized wage statements, causing confusion and concealing wage and premium
28 underpayments.

1 61. As a result, Plaintiff and class members are entitled to recover the statutory penalty of
2 \$50 per employee for the initial pay period in which a violation occurred and \$100 per employee for
3 each violation in a subsequent pay period, up to an aggregate penalty of \$4,000 per employee, in
4 addition to interest, attorneys' fees, and costs to the extent permitted by law, including under Labor
5 Code section 226(e).

6 **SEVENTH CAUSE OF ACTION**

7 **WAITING TIME PENALTIES**

8 **Violation of Labor Code §§ 201 *et seq.***

9 62. All outside paragraphs of this Complaint are incorporated into this section.

10 63. This cause of action is brought by a waiting time subclass pursuant to Labor Code
11 §§ 201 through 203, which require an employer to timely pay all wages earned upon termination of
12 employment, and which further provide a private right of action to recover statutory waiting time
13 penalties each day an employer fails to comply with this obligation, up to a maximum of 30 days
14 wages.

15 64. Defendants willfully failed and continue to fail in their affirmative obligation to pay all
16 wages earned and unpaid to Plaintiff and class members immediately upon termination of employment
17 or within 72 hours thereafter for employees who did not provide at least 72 hours prior notice of his
18 or her intention to quit, and further failed to pay those sums for 30 days thereafter in violation of Labor
19 Code sections 201 through 203 and the IWC Wage Orders.

20 65. Plaintiff and class members are entitled to recover a waiting time penalty for a period
21 of up to 30 days, in addition to interest, attorneys' fees, and costs to the extent permitted by law.

22 **EIGHTH CAUSE OF ACTION**

23 **FAILURE TO REIMBURSE BUSINESS EXPENSES**

24 **Violation of Labor Code § 2802**

25 66. All outside paragraphs of this Complaint are incorporated into this section.

26 67. Defendants willfully failed in their affirmative obligation to reimburse Plaintiff and a
27 reimbursement subclass for all necessary expenditures, losses, expenses, and costs incurred by them
28 in direct discharge of the duties of their employment, in violation of Labor Code section 2802.

68. Defendants' unlawful acts and omissions deprived Plaintiff and class members of lawful reimbursements for business expenses in amounts to be determined at trial. Plaintiff and class members are entitled to recover the amount unreimbursed expenses of Plaintiff and class members in addition to interest, attorneys' fees, and costs to the extent permitted by law, including under Labor Code section 2802.

NINTH CAUSE OF ACTION

UNFAIR COMPETITION

Violation of Business and Professions Code §§ 17200 *et seq.*

69. All outside paragraphs of this Complaint are incorporated into this section.

70. Defendants have engaged and continue to engage in unfair and/or unlawful business practices in the State of California in violation of California Business and Professions Code § 17200 by committing the foregoing wage and hour violations alleged throughout this Complaint.

71. Defendants' dependance on these unfair and/or unlawful business practices deprived Plaintiff and continue to deprive other class members of compensation to which they are legally entitled, constitutes unfair and/or unlawful competition, and provides an unfair advantage to Defendants over competitors who have been and/or are currently employing workers in compliance with California's wage and hour laws. These failures constitute unlawful, deceptive, and unfair business acts and practices in violation of Business and Professions Code section 17200 *et seq.*

72. Plaintiff is a victim of Defendants' unfair and/or unlawful conduct alleged in this Complaint, and Plaintiff, as an individual and on behalf of others similarly situated, seeks full restitution of the moneys as necessary and according to proof to restore all monies withheld, acquired, and/or converted by Defendants pursuant to Business and Professions Code §§ 17203 and 17208.

73. Plaintiff does not have an adequate remedy at law for past or future violations, to the extent the statute of limitations on each of the alleged causes of action do not extend to the four year limitation provided under the UCL or to the extent the underlying Labor Code and IWC Wage Order violations do not provide a private right of action.

74. Plaintiff and class members are entitled to injunctive relief against Defendants, restitution, and other equitable relief to return all funds over which Plaintiff and class members have

1 an ownership interest and to prevent future damage and the public interest under Business and
2 Professions Code § 17200 *et seq.* Plaintiff and class members are further entitled to recover interest,
3 attorneys' fees, and costs to the extent permitted by law, including under Code of Civil Procedure
4 § 1021.5.

5 **TENTH CAUSE OF ACTION**

6 **CIVIL PENALTIES UNDER THE PRIVATE ATTORNEYS GENERAL ACT**

7 **Violation of Labor Code §§ 2698 *et seq.***

8 **(By Plaintiff on Behalf of the State and the Aggrieved Employees Against All Defendants)**

9 75. All outside paragraphs of this Complaint are incorporated into this section.

10 76. Plaintiff brings this cause of action as a proxy for the State of California on behalf of
11 the following “aggrieved employees” pursuant to the Private Attorneys General Act (“PAGA”),
12 codified as Labor Code section 2698 *et seq.*:

13 a. All current and former non-exempt employees who worked for Defendants in
14 California at any time from one year prior to the postmark date of the initial
15 PAGA notice through date of trial, and as further tolled by the Tolling
16 Stipulation executed by the Parties.

17 77. Plaintiff reserves the right to amend, supplement, or add to this description of the
18 aggrieved employees, according to proof.

19 78. The State of California, via the Labor and Workforce Development Agency
20 (“LWDA”), is the real party in interest in this action with respect to this cause of action. (*Kim v. Reins*
21 *Int’l California, Inc.* (2020) 9 Cal. 5th 73, 81 [The “government entity on whose behalf the plaintiff
22 files suit is always the real party in interest.”])

23 79. Labor Code section 2699(a) provides: “Notwithstanding any other provision of law,,
24 any provision of this code that provides for a civil penalty to be assessed and collected by the Labor
25 and Workforce Development Agency or any of its departments, divisions, commissions, boards,
26 agencies, or employees, for a violation of this code, may, as an alternative, be recovered through a civil
27 action brought by an aggrieved employee on behalf of himself or herself and other current or former
28 employees pursuant to the procedures specified in Section 2699.3. “

1 80. Labor Code section 2699(f) provides: “For all provisions of this code except those for
2 which a civil penalty is specifically provided, there is established a civil penalty for a violation of these
3 provisions, as follows: ... (2) If, at the time of the alleged violation, the person employs one or more
4 employees, the civil penalty is one hundred dollars (\$100) for each aggrieved employee per pay period
5 for the initial violation and two hundred dollars (\$200) for each aggrieved employee per pay period for
6 each subsequent violation.”

7 81. Any allegations regarding violations of the IWC Wage Orders are enforceable as
8 violations of Labor Code section 1198, which states: “[t]he employment of any employee for longer
9 hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.”

10 82. Labor Code section 2699.3 sets forth the procedure for commencing an action for civil
11 penalties under the PAGA.

12 83. On or about **April 18, 2023**, Plaintiff paid the requisite PAGA filing fee and provided
13 written notice (by online electronic filing with the LWDA and by certified mail to Defendants) of
14 Defendants’ alleged Labor Code violations, including the facts and theories to support the alleged
15 violations.

16 84. A true and correct copy of Plaintiff’s written PAGA notice, entitled “Notice of Labor
17 Code Violations” is attached hereto as Exhibit 1 and incorporated by reference as though fully set
18 forth herein (the “PAGA notice”).

19 85. To date, neither Plaintiff nor Plaintiff’s counsel has received a response to Plaintiff’s
20 written PAGA notice from the LWDA.

21 86. Within 33 calendar days of the postmark date of the notice sent by Plaintiff, neither
22 Plaintiff nor Plaintiff’s counsel has received written notice by certified mail from any defendant
23 providing a description of any actions taken to cure the alleged violations.

24 87. Now that at least 65 days have passed from Plaintiff notifying Defendants of these
25 violations, without notice of cure from Defendants or notice from the LWDA of its intent to investigate
26 the alleged allegations and issue the appropriate citations to Defendants, Plaintiff exhausted all
27 prerequisites and commenced this civil action under Labor Code section 2699 *et seq.*
28

88. As set forth in the PAGA notice attached as Exhibit 1 and incorporated into this Complaint, Defendants committed the following violations and are liable for all corresponding civil penalties:

- a. ***Unpaid Overtime.*** Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders.
- b. ***Unpaid Paid Sick Leave.*** Violation of Labor Code §§ 246 through 248.7.
- c. ***Unpaid Meal Period Premium Wages.*** Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders.
- d. ***Unpaid Rest Period Premium Wages.*** Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders.
- e. ***Untimely Payment of Wages During Employment.*** Violation of Labor Code §§ 204, 204b, 210.
- f. ***Untimely Payment of Wages Upon Separation of Employment.*** Violation of Labor Code §§ 201, 202, 203, 256.
- g. ***Non-Compliant Wage Statements.*** Violation of Labor Code §§ 226, 226.3.
- h. ***Unreimbursed Employee Expenses.*** Violation of Labor Code §§ 2802, 2804.
- i. ***Failure to Maintain Accurate Records.*** Violation of Labor Code § 1174; IWC Wage Orders.

89. Plaintiff seeks to collect all recoverable civil penalties for the Labor Code violations alleged in this Complaint and the PAGA notice (including amendments thereto) against Defendants pursuant to Labor Code section 2699(a) and (f), in addition to attorneys' fees, costs, and interest to the extent permitted by law, including under Labor Code section 2699(g).

PRAYER

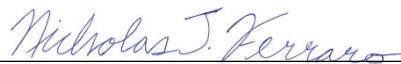
Plaintiff prays for judgment as follows:

- a. For certification of this action as a class action;
- b. For appointment of Plaintiff as the class representative;
- c. For appointment of above-captioned counsel for Plaintiff as Class Counsel;

- 1 d. For division of class members into appropriate classes and/or subclasses according to
2 proof;
- 3 e. For recovery of damages in amount according to proof;
- 4 f. For all recoverable pre- and post-judgment interest;
- 5 g. For recovery of all civil and statutory penalties and liquidated damages;
- 6 h. For disgorgement of all amounts wrongfully obtained;
- 7 i. For this action to be maintained as a representative action under the PAGA;
- 8 j. For Plaintiff and counsel of record to be provided with all enforcement capability as if
9 the action were brought by the State of California or the California Division of Labor
10 Enforcement;
- 11 k. For recovery of all civil penalties and other recoverable amounts under the PAGA;
- 12 l. For restitution and injunctive relief;
- 13 m. For reasonable attorneys' fees and costs of suit, including expert fees, to the extent
14 permitted by law, including (without limitation) under Labor Code §§ 218.5, 226,
15 1194, 2802, 2699, and Code of Civil Procedure section 1021.5; and
- 16 n. For such other relief the Court deems just and proper.

17
18 Dated: August 11, 2023

Ferraro Vega Employment Lawyers, Inc.

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Nicholas J. Ferraro

Attorneys for Plaintiff Isaiah Harris

EXHIBIT 1

Notice of Labor Code Violations

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April 17, 2023

NOTICE OF LABOR CODE VIOLATIONS
CALIFORNIA LABOR CODE SECTIONS 2698 *et seq.*

VIA CERTIFIED U.S. MAIL
- Electronic Return Receipt -

Austal USA LLC
100 Austal Way
Mobile, AL 36602

Austal USA Services
100 Austal Way
Mobile, AL 36602

- PAGA Notice & Filing Fee -

Submitted electronically to the Labor and
Workforce Development Agency

Dear LWDA Officer and Company Representatives:

This letter serves as written notice under Labor Code section 2699.3 on behalf of **ISAIAH HARRIS** (“Plaintiff(s)”) and all other “aggrieved employees” of the following “Defendant(s)”:

AUSTAL USA, LLC
AUSTAL USA SERVICES, LLC

Defendant(s) shall mean and include the foregoing in addition to any other related employer entities, individuals under Labor Code sections 558 and 558.1, and all others who may be later added upon further investigation and discovery as liable employers.

This office serves as legal counsel for Plaintiff. If the California Labor and Workforce Development Agency (“LWDA”) does not investigate the facts, allegations, and violations set forth in this notice within the statutorily prescribed 65-day period under Labor Code section 2699.3, Plaintiff intends to commence a civil action against Defendants as a proxy and agent of the State of California under the Private Attorneys General Act (“PAGA”). “PAGA allows an ‘aggrieved employee’—a person affected by at least one Labor Code violation committed

by an employer—to pursue penalties for all the Labor Code violations committed by that employer.” *Huff v. Securitas Security Services USA, Inc.* (2018) 23 Cal. App. 5th 745, 751; *Kim v. Reins International California, Inc.* (2020) 9 Cal. 73, 79.

Through this notice, Plaintiff requests that Defendants complete an internal investigation and audit of the wage and hour and employment practices at issue and make a good faith effort to correct any violations. Plaintiff attempts to identify the non-compliant policies and practices affecting the aggrieved employees so that the parties may resolve the underlying damages and penalties in judgment or settlement approved by the Superior Court of California under Labor Code section 2699(k). Defendants are notified that any attempt to resolve this case should be conducted in coordination with Plaintiff’s counsel to protect the interests of Plaintiff, the aggrieved employees, and the State of California via the LWDA. Plaintiff advises Defendants this letter should be also considered a reasonable attempt at settlement of this matter, subject to an exchange of additional documents and information. *Graham v. Daimler Chrysler Corp.* (2004) 24 Cal. 4th 553, 561.

- BACKGROUND -

Defendants employed Plaintiff during the PAGA Period in the position of Ship Fitter from about March 2012 to present day. During their employment Plaintiff and the other aggrieved employees were subject to the wage and hour and employment protections set forth in the California Labor Code and IWC Wage Orders.

Through this notice, Plaintiff informs the LWDA of the Labor Code violations set forth herein. The “aggrieved employees” include Plaintiff and the following individuals:

All current and former non-exempt employees who worked for Defendants in the State of California during one-year period preceding the date of this notice through the current date and the date of trial in any pending action (the “aggrieved employees” and the “PAGA Period”).

Plaintiff reserves the right to expand or narrow the definition of the “aggrieved employees” in the forthcoming civil action. Furthermore, Plaintiff seeks all recoverable civil penalties for Defendants’ violations and reserves the right to supplement this notice as further investigation is completed and further facts, witnesses, and violations are uncovered.

- PAGA CLAIMS -

Unpaid Overtime

Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders

Defendants violated Labor Code sections 510, 1194, and 1198, along with the “Hours and Days of Work” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 510 requires “[a]ny work in excess of eight hours in one workday and any work in excess of 40 hours in any one workweek and the first eight hours worked on the seventh day of work in any one workweek shall be compensated at the rate of no less than one and one-half times the regular rate of pay for an employee;” and “any work in excess of 12 hours in one day shall be compensated at the rate of no less than twice the regular rate of pay for an employee;” and “any work in excess of eight hours on any seventh day of a workweek shall be compensated at the rate of no less than twice the regular rate of pay of an employee.” Labor Code section 1194 renders it unlawful for an employee to receive less than the legal overtime rate for overtime hours worked in California. Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders further require payment of overtime wages for all overtime hours worked, including the “Hours and Days of Work” sections.

Defendants failed to pay Plaintiff and the aggrieved employees overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages. Plaintiff and the aggrieved employees are hourly workers who often worked over eight hours in one day and over 40 hours in one week. Plaintiff and the aggrieved employees were not paid all their overtime pay for shifts in excess of 8 hours; instead, Defendants paid overtime after 40 hours per workweek, in violation of California law. However, Plaintiff understands this practice has recently been rectified. The failure to pay overtime for hours in excess of 8 in a workday (or associated double time) constitutes a Labor Code violation.

To the extent that overtime was paid, it was not paid per the regular rate of pay as certain commissions, bonuses, and supplemental income were not factored into such overtime pay. This violation is evident in Plaintiff’s wage statements.

Name	Company	Employee ID	Pay Period Begin	Pay Period End	Check Date	Check Number
Isaiah Harris III	Austal USA LLC	3827	10/10/2022	10/16/2022	10/21/2022	
		Gross Pay	Pre Tax Deductions	Employee Taxes	Post Tax Deductions	Net Pay
Current		3,314.96	165.75	1,116.85	0.00	2,032.36
YTD		68,966.07	6,030.90	17,327.32	7,598.03	38,009.82
Earnings						
Description	Dates	Hours	Rate	Amount	YTD Hours	YTD Amount
Bonus	10/10/2022 - 10/16/2022	0	0	3,314.96	0	3,314.96
Double Time			0	4,775.556	331.52	
Holiday Pay			0	40	1,388.40	
Overtime			0	180.313884	9,388.68	
Regular Pay			0	1463.371112	50,793.83	
West Coast PTO			0	108	3,748.68	
Earnings				3,314.96	68,966.07	
Employee Taxes						
Description				Amount	YTD	
OASDI				205.53	4,115.79	
Medicare				48.06	962.56	
Federal Withholding				577.49	8,079.09	
State Tax - CA				249.30	3,411.25	
CA SDI - CASDI				36.47	758.63	
Employee Taxes				1,116.85	17,327.32	

Extract from Plaintiff's wage statement from October 21, 2022 for the pay period from October 10, 2022 to October 16, 2022 with the bonus pay.

Name	Company	Employee ID	Pay Period Begin	Pay Period End	Check Date	Check Number
Isaiah Harris III	Austal USA LLC	3827	10/10/2022	10/16/2022	10/21/2022	
		Gross Pay	Pre Tax Deductions	Employee Taxes	Post Tax Deductions	Net Pay
Current		1,820.31	138.09	485.92	104.87	1,091.43
YTD		70,786.38	6,168.99	17,813.24	7,702.90	39,101.25
Earnings						
Description	Dates	Hours	Rate	Amount	YTD Hours	YTD Amount
Bonus			0		0	3,314.96
Double Time			0		4,775.56	331.52
Holiday Pay			0		40	1,388.40
Overtime	10/10/2022 - 10/16/2022	8.295278	52.065	431.91	188.609162	9,820.59
Regular Pay	10/10/2022 - 10/16/2022	40	34.71	1,388.40	1503.371112	52,182.23
West Coast PTO			0		108	3,748.68
Earnings				1,820.31		70,786.38
Employee Taxes						
Description				Amount		YTD
OASDI				109.94		4,225.73
Medicare				25.72		988.28
Federal Withholding				231.01		8,310.10
State Tax - CA				99.23		3,510.48
CA SDI - CASDI				20.02		778.65
Employee Taxes				485.92		17,813.24

Extract from Plaintiff's wage statement from October 21, 2022 for the pay period from October 10, 2022 to October 16, 2022 with the incorrect overtime pay.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1199 / "Penalties" section of the IWC Wage Orders) (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Paid Sick Leave **Violation of Labor Code §§ 246 through 248.7**

Defendants violated Labor Code sections 246 through 248.7 with respect to the aggrieved employees.

Labor Code section 246 requires employers to provide paid sick leave to its workforce on the terms set forth in the statute. Employers must comply with the accrual, use, and notice provisions of Labor Code sections 246, 246.5, 247, and must further ensure that they maintain the paid sick leave records required by Labor Code section 247.5. Employers have the option of providing 24 hours of paid sick leave to employees or to allow employees to accrue paid sick leave each pay period. If an employer chooses the accrual method, employees must accrue sick leave at a rate of one hour for every thirty hours worked in a given pay period as set forth

in Labor Code section 246(b)(1). Under the accrual method, employees must begin accruing paid sick leave at the commencement of employment.

Employers must pay sick leave in accordance with one of the three permissible methods provided in Labor Code section 246(l): (1) “the same manner as the regular rate of pay for the workweek;” (2) “by dividing the employee’s total wages, not including overtime premium pay, by the employee’s total hours worked in the full pay periods of the prior 90 days;” or (3) “for exempt employee ... in the same manner as the employer calculates wages for other forms of paid leave time.” Labor Code sections 248.6 and 248.7 similarly require paid sick leave to be paid at a regular rate-based calculation in excess of the base hourly rate and at the lawful accrual rate.

Under Labor Code section 246(i), employers must provide employees “with written notice of the amount of paid sick leave available ... for use on either the employee’s itemized wage statement ... or in a separate writing provided on the designated pay date with the employee’s payment of wages.”

Defendants failed to comply with California’s paid sick leave laws with respect to the aggrieved employees. Plaintiff and aggrieved employees were never notified of their available sick leave and were not provided with sick pay or sick leave. They were also denied their lawful paid sick leave throughout their employment. To the extent that sick leave was paid, it was not paid per the regular rate of pay as certain commissions, bonuses, and supplemental income were not factored into such overtime pay. This violation is evident in Plaintiff’s wage statements.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Meal Period Premium Wages **Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders**

Defendants violated Labor Code sections 226.7, 512, and 1198, along with the related sections of the IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 512 and the IWC Wage Orders require that employers provide an uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work. *See Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal. 4th 1004, 1049. Labor Code section 226.7 requires that if a meal period is late, missed, short, or interrupted, the employer must pay one additional hour of pay at the employee’s “regular rate” of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 (“We hold that the terms are synonymous: “regular rate of compensation” under section 226.7(c), like “regular rate of pay” under section 510(a), encompasses all nondiscretionary

payments, not just hourly wages”). “[T]ime records showing noncompliant meal periods raise a rebuttable presumption of meal period violations, including at the summary judgment stage.” *Donohue v. AMN Services, LLC* (2021) 11 Cal. 5th 58, 61. Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders, including Section 11 (Meal Periods), further require one uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work and an additional hour of pay at the employee’s regular rate of compensation for each workday that a compliant meal period is not provided. Pursuant to Section 11(A) of the IWC Wage Orders, the California Supreme Court has held that the on-duty meal period exception is “exceedingly narrow” and applies only when (1) “the nature of the work prevents the employee from being relieved of all duty” and (2) *both* “the employer and employee have agreed, in writing, to the on-duty meal period.” *Augustus v. AMB Security Services, Inc.* (2016) 2 Cal. 5th 257, 266-276 (emphasis added). If these two requirements are not met, then the employer owes the employee one hour of premium pay for each non-compliant meal period taken under the purported on-duty meal arrangement. *Naranjo v. Spectrum Security Services, Inc.* (2019) 40 Cal. 5th 444, 459.

Plaintiff and the aggrieved employee often experienced a late, missed, shortened, or interrupted meal period due to the nature of the job and employee staffing issues. Plaintiff and the aggrieved employees did not receive a meal premium pay for the meal period violations. To the extent that a meal premium pay was paid, it was not properly paid per the “regular rate of pay” as commissions, bonuses, and other supplemental income was not factored into such pay.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Rest Period Premium Wages **Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders**

Defendants violated Labor Code sections 226.7, 516, and 1198, and the related sections of the IWC Wage Orders with respect to Plaintiff and the aggrieved employees.

Labor Code sections 226.7 and 516 and the IWC Wage Orders require that employers authorize and permit an uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) that an employee works. Labor Code section 226.7 requires that if a rest period is non-compliant, the employer must pay one additional hour of pay at the employee’s “regular rate” of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 (“We hold that the terms are synonymous: “regular rate of compensation” under section 226.7(c), like “regular rate of pay” under section 510(a), encompasses all nondiscretionary payments, not just hourly wages”). Labor Code section 1198 renders

“employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders, including Section 12 (Rest Periods), further require one uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) worked and an additional hour of pay at the employee’s regular rate of compensation for each workday that a compliant rest period is not authorized or permitted.

Plaintiff and the aggrieved employee often experienced a missed rest period due to the nature of the job and employee staffing issues. Additionally, until recently, Plaintiff and the aggrieved employees were only provided one rest period for shifts of six hours or more, in violation of California law. Plaintiff and the aggrieved employees did not receive a premium pay for the rest period violations. To the extent that a rest premium pay was paid, it was not properly paid per the “regular rate of pay” as commissions, bonuses, and other supplemental income was not factored into such pay.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Untimely Payment of Wages During Employment **Violation of Labor Code §§ 204, 204b, 210**

Defendants violated Labor Code sections 204 and/or 204b and 210, as applicable, with respect to Plaintiff and the aggrieved employees.

Labor Code section 204(a) requires payment of “all wages” for non-exempt employees at least twice each calendar month. Labor Code section 204(d) states all wages due must be paid “not more than seven calendar days following the close of the payroll period.” Labor Code section 204b applies to employees paid on a weekly basis and also requires the payment for all labor within the required pay periods. Labor Code section 210 provides “every person who fails to pay the wages of an employee as provided in Section ... 204 ... shall be subject to a civil penalty” of \$100 for an initial violation and \$200 plus 25% of the amount unlawfully withheld for a subsequent violation.

Because Defendants failed to pay all wages and premiums in each pay period in which such wages were earned at the lawful rate, Defendants violated Labor Code section 204 and/or 204b (for weekly employees, as applicable). Defendants violated Labor Code sections 204 and 204b by failing to pay all wages and premiums owed on the regular pay days scheduled each pay period within seven calendar days of the close of the payroll period, as a result of the policies and practices set forth in this notice.

As explained above, Defendant underpaid Plaintiff and aggrieved employee’s regular, overtime, sic , and premium pay, including at the lawful regular rate of compensation/pay

Defendant is separately liable for not paying the full amount owed to Plaintiff and aggrieved employee' each payday in violation of Labor Code section 204 and/or 204b.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, and Labor Code section 210 (\$100/\$200) per violation per pay period, along with all other civil penalties permitted by law.

Non-Compliant Wage Statements **Violation of Labor Code §§ 226, 226.3**

Defendants violated Labor Code sections 226(a) and 226.3 with respect to the aggrieved employees by failing to furnish itemized wage statements each pay period that accurately list all information required by Labor Code section 226(a)(1) through (9).

Labor Code section 226(a) requires an employer to furnish wage statements to employees semimonthly or at the time of each payment of wages, "an accurate itemized statement in writing showing:" (1) gross wages earned, (2) total hours worked, (3) the number of piece rate units earned and applicable piece-rate in effect, (4) all deductions, (5) net wages earned, (6) the inclusive dates of the pay period, (7) the name of the employee and last four digits of SSN or an EIN, (8) the name and address of the legal name of the employer, and (9) all applicable hourly rates in effect during the pay period and the number of hours worked at each hourly rate by the employee.

Defendants failed to provide accurate itemized wage statements to the aggrieved employees each pay period as a result of the policies and practices set forth in this notice. Defendants violated Labor Code section 226(a)(1) and (5) by not listing the correct "gross wages earned" or "net wages earned," as the employees earned wages and premiums that were not paid, resulting in an inaccurate reflection, and recording of "gross wages earned" on those wage statements. Likewise, in violation of Labor Code section 226(a)(9), Defendants failed to state on employee wage statements each pay period the applicable hourly rates in effect and the number of hours worked at that rate, as Defendants failed to pay all wages and premiums owed to employees. The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay stub.

Additionally, in violation of Labor Code section 226(a)(9), the hourly rates and corresponding hours worked at those rates are incorrectly listed on Plaintiff and aggrieved employees' wage statements. The hourly rates on the wage statement are inaccurate with respect to overtime hours that were not paid at the "regular rate of pay" with respect to overtime, meal/rest period premiums, and paid sick leave hours, if any, as those hours were paid at the improper base rate and reflected as such on Plaintiff's wage statements.

Plaintiff and other aggrieved employees cannot promptly and easily determine from the wage statement alone the wages paid or earned without reference to other documents or information. Indeed, these wage statement violations are significant because they sow confusion among Plaintiff and other aggrieved employees with respect to what amounts were owed and paid, at what rates, the number of hours worked, and how those amounts were or should be calculated. The wage statements reflect a false statement of earnings and concealed the underlying problems and underpayments of employee wages.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 226.3 (\$250/\$1,000) and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unreimbursed Employee Expenses **Violation of Labor Code §§ 2802, 2804**

Defendants violated Labor Code section 2802 with respect to the aggrieved employees by failing to reimburse the aggrieved employees for all necessary expenditures or losses incurred as part of their job duties.

Labor Code section 2802 requires an employer to “indemnify his or her employee for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer, even though unlawful, unless the employee, at the time of obeying the directions, believed them to be unlawful.” *See, e.g., Espinoza v. West Coast Tomato Growers, LLC*, 2016 WL 4468175 at *4, n.2 (S.D. Cal. Aug. 24, 2016, No. 14-CV-2984 W (KSC)).

Labor Code section 2804 affirms that “[a]ny contract or agreement, express or implied, made by any employee to waive the benefits of this article or any part thereof, is null and void, and this article shall not deprive any employee or his personal representative of any right or remedy to which he is entitled under the laws of this State.”

Defendants required Plaintiff and the aggrieved employees to incur costs for work-related purposes without full reimbursement. In direct consequence of their job duties, Plaintiff and the aggrieved employees unavoidably and necessarily incurred these losses, expenditures, costs, and as a matter of policy and practice.

When Plaintiff relocated from Alabama to San Diego, Defendants provided a “Professional Relocation Policy” that details out what costs and how much Defendant will reimburse employees for relocation which includes lease breakage fine, shipment of household goods, a relocation allowance, temporary living expenses, and automobile mileage expenses. However, Plaintiff and aggrieved employees who have relocated have yet to receive any type of reimbursement for their relocations. This violation also constitutes a unpaid wage violation with associated wage related penalties.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Attorneys' Fees and Costs
Labor Code § 2699(g)

Plaintiff has been compelled to retain the services of counsel to protect the interests of other aggrieved employees and the State of California. Plaintiff continues to incur attorneys' fees and costs, which are recoverable under California law, including Labor Code section 2699(g).

- LITIGATION HOLD NOTICE -

This letter imposes a duty upon all defendants and their respective employees, officers, directors, executives, attorneys, human resource and payroll personnel, accountants, and other agents to preserve all physical and electronic evidence, including electronically stored information and emails, which relate to the employment of Plaintiff and the aggrieved employees specified in this notice. Evidence includes, but is not limited to, Defendants' written employment and payroll policies and handbooks; the aggrieved employees' personnel files and payroll records, such as paystubs, time records, wage statements, compensation reports, as well as the underlying electronically data in Excel or similar format. Memoranda and internal and external correspondence relating to the subject matter of this notice shall also be maintained. Failure to preserve and retain relevant evidence may constitute spoliation of evidence and result in an adverse inference or sanctions.

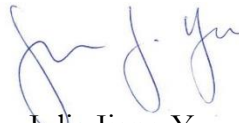
If you have any questions regarding the scope your obligations to preserve evidence, please consult your legal counsel and always err on the side of caution. Periodic or regularly scheduled purges or deletions of information covered by this hold must be suspended immediately.

- CONCLUSION -

If the LWDA does not pursue enforcement, Plaintiff intends to bring representative claims on behalf of the State of California and the aggrieved employees seeking civil penalties for violations of the Labor Code and the IWC Wage Orders, along with attorneys' fees, costs, interest, and other appropriate relief.

Please advise if the LWDA intends to investigate any of the factual or legal allegations set forth in this notice. Defendants may contact Plaintiff's counsel with any questions regarding this letter or the forthcoming lawsuit.

Sincerely,



Julia Jiang Yu

Cc Plaintiff Isaiah Harris

Boris Sorsher, Esq. (bsorsher@fisherphillips.com)
Fisher & Phillips
Counsel of Record for Defendants