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Superior Court of California,
County of San Diego

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Clerk of the Superior Court
By Sophia Felix, Deputy Clerk

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

SERGIO AVILA and MARCOS SAENZ,
individually and on behalf of all others similarly
situated,

Plaintiffs,

vs.

ASC PROTECTION INC.; ADVANCED
SECURITY CONCEPTS CORPORATION;
ADVANCED SECURITY CONCEPTS; and
DOES 1 through 50, inclusive,

Defendants.

Case No. 37-2023-00015348-CU-OE-CTL

*Assigned to the Hon. Carolyn Caietti
Dept. C-70*

CLASS ACTION

**SECOND AMENDED CLASS AND
REPRESENTATIVE ACTION
COMPLAINT**

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

1 Plaintiffs SERGIO AVILA and MARCOS SAENZ, individually and on behalf of all others
2 similarly situated and the State of California under the Private Attorneys General Act (“Plaintiff”)
3 brings this SECOND AMENDED CLASS AND REPRESENTATIVE ACTION COMPLAINT
4 against Defendants ASC PROTECTION INC.; ADVANCED SECURITY CONCEPTS
5 CORPORATION; ADVANCED SECURITY CONCEPTS; and DOES 1 through 50, inclusive
6 (collectively “Defendants”), alleging as follows:

7 **INTRODUCTION**

8 1. This is a class and representative action for wage and hour violations of the California
9 Labor Code against ASC Protection INC.; Advanced Security Concepts Corporation; and Advanced
10 Security Concepts, which together provide an array of security services including but not limited to
11 residential security, executive protection, crowd management, and risk assessment.

12 2. Defendants employed Plaintiffs and class members at multiple locations in San Diego
13 County and Los Angeles County. Defendants failed to pay all meal and rest period premiums,
14 maintained an unlawful on-duty and on-premises meal and rest period policy, failed to pay the regular
15 rate of compensation for missed, shortened, or interrupted meal periods, and failed to pay all wages
16 owed each pay period and upon separation of employment accordingly. Plaintiffs and class members
17 were further required to use their personal cell phones for work purposes and were not compensated
18 for those work-related costs.

19 3. Plaintiffs brings this action to recover the underpaid damages, plus interest, penalties,
20 attorneys’ fees, and costs.

21 **JURISDICTION & VENUE**

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

24 5. The monetary damages and restitution sought exceed the minimal jurisdiction limits of
25 the Superior Court.

26 6. This Court has jurisdiction over Defendants because, upon information and belief,
27 Defendants have sufficient minimum contacts in California, or otherwise intentionally avail
28

1 themselves to the California economy so as to render the exercise of jurisdiction over them by the
2 California courts consistent with traditional notions of fair play and substantial justice.

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

6 **PARTIES**

7 **A. Plaintiffs Sergio Avila and Marcos Saenz**

8 8. Plaintiff Avila is an individual over 18 years of age who worked for Defendants in
9 California as a non-exempt employee from about December 2019 to March 2023. Plaintiff worked as
10 a Security Officer Supervisor.

11 9. Plaintiff Saenz is an individual over 18 years of age who worked for Defendants in
12 California as a non-exempt employee from about February 2019 to September 2021. Plaintiff worked
13 as a Security Guard.

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

18 **B. Defendants**

19 11. Defendant ASC Protection, Inc is a California corporation that maintains operations
20 and conducts business throughout the State of California, including in this county.

21 12. Defendant Advanced Security Concepts Corporation is a California corporation that
22 maintains operations and conducts business throughout the State of California, including in this
23 county.

24 13. Defendant Advanced Security Concepts is a California organization that maintains
25 operations and conducts business throughout the State of California, including in this county.

26 14. The true names and capacities, whether individual, corporate, or otherwise, of the
27 parties sued as DOES 1 through 50, are presently unknown, unascertainable, or uncertain, and are sued
28 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.

15. 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.

16. 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.

17. 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

18. 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.

19. Plaintiffs reserve the right to establish various subclass definitions as appropriate at the class certification stage, according to proof.

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

- b. 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

1 numerous that joinder of all class members is impracticable. The identities of
2 class members is ascertainable by inspection of Defendants' employment and
3 payroll records.

4 c. Typicality: Plaintiffs' claims are typical of the claims of the other class
5 members. They were subject to the same policies and practices of Defendants,
6 which resulted in losses to the class. Proof of common unlawful business
7 practices, which Plaintiffs experienced, will establish the right of the class to
8 recover on the causes of action alleged herein.

9 d. Adequacy: Plaintiffs are adequate class representatives; will take all necessary
10 steps to protect the class members' interests adequately and fairly; have no
11 interest antagonistic to other class members; and are represented by attorneys
12 who have substantial experience prosecuting, defending, resolving, and
13 litigating wage and hour class, collective, and representative actions in
14 California state and federal courts.

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

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

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

GENERAL ALLEGATIONS

22. Plaintiffs and class members experienced missed, late, short, and interrupted meal periods due to staffing issues, employees' job responsibilities, and the steady flow of business. When Plaintiffs and class members experienced non-compliant meal periods, Defendants failed to pay meal period premiums at the regular rate of compensation in violation of Labor Code section 226.7. Plaintiffs' time records and the records of other class members reflect late, short, and missed lunch breaks without a corresponding meal period premium payment on the wage statement for that pay period.

23. Defendants had the unlawful practice of prohibiting class members from leaving the premises during their meal and rest periods, making all meal periods essentially "on duty." Defendants did not maintain a lawful on-duty meal period agreement or employ labor under conditions where such an on-duty agreement would be permissible or lawful. Defendants owe meal period premiums for the non-compliant on-duty meal periods. Additionally, Defendants' on duty and on premises rest period agreement is unlawful and results in the obligation to pay rest period premiums each pay period it was in effect.

24. Plaintiffs' time keeping records and wage statements provide an illustrative example of Defendant's failure to provide compliant meal periods.

25. Defendants additionally had a policy and practice of not paying for missed meal periods when they were late, shortened, interrupted, or missed all together.

26. Defendants also had the unlawful practice of prohibiting employees from leaving the premises during meal and rest periods, which is explicitly expressed in Defendant's workplace policies.

27. In effect, Defendant's required Plaintiffs and class members to work off-the-clock without pay. When Plaintiff and class members worked more than 8 hours, this practice resulted in unpaid overtime wages, due to the off-the-clock compensable work during the meal periods.

28. Defendants' failure to pay regular and overtime and premium payments each pay period or upon separation of employment, rendered the payments untimely and subject to civil

1 penalties for the violations committed against the aggrieved employees under Labor Code §§ 201
2 through 203.

3 29. Defendants failed to provide accurate itemized wage statements to the aggrieved
4 employees each pay period as a result of these policies and practices.

5 30. Specifically, Defendants violated Labor Code section 226(a)(1) and (5) by not listing
6 the correct “gross wages earned” or “net wages earned” on those statements because the amounts listed
7 failed to include and account for the unpaid meal and rest period premiums Plaintiff and class members
8 earned but were not paid.

9 31. Likewise, in violation of Labor Code section 226(a)(9), Defendants failed to state on
10 employee statements each pay period the applicable hourly rates and the number of hours worked at
11 that rate, as Defendants failed to pay all wages and premiums owed to employees each pay period (i.e.,
12 meal and rest period premiums). The amounts stated are instead depreciated and underpaid, resulting
13 in an inaccurate reflection to the pay stub.

14 32. These wage statement violations created significant confusion among Plaintiff and
15 other aggrieved employees with respect to what amounts were owed and paid, at what rates, the
16 number of hours worked, and how those amounts were or should be calculated. The wage statements
17 reflect a false statement of earnings and concealed the underlying problems of underpayments of
18 employee wages.

19 33. Defendants had the unlawful practice of refusing to provide any paid sick leave to
20 employees in violation of Labor Code Section 246 *et seq.* If Plaintiffs or any class members were able
21 to come to work due to illness, they were required to take an unpaid personal day off.

22 34. Defendants required and expected Plaintiffs and the class members to use their own
23 personal cell phones to perform work for Defendants. Defendants were aware that the aggrieved
24 employees used their own cell phones for work related purposes and did not provide reimbursement
25 resulting in Defendants' violation of Labor Code section 2802.

26 35. Plaintiffs are informed, believes, and allege that Defendant’s acts and omissions have
27 knowingly and intentionally caused harm to Plaintiffs and the class. Plaintiffs are informed, believes,
28 and allege that Defendants have engaged in systemic violations of the Labor Code and IWC Wage

1 Order by maintaining practices, policies, and customs that are inconsistent with their obligations under
2 California Law.

3
4 **FIRST CAUSE OF ACTION**

5 **MINIMUM WAGE VIOLATIONS**

6 **Violation of Labor Code §§ 1194, 1194.2 and 1197**

7 **(All Claims Alleged by Plaintiffs and Class Members Against All Defendants)**

8 36. All outside paragraphs of this Complaint are incorporated into this section.

9 37. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
10 §§ 1182.12, 1194, 1194.2, 1197, 1197.1 and 1198 and the IWC Wage Orders (the “Hours and Days
11 of Work” and “Minimum Wages” sections of the applicable orders), which require non-exempt
12 employees be timely paid at least the state or local minimum wage (if higher) for each hour of work,
13 and further provide a private right of action for an employer’s failure to pay all minimum wages (plus
14 liquidated damages).

15 38. Defendants willfully failed in their affirmative obligation to pay Plaintiffs and class
16 members at least the lawful minimum wage for each hour worked in violation of Labor Code sections
17 1182.12, 1194, 1194.2, 1197, 1197.1 and 1198 and the IWC Wage Orders (the “Hours and Days of
18 Work” and “Minimum Wages” sections of the applicable orders), including payment at the lawful
19 local and county minimum wage ordinances in effect. As a result, Defendants are liable for all
20 associated damages, including liquidated damages for the minimum wage violations pursuant to Labor
21 Code § 1194.2.

22 39. Defendants’ unlawful acts and omissions deprived Plaintiffs and class members of
23 minimum, regular and overtime wages in amounts to be determined at trial. Plaintiffs and class
24 members are entitled to recover the full amount of the unpaid wages, plus liquidated damages in an
25 amount equal to the wages unlawfully unpaid (and interest thereon), in addition to interest, attorneys’
26 fees, and costs to the extent permitted by law, including under Labor Code sections 1194 and 1194.2.

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

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

48. Plaintiffs and class members are entitled to recover the full amount of the meal period premiums owed, in addition to interest, statutory and civil penalties, and attorneys' fees, and costs to the extent permitted by law.

FOURTH CAUSE OF ACTION

REST PERIOD VIOLATIONS

Violation of Labor Code §§ 226.7

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

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

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

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

FIFTH CAUSE OF ACTION

UNPAID SICK LEAVE

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

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

54. Defendants knowingly and intentionally failed in their affirmative obligation to pay sick leave wages to Plaintiffs and the Paid Sick Leave Class in violation of Labor Code section 246 *et seq.* Paid sick leave earnings constitute wages for purposes of California wage and hour law. (*Murphy v. Kenneth Cole Productions, Inc.* (2007) 40 Cal.4th 1094, 1103 [“Courts have recognized that ‘wages’ also include those benefits to which an employee is entitled as a part of his or her compensation, including money, room, board, clothing, vacation pay, and sick pay”].)

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

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

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

(2) Paid sick time for nonexempt employees shall be calculated 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 of employment.

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

56. Defendants failed to pay Plaintiffs and the Paid Sick Leave Class their paid sick leave wages at one of the lawful rates set forth in the statute because Defendants failed to include in their sick leave calculation the additional remuneration received by Plaintiffs and the Paid Sick Leave Class.

1 57. Furthermore, to the extent the paid sick leave paid constitutes Covid-related paid sick
2 leave, Defendants knowingly and intentionally failed in their affirmative obligation to pay Covid-19
3 Supplemental Sick Leave wages to the Paid Sick Leave Class at the correct rate in violation of Labor
4 Code sections 246, 248.1, 248.2, and 248 *et seq.*

5 58. Pursuant to Labor Code section 248.1, Defendants were required to provide up to 80
6 hours of Covid-19 Supplemental Paid Sick Leave to employees for the period of April 20, 2020 to
7 December 31, 2020. Labor Code section 248.2 required Defendants to provide up to 80 hours of
8 Covid-19 Supplemental Paid Sick Leave for the period of January 1, 2021 through at least September
9 30, 2021. Labor Code section 248.6 extended Covid sick leave protections and requires employers to
10 provide up to 80 hours of Covid-19 Supplemental Paid Sick Leave for the period of January 1, 2022
11 to September 30, 2022, and may be extended thereafter.

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

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

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

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

23 (III) The state minimum wage.

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

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

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

63. On information and belief, Defendants failed to pay Covid-19 Supplemental Sick Leave in the manner described above because Defendants failed to include in their sick leave calculation the additional remuneration received by the Paid Sick Leave Class.

64. As a result, Defendants violated the Labor Code and are liable to Plaintiffs and the Paid Sick Leave Class for underpaid sick leave wages, in addition to interest, attorneys' fees, and costs.

SIXTH CAUSE OF ACTION

UNTIMELY PAYMENT OF WAGES

Violation of Labor Code §§ 204, 210, 218

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

66. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code §§ 204, 204b, and 210 which require non-exempt employees be timely paid all wages owed each pay period, and which further provide a private right of action for an employer's failure to comply with this obligation. Labor Code § 218 authorizes individuals to sue directly for wages and penalties due under these sections, including Labor Code § 210(c)'s statutory late payment penalties.

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

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

1 **SEVENTH CAUSE OF ACTION**

2 **WAGE STATEMENT VIOLATIONS**

3 **Violation of Labor Code §§ 226**

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

5 70. This cause of action is brought by the Wage Statement Subclass pursuant to Labor Code
6 § 226(a) which requires non-exempt employees be provided accurate itemized wage statements each
7 pay period, and which further provide a private right of action for an employer's failure to comply
8 with this obligation.

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

13 72. Defendants' unlawful acts and omissions deprived Plaintiffs and class members of
14 accurate itemized wage statements, causing confusion and concealing wage and premium
15 underpayments.

16 73. As a result, Plaintiffs and class members are entitled to recover the statutory penalty of
17 \$50 per employee for the initial pay period in which a violation occurred and \$100 per employee for
18 each violation in a subsequent pay period, up to an aggregate penalty of \$4,000 per employee, in
19 addition to interest, attorneys' fees, and costs to the extent permitted by law, including under Labor
20 Code section 226(e).

21 **EIGHTH CAUSE OF ACTION**

22 **WAITING TIME PENALTIES**

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

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

25 75. This cause of action is brought by the Waiting Time Class pursuant to Labor Code
26 §§ 201 through 203, which require an employer to timely pay all wages earned upon termination of
27 employment, and which further provide a private right of action to recover statutory waiting time
28

1 penalties each day an employer fails to comply with this obligation, up to a maximum of 30 days
2 wages.

3 76. Defendants willfully failed and continue to fail in their affirmative obligation to pay all
4 wages earned and unpaid to Plaintiffs and members of the Waiting Time Class immediately upon
5 termination of employment or within 72 hours thereafter for employees who did not provide at least
6 72 hours prior notice of his or her intention to quit, and further failed to pay those sums for 30 days
7 thereafter in violation of Labor Code sections 201 through 203 and the IWC Wage Orders.

8 77. Plaintiffs and the Waiting Time Class are entitled to recover a waiting time penalty for
9 a period of up to 30 days, in addition to interest, attorneys' fees, and costs to the extent permitted by
10 law.

11 **NINTH CAUSE OF ACTION**

12 **FAILURE TO REIMBURSE BUSINESS EXPENSES**

13 **Violation of Labor Code § 2802**

14 78. All outside paragraphs of this Complaint are incorporated into this section.

15 79. Defendants willfully failed in their affirmative obligation to reimburse Plaintiffs and
16 the Reimbursement Class for all necessary expenditures, losses, expenses, and costs incurred by them
17 in direct discharge of the duties of their employment, in violation of Labor Code section 2802.

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

23 **TENTH CAUSE OF ACTION**

24 **FAILURE TO PROVIDE RECORDS**

25 **Violation of Labor Code §§ 226, 432, and 1198.5**

26 81. All outside paragraphs of this Complaint are incorporated into this section.

27 82. Plaintiffs bring this cause of action exclusively *in an individual capacity*.
28

1 83. Labor Code section 432 states that [i]f an employee. . . signs any instrument relating to
2 the obtaining or holding of employment, he shall be given a copy of the instrument upon request.”

3 84. Labor Code section 226(b) grants employees the right to inspect or receive “a copy of
4 records pertaining to their employment.” Labor Code section 226(f) authorizes a penalty of \$750 for
5 an employer’s failure to comply with a request for records made under section 226.

6 85. Labor Code section 1198.5 requires employers to provide an employee’s “personnel
7 records” within 30 days of receipt of the request. Section 1198.5(k) authorizes a penalty of \$750 for
8 an employer’s failure to provide a copy of or permit inspection of personnel records. Section 1198.5(l)
9 allows an employee to seek injunctive relief to obtain an employer’s compliance with this section and
10 authorizes the recovery of attorneys’ fees and costs.

11 86. Section 7 (Records) of the IWC Wage Orders, which may be enforced through Labor
12 Code section 1198, requires that employers maintain time records of when an employee begins and
13 ends each work period and when the employee takes meal periods, among other required employment
14 and payroll records. Section 7(C) states that “[a]n employee’s records shall be made available for
15 inspection by the employee upon reasonable request.”

16 87. Plaintiffs requested from Defendants all records due under the IWC Wage Orders
17 (including the Records sections) and Labor Code sections 226, 432, and 1198.5. Defendant failed to
18 produce the time records showing when Plaintiff started and ended his work shifts. Defendant also
19 failed to produce the time record showing when Plaintiff began and ended his meal periods.

20 88. Defendants’ unlawful acts and omissions deprived Plaintiffs of the ability to review the
21 documents they received during their employment and to inspect and reconcile their actual time
22 worked with the ultimate pay they received on their wage statements. Plaintiffs is entitled to recover
23 the penalties and injunctive relief, in addition to interest, attorneys’ fees, and costs to the extent
24 permitted by law, including under Code of Civil Procedure section 1021.5, and Labor Code sections
25 226 and 1198.5.

1 **ELEVENTH CAUSE OF ACTION**

2 **UNFAIR COMPETITION**

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

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

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

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

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

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

22 94. Plaintiffs and class members are entitled to injunctive relief against Defendants,
23 restitution, and other equitable relief to return all funds over which Plaintiffs and class members have
24 an ownership interest and to prevent future damage and the public interest under Business and
25 Professions Code § 17200 *et seq.* Plaintiffs and class members are further entitled to recover interest,
26 attorneys' fees, and costs to the extent permitted by law, including under Code of Civil Procedure
27 § 1021.5.

1 **TWELFTH CAUSE OF ACTION**

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

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

4 **(By Plaintiffs on Behalf of the State and the Aggrieved Employees Against All Defendants)**

5 95. All outside paragraphs of this Complaint are incorporated into this section.

6 96. Plaintiffs brings this cause of action as a proxy for the State of California on behalf of
7 the following “aggrieved employees” pursuant to the Private Attorneys General Act (“PAGA”),
8 codified as Labor Code section 2698 *et seq.*:

9 a. All current and former non-exempt employees who worked for Defendants in
10 California at any time from one year prior to the postmark date of the initial
11 PAGA notice through date of trial.

12 97. Plaintiffs reserve the right to amend, supplement, or add to this description of the
13 aggrieved employees, according to proof.

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

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

24 100. Labor Code section 2699(f) provides: “For all provisions of this code except those for
25 which a civil penalty is specifically provided, there is established a civil penalty for a violation of these
26 provisions, as follows: ... (2) If, at the time of the alleged violation, the person employs one or more
27 employees, the civil penalty is one hundred dollars (\$100) for each aggrieved employee per pay period
28

1 for the initial violation and two hundred dollars (\$200) for each aggrieved employee per pay period for
2 each subsequent violation.”

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

6 102. Labor Code section 2699.3 sets forth the procedure for commencing an action for civil
7 penalties under the PAGA.

8 103. On or about April 12, 2023, Plaintiff Avila paid the requisite PAGA filing fee and
9 provided written notice (by online electronic filing with the LWDA and by certified mail to
10 Defendants) of Defendants’ alleged Labor Code violations, including the facts and theories to support
11 the alleged violations.

12 104. On or about February 7, 2024, Plaintiff Saenz paid the requisite PAGA filing fee and
13 provided written notice (by online electronic filing with the LWDA and by certified mail to
14 Defendants) of Defendants’ alleged Labor Code violations, including the facts and theories to support
15 the alleged violations.

16 105. A true and correct copy of Plaintiffs’ written PAGA notices, entitled “Notice of Labor
17 Code Violations” is attached hereto as Exhibit 1 and Exhibit 2 and incorporated by reference as though
18 fully set forth herein (the “PAGA notice”).

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

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

24 108. Now that at least 65 days have passed from Plaintiffs 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, Plaintiffs exhausted all
27 prerequisites and commenced this civil action under Labor Code section 2699 *et seq.*
28

1 109. As set forth in the PAGA notices attached as Exhibit 1 and Exhibit 2 and incorporated
2 into this Complaint, Defendants committed the following violations and are liable for all
3 corresponding civil penalties:

- 4 a. ***Unpaid Hours Worked/Minimum Wage.*** Violation of Labor Code §§ 1194,
5 1197, 1198; IWC Wage Orders.
- 6 b. ***Unpaid Overtime.*** Violation of Labor Code §§ 510, 1194, 1198; IWC Wage
7 Orders.
- 8 c. ***Unpaid Meal Period Premium Wages.*** Violation of Labor Code §§ 226.7, 512,
9 1198; IWC Wage Orders.
- 10 d. ***Unpaid Rest Period Premium Wages.*** Violation of Labor Code §§ 226.7, 516,
11 1198; IWC Wage Orders.
- 12 e. ***Unpaid Paid Sick Leave.*** Violation of Labor Code §§ 246 through 248.7.
- 13 f. ***Untimely Payment of Wages During Employment.*** Violation of Labor Code
14 §§ 204, 204b, 210.
- 15 g. ***Untimely Payment of Wages Upon Separation of Employment.*** Violation of
16 Labor Code §§ 201, 202, 203, 256.
- 17 h. ***Non-Compliant Wage Statements.*** Violation of Labor Code §§ 226, 226.3.
- 18 i. ***Unreimbursed Employee Expenses.*** Violation of Labor Code §§ 2802, 2804.
- 19 j. ***Failure to Provide Employee Records.*** Violation of Labor Code §§ 226, 432,
20 1174, 1198.5; IWC Wage Orders.
- 21 k. ***Failure to Maintain Accurate Records.*** Violation of Labor Code § 1174; IWC
22 Wage Orders.
- 23 l. ***Unlawful Employment Condition.*** Violation of Labor Code § 432.5.

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

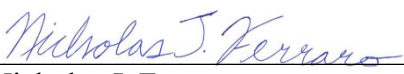
PRAYER

Plaintiffs prays for judgment as follows:

- a. For certification of this action as a class action;
- b. For appointment of Plaintiffs as the class representatives;
- c. For appointment of above-captioned counsel for Plaintiffs as Class Counsel;
- d. For division of class members into appropriate classes and/or subclasses according to proof;
- e. For recovery of damages in amount according to proof;
- f. For all recoverable pre- and post-judgment interest;
- g. For recovery of all civil and statutory penalties and liquidated damages;
- h. For disgorgement of all amounts wrongfully obtained;
- i. For this action to be maintained as a representative action under the PAGA;
- j. For Plaintiffs and counsel of record to be provided with all enforcement capability as if the action were brought by the State of California or the California Division of Labor Enforcement;
- k. For recovery of all civil penalties and other recoverable amounts under the PAGA;
- l. For restitution and injunctive relief;
- m. For reasonable attorneys' fees and costs of suit, including expert fees, to the extent permitted by law, including (without limitation) under Labor Code §§ 218.5, 226, 1194, 2802, 2699, and Code of Civil Procedure section 1021.5; and
- n. For such other relief the Court deems just and proper.

Dated: April 17, 2024

Ferraro Vega Employment Lawyers, Inc.



Nicholas J. Ferraro
Lauren N. Vega
Attorneys for Plaintiffs Sergio Avila and Marcos Saenz

EXHIBIT 1

Plaintiff Sergio Avila's Notice of Labor Code Violations

FERRARO VEGA

SAN DIEGO EMPLOYMENT LAWYERS

Nicholas J. Ferraro
nick@ferrarovega.com
Lauren N. Vega
lauren@ferrarovega.com

ATTORNEYS AT LAW
3160 Camino del Rio South, Suite 308
San Diego, California 92108

619-693-7727
619-350-6855 fax
ferrarovega.com

April 12, 2023

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

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

ASC Protection, Inc.
16117 Covello Street
Van Nuys, California 91406

Advanced Security Concepts
3333 Midway Drive Suite 203
San Diego, CA 92110

**Advanced Security Concepts
Corporation**
16117 Covello Street
Van Nuys, California 91406

- 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 **SERGIO AVILA** (“Plaintiff(s)”) and all other “aggrieved employees” of the following “Defendant(s)”:

ASC Protection, Inc.;
Advanced Security Concepts; and
Advanced Security Concepts Corporation

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 also be 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 Security Officer Supervisor from about December 2019 to March 2023. 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 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 (emphASCs 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.

First, Defendants failed to provide compliant meal periods to Plaintiff and the aggrieved employees. Defendants had a strict policy and practice of preventing employees from leaving their post during meal periods. Plaintiff, as a supervisor, was required to keep his walkie-talkie on at all times in case of an emergency and thus was unauthorized to take a compliant meal break. The Defendant's policy effectively made all meal periods "on-duty," although Defendants did not maintain any lawful on duty meal period agreements. Defendant required Plaintiff and the aggrieved employees to remain on the premises during their meal periods in case of an emergency do not satisfy the narrow statutory carve-out for lawful on-duty meal periods as this can be addressed by hiring another individual to relieve the employee to their lawfully entitled meal periods.

Additionally, Defendant has failed to provide the time records showing when Plaintiff began his meal period and when he ended his "on duty" meal period. On occASCon, Plaintiff experienced late meal periods, as he was unauthorized to take a meal period before the fifth hour of work. Plaintiff additionally missed meal periods on ten-hour workdays. For every noncompliant meal period Plaintiff and the aggrieved employees experienced, they were owed a meal period premium paid at their regular rate of 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.

Due to staffing issues and employees' job responsibilities Plaintiff and the aggrieved employees were not always authorized and permitted to take all their rest periods. Specifically, as mentioned in the various sections above, Defendant had a strict policy which prohibited Plaintiff and other aggrieved employees from leaving the premises for rest periods. Additionally, any bathroom breaks taken were counted as the employee's rest period, which does not qualify as a rest period under California law.

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 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. Defendant did not provide Plaintiff with any written notice of the amount of sick leave available to him. Defendant has a policy of not providing any sick leave forcing its employees to take personal days off without pay instead. Defendants violated California’s sick pay laws accordingly, as employees did not accrue paid sick hours, were unable to use paid sick leave hours, and Defendants failed to maintain the necessary records and provide the required notices regarding sick pay as well.

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, Defendants underpaid Plaintiff and other aggrieved employees’ meal and rest period premium pay, including at the lawful rate of compensation. Defendants are separately liable for not paying the full amount owed to Plaintiff and other aggrieved employees each pay day in violation of Labor Code sections 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.

Untimely Payment of Wages Upon Separation of Employment **Violation of Labor Code §§ 201, 202, 203, 256**

Defendants violated Labor Code sections 201, 202, and 203 with respect to the aggrieved employees by failing to pay all wages and premiums owed upon termination of employment.

Labor Code section 201 requires that if an employer fires an employee, the wages must be paid immediately. Labor Code section 202 requires that if an employee quits without providing 72 hours’ notice, his or her wages must be paid no later than 72 hours thereafter. Labor Code section 202 states that if an employee provides 72 hours’ notice, the final wages are payable upon his or her final day of employment. Labor Code section 203 requires an employer who fails to comply with Labor Code sections 201 or 202 to pay a waiting time penalty for each employee, up to a period of 30 days additional compensation.

Defendants failed to pay all wages and premiums owed to aggrieved employees during their employment as set forth in this notice, and also failed to timely pay those amounts to departing employees upon separation of employment. Defendants did not pay waiting time penalties

for the late payments. As a result, Defendants violated Labor Code sections 201, 202, and 203.

As a result, Plaintiff may recover civil penalties on behalf of aggrieved employees and the State of California 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.

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.

Due to the premium underpayments, 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.

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.

First, Defendants had a policy and practice of requiring Plaintiff and the aggrieved employees to use their personal cell phones for business purposes. Plaintiff and the aggrieved employees received calls and messages from colleagues, supervisors, and managers. Plaintiff and aggrieved employees were required to answer anytime a manager or supervisor contacted them. 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.

Plaintiff and aggrieved employees were required to use their personal cell phone to maintain contact with supervisors and managers. Specifically, as a supervisor, Plaintiff would routinely use his personal cell phone to coordinate scheduling with supervisors and subordinate employees. As a result, Plaintiff incurred expenditures due to Defendants failure to properly reimburse Plaintiff.

Thus, in direct consequences 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. To the extent Defendants reimbursed aggrieved employees, those amounts were underpaid. At all times. Defendants were required to comply with the reimbursement mandate of Labor Code sections 2800 and 2802.

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.

Failure to Provide Employee Records
Violation of Labor Code §§ 226, 432, 1174, 1198.5; IWC Wage Orders

Defendants violated Labor Code sections 226, 432, 1198.5, and 1174 with respect to the aggrieved employees.

Labor Code section 226(b) requires employers to “afford current and former employees the right to inspect or receive a copy of records pertaining to their employment, upon reasonable request to the employer.” Labor Code section 432 states that “[i]f an employee ... signs any instrument relating to the obtaining or holding of employment, he shall be given a copy of the instrument upon request.” Labor Code section 1198.5 grants “[e]very current and former employee, or his or her representative, ... the right to inspect and receive a copy of the personnel files that the employer maintains relating to the employee’s performance or to any grievance concerning the employee.” Section 7(A) (Records) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates that employers maintain and make available “time records showing when the employee begins and ends each work period” as well as time records showing “[m]eal periods, split shift intervals, and daily hours worked[.]” Labor Code section 1174(d) requires these and other records be maintained for at least three years.

Defendants failed to provide all records upon Plaintiff’s request. Despite numerous requests, Defendant refuses to produce the time records showing when Plaintiff began and ended each work period as well as any records showing when meal periods were taken.

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), 1174.5 (\$500), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Failure to Maintain Accurate Records
Violation of Labor Code § 1174; IWC Wage Orders

Defendants violated Labor Code sections 1174 and the IWC Wage Orders by failing to maintain accurate employee payroll records with respect to Plaintiff and other aggrieved employees.

Labor Code section 1174 requires that employers maintain accurate “payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments.” Section 7(A) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates similar recordkeeping obligations.

Because of the policies and practices set forth in this notice, including the failure to accurately account for wages earned or hours worked, Defendants failed to accurately maintain records in accordance with Labor Code section 1174 and the IWC Wage Orders.

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 1174.5 (\$500) and 2699 (\$100/\$200), along with all other civil penalties permitted by law.

Unlawful Employment Condition
Violation of Labor Code § 432.5

Defendants violated Labor Code section 432.5 with respect to Plaintiff and other aggrieved employees by requiring that they agree to an unlawful term or condition in writing during their employment.

Labor Code section 432.5 states that “[n]o employer, or agent, manager, superintendent, or officer thereof, shall require any employee or applicant for employment to agree, in writing, to any term or condition which is known by such employer, or agent, manager, superintendent, or officer thereof to be prohibited by law.”

Defendant required Plaintiff and all other aggrieved employees to sign an acknowledgement that they have received all their rest and meal periods with pay and that if they did work through any meal periods that it was voluntary and they were paid for it. Part of the language in the acknowledgement that employees are required to sign is below:

I hereby certify and declare under penalty of perjury in the state of California that (1) I have received all the rest periods and meal periods that I was Legally entitled to on each work day within the pay period covered by this work schedule (2) this work schedule fully and accurately reports all the time that I have worked during the covered pay period, (3) if I was required to work through my meal period, I was paid to do so and did it voluntarily and (4) I am making this declaration freely, voluntarily and without duress or undue influence, and understand that I may revoke this agreement in writing at any time.

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,



Nicholas J. Ferraro

Cc Plaintiff Sergio Avila

Arthur D. Morrow, Defense Counsel
art@DeCastroMorrow.com

EXHIBIT 2

Plaintiff Marcos Saenz's Notice of Labor Code Violations

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February 7, 2024

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

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

ASC Protection, Inc.
16117 Covello Street
Van Nuys, California 91406

Advanced Security Concepts
16117 Covello Street
Van Nuys, California 91406

**Advanced Security Concepts
Corporation**
16117 Covello Street
Van Nuys, California 91406

- 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 **MARCOS SAENZ** (“Plaintiff(s)”) and all other “aggrieved employees” of the following “Defendant(s)”:

ASC Protection, Inc.;
Advanced Security Concepts; and
Advanced Security Concepts Corporation

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 also be 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 Security Guard from about February 2019 to September 2021. 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 Hours Worked/Minimum Wage Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders

Defendants violated Labor Code sections 1194, 1197, and 1198, along with the California Minimum Wage Order, the applicable local minimum wage ordinances, and the “Hours and Days of Work” and “Minimum Wages” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 1194 renders it unlawful for an employee to receive less than the legal minimum wage for hours worked in California. Labor Code section 1197 further mandates that “[t]he minimum wage for employees fixed by the commission is the minimum wage to be paid to employees, and the payment of a lower wage than the minimum so fixed is unlawful.” 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 California Minimum Wage Order and the applicable sections of the IWC Wage Orders further require payment of minimum wages for all hours worked. The “Minimum Wages” sections of the applicable IWC Wage Order provide that “[e]very employer shall pay to each employee, on the established payday for the period involved, not less than the applicable minimum wage for all hours worked in the payroll period, whether the remuneration is measured by time, piece, commission, or otherwise.” The foregoing California wage laws require payment of “not less than the applicable minimum wage *for all hours worked* in the payroll period” and California law does not allow averaging of pay over the hours worked in the pay period, even if the total pay results in an average above the minimum wage. *Armenta v. Osmose, Inc.* (2005) 135 Cal. App. 3d 314, 324.

Defendants failed to pay Plaintiff and the aggrieved employees at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages. Plaintiff worked during unpaid meal periods resulting in unpaid minimum wages due to those hours not being tracked in daily hours totals.

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), 1197.1 (\$100/\$250), 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 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 worked during unpaid meal periods resulting in unpaid overtime wages due to those hours not being tracked in daily hours totals.

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 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.

First, Defendants failed to provide compliant meal periods to Plaintiff and the aggrieved employees. Defendants had a strict policy and practice of preventing employees from leaving their post during meal periods. The Defendant’s policy effectively made all meal periods “on-duty,” although Defendants did not maintain any lawful on duty meal period agreements. Defendant required Plaintiff and the aggrieved employees to remain on the premises during their meal periods in case of an emergency does not satisfy the narrow statutory carve-out for lawful on-duty meal periods as this can be addressed by hiring another individual to relieve the employee to their lawfully entitled meal periods.

Additionally, Defendant has failed to provide the time records showing when Plaintiff began his meal period and when he ended his “on duty” meal period. On occasion, Plaintiff experienced late meal periods, as he was unauthorized to take a meal period before the fifth hour of work. Plaintiff additionally missed meal periods on ten-hour workdays. For every noncompliant meal period Plaintiff and the aggrieved employees experienced, they were owed a meal period premium paid at their regular rate of 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.

Due to staffing issues and employees' job responsibilities Plaintiff and the aggrieved employees were not always authorized and permitted to take all their rest periods. Specifically, as mentioned in the various sections above, Defendant had a strict policy which prohibited Plaintiff and other aggrieved employees from leaving the premises for rest periods. Additionally, any bathroom breaks taken were counted as the employee's rest period, which does not qualify as a rest period under California law.

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 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. Defendant did not provide Plaintiff with any written notice of the amount of sick leave available to him. Defendant has a policy of not providing any sick leave forcing its employees to take personal days off without pay instead. Defendants violated California’s sick pay laws accordingly, as employees did not accrue paid sick hours, were unable to use paid sick leave hours, and Defendants failed to maintain the necessary records and provide the required notices regarding sick pay as well.

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 paydays 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, Defendants underpaid Plaintiff and other aggrieved employees' meal and rest period premium pay, including at the lawful rate of compensation. Defendants are separately liable for not paying the full amount owed to Plaintiff and other aggrieved employees each payday in violation of Labor Code sections 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.

Untimely Payment of Wages Upon Separation of Employment **Violation of Labor Code §§ 201, 202, 203, 256**

Defendants violated Labor Code sections 201, 202, and 203 with respect to the aggrieved employees by failing to pay all wages and premiums owed upon termination of employment.

Labor Code section 201 requires that if an employer fires an employee, the wages must be paid immediately. Labor Code section 202 requires that if an employee quits without providing 72 hours' notice, his or her wages must be paid no later than 72 hours thereafter. Labor Code section 202 states that if an employee provides 72 hours' notice, the final wages are payable upon his or her final day of employment. Labor Code section 203 requires an employer who fails to comply with Labor Code sections 201 or 202 to pay a waiting time penalty for each employee, up to a period of 30 days additional compensation.

Defendants failed to pay all wages and premiums owed to aggrieved employees during their employment as set forth in this notice, and also failed to timely pay those amounts to departing employees upon separation of employment. Defendants did not pay waiting time penalties for the late payments. As a result, Defendants violated Labor Code sections 201, 202, and 203.

As a result, Plaintiff may recover civil penalties on behalf of aggrieved employees and the State of California 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.

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.

Due to the premium underpayments, 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.

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 conceal 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.

First, Defendants had a policy and practice of requiring Plaintiff and the aggrieved employees to use their personal cell phones for business purposes. Plaintiff and the aggrieved employees received calls and messages from colleagues, supervisors, and managers. Plaintiff and aggrieved employees were required to answer any time a manager or supervisor contacted them. 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.

Plaintiff and aggrieved employees were required to use their personal cell phone to maintain contact with supervisors and managers.

Thus, in direct consequences 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. To the extent Defendants reimbursed aggrieved employees, those amounts were underpaid. At all times. Defendants were required to comply with the reimbursement mandate of Labor Code sections 2800 and 2802.

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.

Failure to Provide Employee Records
Violation of Labor Code §§ 226, 432, 1174, 1198.5; IWC Wage Orders

Defendants violated Labor Code sections 226, 432, 1198.5, and 1174 with respect to the aggrieved employees.

Labor Code section 226(b) requires employers to “afford current and former employees the right to inspect or receive a copy of records pertaining to their employment, upon reasonable request to the employer.” Labor Code section 432 states that “[i]f an employee ... signs any

instrument relating to the obtaining or holding of employment, he shall be given a copy of the instrument upon request.” Labor Code section 1198.5 grants “[e]very current and former employee, or his or her representative, ... the right to inspect and receive a copy of the personnel files that the employer maintains relating to the employee’s performance or to any grievance concerning the employee.” Section 7(A) (Records) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates that employers maintain and make available “time records showing when the employee begins and ends each work period” as well as time records showing “[m]eal periods, split shift intervals, and daily hours worked[.]” Labor Code section 1174(d) requires these and other records be maintained for at least three years.

Defendants failed to provide all records upon Plaintiff’s request. Despite numerous requests, Defendant refuses to produce the time records showing when Plaintiff began and ended each work period as well as any records showing when meal periods were taken.

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), 1174.5 (\$500), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Failure to Maintain Accurate Records **Violation of Labor Code § 1174; IWC Wage Orders**

Defendants violated Labor Code sections 1174 and the IWC Wage Orders by failing to maintain accurate employee payroll records with respect to Plaintiff and other aggrieved employees.

Labor Code section 1174 requires that employers maintain accurate “payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments.” Section 7(A) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates similar recordkeeping obligations.

Because of the policies and practices set forth in this notice, including the failure to accurately account for wages earned or hours worked, Defendants failed to accurately maintain records in accordance with Labor Code section 1174 and the IWC Wage Orders.

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 1174.5 (\$500) and 2699 (\$100/\$200), along with all other civil penalties permitted by law.

Unlawful Employment Condition
Violation of Labor Code § 432.5

Defendants violated Labor Code section 432.5 with respect to Plaintiff and other aggrieved employees by requiring that they agree to an unlawful term or condition in writing during their employment.

Labor Code section 432.5 states that “[n]o employer, or agent, manager, superintendent, or officer thereof, shall require any employee or applicant for employment to agree, in writing, to any term or condition which is known by such employer, or agent, manager, superintendent, or officer thereof to be prohibited by law.”

Defendant required Plaintiff and all other aggrieved employees to sign an acknowledgment that they have received all their rest and meal periods with pay and that if they did work through any meal periods that it was voluntary and they were paid for it. Part of the language in the acknowledgment that employees are required to sign is below:

I hereby certify and declare under penalty of perjury in the state of California that (1) I have received all the rest periods and meal periods that I was Legally entitled to on each work day within the pay period covered by this work schedule (2) this work schedule fully and accurately reports all the time that I have worked during the covered pay period, (3) if I was required to work through my meal period, I was paid to do so and did it voluntarily and (4) I am making this declaration freely, voluntarily and without duress or undue influence, and understand that I may revoke this agreement in writing at any time.

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 electronic 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 of 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,

A handwritten signature in blue ink that reads "Nicholas J. Ferraro". The signature is written in a cursive, flowing style.

Nicholas J. Ferraro

Cc Plaintiff Marcos Saenz

Arthur D. Morrow, Defense Counsel
art@DeCastroMorrow.com