

January 30, 2026

VIA ELECTRONIC DELIVERY TO:

Labor & Workforce Development Agency
<https://dir.tfaforms.net/>

VIA CERTIFIED MAIL TO:

MedSource, L.L.C.
701 Enterprise Road East
Suite 601
Safety Harbor, FL 34695

Re: Notice of Labor Code Violations and Intention to Bring PAGA Action

Dear Labor & Workforce Development Agency and MedSource, L.L.C.:

My office represents Kenneth Bacus, who was employed by MedSource, L.L.C. (“MedSource”) as a nonexempt registered nurse at Kaiser Permanente South Sacramento Medical Center in Sacramento, California from April 2025 to November 2025. This letter constitutes notice of California Labor Code violations in advance of Mr. Bacus filing a representative claim against MedSource on behalf of himself and other aggrieved employees pursuant to the Labor Code Private Attorneys’ General Act, Labor Code § 2698 *et seq.* (“PAGA”).

MedSource operates a temporary staffing agency that employs nonexempt healthcare professionals on short term travel assignments at healthcare facilities throughout California and elsewhere (hereafter “Travelers”).

Overtime Violations

Labor Code section 510 provides that “[a]ny work in excess of eight hours in one workday and any work in excess of 40 hours 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.” The statute further provides that “[a]ny 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.” Labor Code sections 221, 222, and 223 preclude borrowing wages paid for one hour of overtime worked and applying those wages as a credit toward another hour of overtime worked.

MedSource has a policy and practice of only paying weekly overtime when Travelers work more than 40 non-overtime hours in a workweek. In determining whether Travelers have worked “in excess of 40 hours” in a workweek, MedSource excludes the

number of daily overtime hours worked that week. Pursuant to this policy, MedSource deems the overtime wages paid for daily overtime hours worked to satisfy its obligation to pay overtime wages for weekly overtime hours worked. As a result, Travelers work “in excess of 40 hours” in a workweek without being paid any overtime wages for those hours in violation of Labor Code section 510.

For example, Mr. Bacus regularly worked 12-hour shifts 4 days a week. Notwithstanding that Mr. Bacus worked a total of 48 hours per week, he was not paid any weekly overtime wages for working more than 40 hours. Rather, he was only paid daily overtime wages for working more than 8 hours. The upshot is that, each workweek, Mr. Bacus worked 4 hours “in excess of 40 hours” without being paid any overtime wages for those hours in violation of Labor Code section 510.

Furthermore, MedSource fails to pay all overtime and double time hours worked at the correct rates of pay because it improperly excludes per diem pay and travel allowances from the “regular rate.” To earn the right to be paid the full amount of per diem pay, Travelers must work all their minimum required hours. Similarly, to earn the right to be paid the full amount of the travel allowance, Travelers must complete their travel assignment. Notwithstanding that the per diem pay and travel allowance function as compensation rather than reimbursement, MedSource fails to include this additional remuneration in the “regular rate” when calculating overtime and double time pay rates.

As a result of MedSource’s unlawful overtime policies and practices, Travelers in California, including Mr. Bacus, were (1) underpaid overtime and/or doubletime in violation of Labor Code Section 510 subdivision (a); (2) not timely paid all wages earned at least semimonthly in violation of Labor Code section 204 subdivision (a); and (3) not provided wage statements accurately showing the gross wages earned each pay period in violation of Labor Code section 226 subdivision (a).

Meal Period Violations

Labor Code section 512 requires employers to provide a second 30-minute meal period to nonexempt employees who work shifts in excess of 10 hours. Mr. Bacus and other Travelers employed by MedSource in California regularly worked shifts greater than 10 hours. On such shifts, MedSource fails to provide a second 30-minute meal period.

Labor Code section 226.7 requires that “[i]f an employer fails to provide an employee a meal . . . period in accordance with state law . . . the employer shall pay the employee one additional hour of pay at the employee’s regular rate of compensation for each workday that the meal . . . period is not provided.” Despite failing to provide meal periods in accordance with state law, MedSource fails to pay Travelers one additional hour of pay at their “regular rate of compensation” in violation of Labor Code section 226.7.

Unlawful Non-Solicitation and Non-Compete Clauses

Labor Code section 432.5 provides that no employer “shall require any employee . . . to agree, in writing, to any term or condition which is known by such employer . . . to be prohibited by law.” Business and Professions Code section 16600.1(a), in turn, provides that “[i]t shall be unlawful to include a noncompete clause in an employment contract, or to require an employee to enter a noncompete agreement, that does not satisfy an exception in this chapter.”

MedSource requires Travelers to sign a form employment agreement that contains both an illegal non-solicitation clause and an illegal non-compete clause. The illegal non-solicitation clause precludes Travelers from soliciting other Travelers for a period of 12-months after their employment with MedSource ends. The illegal non-compete clause precludes Travelers from competing with MedSource for 1 year following the end of their employment with MedSource.

MedSource violated Labor Code section 432.5 by requiring Travelers to sign the form employment agreement and comply with its non-solicitation and non-compete clauses despite knowing that these clauses are prohibited by Business and Professions Code section 16600.1(a).

Unlawful Confidentiality Provision

Labor Code section 232(a) prohibits employers from requiring, as a condition of employment, that an employee refrain from disclosing the amount of his or her wages, and Labor Code section 232(b) prohibits employers from requiring an employee to sign a waiver or other document that purports to deny the employee the right to disclose the amount of his or her wages. Similarly, Labor Code section 232.5(a) prohibited employers from requiring, as a condition of employment, that an employee refrain from disclosing information about the employer’s working conditions, and Labor Code section 232.5(b) prohibits employers from requiring an employee to sign a waiver or other document that purports to deny the employee the right to disclose information about working conditions.

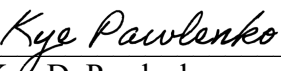
MedSource requires, as a condition of employment, that Travelers sign an employee handbook containing a provision that precludes Travelers from disclosing “information” about “available assignments,” including “the salary paid to” them. MedSource violated Labor Code sections 232 and 232.5 by requiring, as a condition of employment, that Travelers sign a document restricting their right to disclose and discuss their wages and terms and conditions of their employment.

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Labor & Workforce Development Agency
MedSource, L.L.C.
January 30, 2026
Page 4

In the event the Labor & Workforce Development Agency elects not to investigate the Labor Code violations detailed in this letter, my office intends to file a representative PAGA claim for civil penalties.

Sincerely,



Kye D. Pawlenko
kpawlenko@helpcounsel.com