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March 25, 2026

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

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

Prime Healthcare Paradise Valley, LLC
2400 East Fourth Street
National City, CA91950

- 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 **SHERRY-ANN SMITH**("Plaintiff(s)") and all other "covered employees" of the following "Defendant(s)":

PRIME HEALTHCARE PARADISE VALLEY, LLC
dba Paradise Valley Hospital

Defendants 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.5th 73, 79. Plaintiff maintains standing to pursue these claims against Defendants as an aggrieved employee.

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(s). Defendants are notified that any attempt to resolve this case should be conducted in coordination with Plaintiff's counsel to protect the interests of Plaintiff, the aggrieved employees, and the State of California via the LWDA. Plaintiff advises Defendants this letter should be also considered a reasonable attempt at settlement of this matter, subject to an exchange of additional documents and information. *Graham v. Daimler Chrysler Corp.* (2004) 24 Cal.4th 553, 561.

- BACKGROUND -

Defendants employed Plaintiff during the PAGA Period in the position of Clinical Nurse Supervisor from about March 17, 2024 to September 19, 2025. During their employment Plaintiff and the other covered (i.e., 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, including those misclassified as non-exempt, and 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 "covered employees" and the "PAGA Period"). As defined, these covered current and former employees are "aggrieved employees" under PAGA.

Plaintiff reserves the right to expand or narrow the definition of the "covered 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 -

<u>Unpaid Hours Worked/Minimum Wage</u>
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 covered employees.

<u>Labor Code section 1194</u> renders it unlawful for an employee to receive less than the legal minimum wage for hours worked in California. <u>Labor Code section 1197</u> 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." <u>Labor Code section 1198</u> 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 <u>California Minimum Wage Order</u> and the applicable sections of the <u>IWC Wage Orders</u> 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 covered employees at the lawful minimum wage rate for all hours worked, resulting in unpaid minimum wages. Specifically, Defendants maintained a policy and practice of requiring Plaintiff and other covered employees to work off-the-clock, and for which they were not paid minimum wages. Due to understaffing and the necessity of patient care, Plaintiff was required to stay and perform her duties, including caring for patients, for approximately one hour after clocking out, an occurrence that happened at least once per week. Although Plaintiff would sometimes sign paperwork confirming these additional hours, Defendants would later fail to approve and compensate for the time worked. This was a common practice amongst the covered employees. Plaintiff and the covered employees additionally regularly worked through their unpaid meal periods. Despite this, Defendants would regularly edit Plaintiff's and the covered employees time cards to show a statutorily compliant meal period had been taken. This uncompensated time resulted in Plaintiff and other covered employees not receiving at least the applicable minimum wage for all hours worked.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 covered employees overtime wages and the lawful rate of pay for overtime hours worked, resulting in unpaid overtime wages.

First, Defendants failed to compensate Plaintiff and the covered employees for all overtime hours worked. Due to the employer's systemic understaffing, Plaintiff was regularly required to continue patient care and other duties for approximately one hour after she clocked out, an occurrence that happened at least once per week. This was common amongst the covered employees. Despite this uncompensated work resulting in Plaintiff working in excess of eight hours in a workday or forty hours in a workweek, Defendants failed to pay the corresponding overtime wages. Furthermore, though Plaintiff occasionally confirmed these additional hours, the employer would not approve the overtime shifts, resulting in unpaid overtime compensation for work that had already occurred.

Additionally, as a result of Defendants editing Plaintiff's and, on information and belief, the covered employees time records to include false meal periods, Defendants failed to compensate Plaintiff and the covered employees for all overtime hours worked. Due to Defendants' understaffing, Plaintiff was never fully relieved from her patient care duties, resulting in her working throughout every unpaid meal period. Each time this practice resulted in unpaid work over 8 hours in a day or 40 hours in a week, this resulted in unpaid overtime.

Further, Defendants failed to pay Plaintiff and other covered employees overtime and double-time compensation at the legally required "regular rate of pay." Specifically, Defendants maintain a uniform policy or practice of miscalculating the regular rate of pay by utilizing a formula that fails to properly incorporate all non-discretionary wage remuneration including flex payments and shift differentials..

Under California law, for flat-sum or fixed hourly premiums, the "bonus" value must be calculated by dividing the premium amount by only the non-overtime (regular) hours worked in the period. *Alvarado v. Dart Container Corp. of California* (2018) 4 Cal.5th 542. Defendants failed to utilize this mandatory divisor, instead employing a "weighted average" method that results in the unlawful dilution of the regular rate of pay as overtime hours increase.

Below is an example of Defendants' failure to pay the overtime at the regular rate of pay from Plaintiff's wage statement from the pay period from July 20, 2025 to August 2, 2025.

EARNINGS

DESCRIPTION	HOURS	RATE	AMOUNT	YEAR-TO-DATE
HOLPRMOT				172.58
HOLPRMDT				112.92
HOLPREM				6652.09
EDU				17.87
EDU DT				1156.06
MEALPRM				323.25
VACATION				3895.67
HOLPAID				2232.96
CPSLSCK				4986.43
CRIS10.0				1239.30
CRIS20.0				1385.60
BNS RET				5000.00
BNS OT				1732.45
RROPNW$s				189.62
REGULAR	40.00	71.46	2858.40	78418.69
OVERTIME	15.35	109.70	1683.82	30193.28
DBLETIME	0.30	147.93	44.38	4609.92
FLEX W/V	2.00	71.46	142.92	0.00
WE 2.00	34.48	2.00	68.96	1946.12
SHF2.50E	8.50	2.50	21.25	163.24
ACCOUNTS Checking	*ACCT NO. [redacted]		5227.05	
	55.65		5,857.25	150,841.65

Here, Defendant fails to include Plaintiff's flex credit waiver ("FLEX W/V") in the regular rate of pay. Under the *Alvarado* standard, this payment should have been included in the regular rate of pay because it was a non-discretionary as this flex credit can be taken as cash, or cash-in-lieu of benefit earned in the same pay period she earned overtime. Instead of properly including all non-discretionary remuneration into the regular rate, Defendants paid overtime at a straight 1.5x multiple of Plaintiff's base rate rather than the increased rate inclusive of these payments.

Defendant unlawfully paid overtime to Plaintiff and the aggrieved employees at their straight hourly rate. For each overtime hour worked, Defendant should have paid overtime ***"at a rate***

no less than one and one-half times the regular rate of pay for an employee" as required by the plain language of Labor Code section 510(a) and the IWC Wage Orders. Defendant's failure to pay overtime at the regular rate of pay was common to the covered employees. Defendant violated the Labor Code accordingly.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 40 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 covered employees. Defendants failed to provide Plaintiff and the aggrieved employees with all sick leave accrued. Plaintiff and the aggrieved employees worked off-the-clock, overtime hours that were not accounted for when calculating an employee's accrued paid sick leave. Defendants also failed to include all remuneration into the paid sick leave hourly rate, resulting in depreciated sick pay to the extent any was paid at all. Therefore, Plaintiff and other aggrieved employees were not awarded the total accrued sick leave time they had earned.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

<u>Unpaid Vacation Wages</u>
Violation of Labor Code § 227.3

Defendants violated Labor Code section 227.3 with respect to the covered employees.

<u>Labor Code section 227.3</u> requires "whenever a contract of employment or employer policy provides for paid vacations, and an employee is terminated without having taken off his vested vacation time, all vested vacation shall be paid to him as wages at his final rate in accordance with such contract of employment or employer policy respecting eligibility or time served; provided, however, that an employment contract or employer policy shall not provide for forfeiture of vested vacation time upon termination."

Defendants maintained an unlawful policy and practice of failing to pay all accrued and unused vacation wages upon separation of employment at the lawful rate of pay, resulting in forfeiture of vested vacation time and wages. As described above, Defendant failed to record all of the time that Plaintiff and other aggrieved employees worked for Defendant and undercounted their hours worked. Consequently, Defendant failed to credit the aggrieved employees with all vacation time they had actually accrued. Therefore, vacation wages were not paid out at the lawful rate of pay inclusive of all earnings.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

<u>Unpaid Meal Period Premium Wages</u>
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 covered employees.

<u>Labor Code section 512</u> 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. <u>Labor Code section 226.7</u> requires that if a meal period is late, missed, short, or interrupted, the employer must pay one additional hour of pay at the employee's "regular rate" of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11

Cal.5th 858, 862 ("We hold that the terms are synonymous: "regular rate of compensation" under section 226.7(c), like "regular rate of pay" under section 510(a), encompasses all nondiscretionary payments, not just hourly wages"). "[T]ime records showing noncompliant meal periods raise a rebuttable presumption of meal period violations, including at the summary judgment stage." *Donohue v. AMN Services, LLC* (2021) 11 Cal.5th 58, 61. Labor Code section 1198 renders "employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]" unlawful. The IWC Wage Orders, including Section 11 (Meal Periods), further require one uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work and an additional hour of pay at the employee's regular rate of compensation for each workday that a compliant meal period is not provided. Pursuant to Section 11(A) of the IWC Wage Orders, the California Supreme Court has held that the on-duty meal period exception is "exceedingly narrow" and applies only when (1) "the nature of the work prevents the employee from being relieved of all duty" and (2) *both* "the employer and employee have agreed, in writing, to the on-duty meal period." *Augustus v. AMB Security Services, Inc.* (2016) 2 Cal.5th 257, 266-276 (emphasis added). If these two requirements are not met, then the employer owes the employee one hour of premium pay for each non-compliant meal period taken under the purported on-duty meal arrangement. *Naranjo v. Spectrum Security Services, Inc.* (2019) 40 Cal.5th 444, 459.

Plaintiff and other aggrieved employees routinely experienced missed, late, short, and interrupted meal periods due to the pressures to keep up with the high demands of the job and understaffing.

Specifically, Defendants maintained a policy and practice of failing to provide Plaintiff and other covered employees with compliant, uninterrupted 30-minute meal periods. Plaintiff alleges she was never fully relieved of all duty and worked through her meal period daily, due to the necessity of patient care and the employer's failure to provide relief staff. Plaintiff and the covered employees often ate lunch at the desk but remained on-duty and never left the department. On information and belief, Defendants were aware of this practice, as managers would inappropriately clock her out for a meal period she did not take, and she was instructed she did not get a meal period break. These non-compliant meal periods were not compensated with one additional hour of pay at the regular rate of compensation.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 faction 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.

Specifically, Defendants maintained a policy and practice of failing to authorize and permit Plaintiff and other covered employees to take compliant, uninterrupted 10-minute rest periods. Plaintiff alleges she was never provided with compliant rest breaks as she was never relieved from her duties. Due to systemic understaffing and the constant necessity of patient care, Plaintiff and other covered employees were required to remain on duty and available to respond to workplace needs throughout their shifts. On information and belief, Defendants were aware of this practice and failed to provide relief staff to ensure employees could take their state-mandated breaks. These non-compliant rest periods were not compensated with one additional hour of pay at the regular rate of compensation.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Retaliation
Violation of Labor Code § 1102.5

Defendants violated Labor Code section 1102.5 by retaliating against Plaintiff and potentially others due to their protected complaints of suspected unlawful activity and the Labor Code violations listed above.

Labor Code section 1102.5 prohibits an employer from retaliating against an employee for disclosing information to a person with authority over the employee, or to another employee who has the authority to investigate, discover, or correct the violation, if the employee has reasonable cause to believe that the information discloses a violation of state or federal statute, or a violation of or noncompliance with a local, state, or federal rule or regulation.

Specifically, during her employment, Plaintiff raised concerns to her supervisors and management regarding multiple systemic issues, including: Labor Code violations, non-compliance with health and safety regulations, understaffing practices that led to inadequate patient care, potential violations of patient safety standards, and suspected violations of applicable insurance laws and regulations.

Shortly after raising these protected concerns, Plaintiff was terminated from her position. Plaintiff believes and thereon alleges that her termination and other adverse employment actions were taken in retaliation for her opposition to Defendants' unlawful practices.

Defendants are liable for a $10,000 penalty with respect to Claimant and for each covered employee who Defendants similarly retaliated against.

<u>Failure to Furnish a Safe Work Environment</u>
Violation of Labor Code §§ 6400, 6401, 6402

Labor Code Section 6400 requires employers to "furnish employment and a place of employment which are safe and healthful for the employees therein." Labor Code Section 6401 requires employers to "adopt and use practices, means, methods, operations, and processes which are reasonably adequate to render such employment and place of employment safe and healthful"). Labor Code Section 6402 states that employers cannot "require or permit any employee to go or be in any employment or place of employment which is not safe and healthful").

Defendants routinely understaffed units and assigned nurses patient loads that exceeded safe and reasonable levels. As a result of these staffing policies, employees were required to perform their duties under conditions that created a substantial risk of injury and illness, including but not limited to: responding to multiple simultaneous patient needs without sufficient staffing coverage; working without the ability to take timely rest period or recover from physically demanding tasks; and working in an environment where they could not consistently follow required safety protocols. Defendant knew or should have known that its staffing policies created foreseeable and significant risks to employee health and safety.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

<u>Untimely Payment of Wages During Employment</u>
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 covered employees.

<u>Labor Code section 204(a)</u> requires payment of "all wages" for non-exempt employees at least twice each calendar month. <u>Labor Code section 204(d)</u> states all wages due must be paid "not more than seven calendar days following the close of the payroll period." <u>Labor</u>

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. Indeed, Defendants failed to pay all premiums, overtime, regular, sick leave, and other earnings on time each payday.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 covered 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 as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

<u>Non-Compliant Wage Statements</u>
Violation of Labor Code §§ 226, 226.3

Defendants violated Labor Code sections 226(a) and 226.3 with respect to the covered 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).

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

Defendants failed to provide accurate itemized wage statements to the covered 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. By using an unlawful formula that incorrectly calculates non-discretionary pay from the regular rate, the statements display a diluted hourly rate rather than the legally mandated rate in effect. The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay stub.

Additionally, Defendant violated Labor Code section 226(a)(2) by failing to accurately list employees' "total hours worked," as the wage statements did not accurately include the uncompensated time that Plaintiff and other aggrieved employees worked due to Defendant's policy and practice of requiring off-the-clock work.

Plaintiff and other covered 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 covered 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. These violations are not "de minimis." The omissions and inaccuracies forced Plaintiff and other covered employees to engage in complex mathematical reconstructions and cross-reference multiple documents (such as timecards and hospital schedules) simply to discover that they were being underpaid. This constitutes a cognizable injury under Labor Code 226(e).

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the covered employees, up to the maximum amount allowed as set forth under the Labor Code.

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 covered 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 covered employees, up to the maximum amount allowed as set forth under the Labor Code.

Attorneys' Fees and Costs
Labor Code § 2699(k)(1)

Plaintiff has been compelled to retain the services of counsel to protect the interests of other covered 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(k)(1).

- 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 covered employees specified in this notice. Evidence includes, but is not limited to, Defendants' written employment and payroll policies and handbooks; the covered 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 covered 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,

Andrew T. Katseanes, Esq.

Cc Plaintiff Sherry-Ann Smith
Kathy A. Le, Esq. KLe6@primehealthcare.com