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**SUPERIOR COURT OF CALIFORNIA
COUNTY OF LOS ANGELES**

**CYNTHIA MERCHAIN and
CATHERINE DORGAN, as
representatives of the California Labor &
Workforce Development Agency,**

Plaintiffs,

vs.

**SIGNATURE HEALTHCARE
SERVICES, LLC; AURORA CHARTER
OAK - LOS ANGELES, LLC; and DOES
#1 through #50, inclusive,**

Defendants.

Case No. 24STCV06297

**Plaintiff's Original Complaint for
Damages**

1. Civil penalties under the Private Attorneys General Act of 2004 (CAL. LAB. CODE §§ 2698 *et seq.*)

SUMMARY

1. Cynthia Merchain, Catherine Dorgan, and Defendants' other California workers weren't provided with meal and rest breaks required during each shift under California law, and they weren't properly compensated under California law for the time they spent working during what were supposed to be meal and rest breaks.

2. Defendants' failure to provide meal and rest breaks, to fully compensate employees for time worked (including any proper overtime), and to provide them with accurate wage statements violates the California Labor Code and California law.

3. Merchain and Dorgan bring this action as representative of the California Labor & Workforce Development Agency for penalties under the Private Attorney General Act (PAGA) arising out of Defendants' violations of California law.

4. Merchain and Dorgan, on behalf of the California Labor & Workforce Development Agency, seek civil penalties and all other remedies available under PAGA.

JURISDICTION & VENUE

5. Part of the cause of action arose in Los Angeles County.

6. Defendants reside in Los Angeles County.

7. Upon information and belief, Defendants employ Aggrieved California Workers in Los Angeles County.

8. Upon information and belief, Defendants operate jobsites for Aggrieved California Workers in Los Angeles County.

9. Upon information and belief, Aggrieved California Workers perform work for Defendants in Los Angeles County.

10. For example, upon information and belief, Aggrieved California Workers work for Defendants at or near 2900 East Del Mar Blvd., Pasadena, California 91107.

11. Venue is therefore proper in this Court pursuant to California Code of Civil Procedure sections 393 and/or 395.5.

PARTIES

12. **Plaintiff Cynthia Merchain** is a natural person.

13. Merchain was, at all relevant times, an employee of Defendants.

14. Merchain worked for Defendants from October 2015 to August 2023.

15. Merchain worked for Defendants in California.

16. **Plaintiff Catherine Dorgan** is a natural person.

17. Dorgan was, at all relevant times, an employee of Defendants.

18. Dorgan worked for Defendants from 2018 to 2023.

19. Dorgan worked for Defendants in California.

20. Merchain and Dorgan bring suit as the statutory representatives of the California Labor & Workforce Development Agency (“LWDA”), on behalf all current and former Defendants employees affected by the pay practices at issue in this lawsuit, pursuant to the Private Attorneys General Act of 2004 (PAGA), CAL. LAB. CODE §§ 2698 *et seq.*

21. The employees of Defendants affected by the pay practices at issue in this lawsuit include the following:

All current or former non-exempt employees of Defendants who worked in California at any time from November 15, 2022, until the final resolution of this action, who were subject to one or more violations of the California Labor Code.

22. Throughout this Complaint, the employees of Defendants specified in the foregoing paragraph are also referred to as the “Aggrieved California Workers.”

23. **Defendant Signature Healthcare Services, LLC** is a foreign limited liability company.

24. Signature Healthcare Services, LLC is authorized to do business in California.

25. Signature Healthcare Services, LLC is registered with the California Secretary of State.

26. Signature Healthcare Services, LLC conducts business in a systematic and continuous manner throughout California and Los Angeles County, California

27. Signature Healthcare Services, LLC may be served by service upon its registered agent, **Northwest Registered Agent, Inc., 2108 N. Street, Ste. N, Sacramento, CA 95816-5712**, or by any other method allowed by law.

28. **Defendant Aurora Charter Oak – Los Angeles, LLC** is a California limited liability company.

29. Aurora Charter Oak – Los Angeles, LLC is authorized to do business in California.

30. Aurora Charter Oak – Los Angeles, LLC is registered with the California Secretary of State.

31. Aurora Charter Oak – Los Angeles, LLC conducts business in a systematic and continuous manner throughout California and Los Angeles County, California

32. Aurora Charter Oak – Los Angeles, LLC may be served by service upon its registered agent, **Northwest Registered Agent, Inc., 2108 N. Street, Ste. N, Sacramento, CA 95816-5712**, or by any other method allowed by law.

33. Signature Healthcare Services, LLC owns and operates approximately 20 interrelated healthcare facilities.

34. The facilities owned and operated by Signature Healthcare Services, LLC include, but are not limited to:¹

- Aliso Ridge Behavioral Health (Aliso Viejo, CA)
- Anaheim Community Hospital (Anaheim, CA)
- Aurora Behavioral Health Care (San Diego, CA)
- Aurora Behavioral Health System (Glendale, AZ)
- Aurora Behavioral Health System (Tempe, AZ)
- Aurora Charter Oak Hospital (Covina, CA)
- Bakersfield Behavioral Healthcare Hospital (Bakersfield, CA)
- Dallas Behavioral Healthcare Hospital (DeSoto, TX)
- Desert Parkway Behavioral Healthcare Hospital (Las Vegas, NV)
- Georgetown Behavioral Health Institute (Georgetown, TX)
- Houston Behavioral Healthcare Hospital (Houston, TX)
- Las Encinas Hospital (Pasadena, CA)
- Plum Creek Recovery Ranch (Lockhart, TX)
- Reno Behavioral Healthcare Hospital (Reno, NV)
- Sacramento Behavioral Healthcare Hospital (Sacramento, CA)

¹ Signature Healthcare, Healthcare Facilities, <https://www.signaturehc.com/healthcare-facilities> (last visited March 12, 2024).

- San Antonio Behavioral Healthcare Hospital (San Antonio, TX)
- Santa Rosa Hospital (Santa Rosa, CA)
- Vista del Mar Hospital (Ventura, CA)
- Westborough Behavioral Healthcare Hospital (Westborough, MA)

35. Signature Healthcare Services, LLC's subsidiaries and alter egos include, but are not limited to, the following:

- Aliso Ridge Behavioral Health, LLC
- Anaheim Community Hospital, LLC
- Aurora Behavioral Healthcare-Santa Rosa, LLC
- Aurora Charter Oak – Los Angeles, LLC
- Aurora San Diego, LLC
- Dallas Behavioral Healthcare Hospital, LLC
- Georgetown Behavioral Health Institute, LLC
- Houston Behavioral Healthcare Hospital, LLC
- Las Encinas Hospital
- Pasadena Oaks, LLC
- Plum Creek Recovery Ranch, LLC
- Sacramento Behavioral Healthcare Hospital, LLC
- San Antonio Behavioral Healthcare Hospital, LLC

36. These are some, but not all, of the interrelated companies operated by Signature Healthcare Services, LLC.

37. At all relevant times, the operation of all of Signature Healthcare Services, LLC's above-referenced entities was and is interrelated.

38. At all relevant times, Signature Healthcare Services, LLC and all of the above-referenced entities operated for a common business purpose, to provide medical and psychiatric care services to its patients/customers.

39. At all relevant times, Signature Healthcare Services, LLC had centralized/shared back-office operations, including but not limited to human resources, accounting, marketing, risk management, financial operations, and legal compliance.

40. At all relevant times, Signature Healthcare Services, LLC exerted operational control over its subsidiaries and alter egos.

41. At all relevant times, Signature Healthcare Services, LLC substantially controlled the terms and conditions of employment for workers of its subsidiaries and alter egos.

42. At all relevant times, Signature Healthcare Services, LLC had a common control and management of labor relations regarding employees of its subsidiaries and alter egos.

43. Signature Healthcare Services, LLC employed and/or jointly employed, with its subsidiaries and alter egos, Plaintiffs and the Similarly Situated Workers.

44. Signature Healthcare Services, LLC and its respective subsidiaries and alter egos are joint employers for purposes of California law.

45. Plaintiffs are informed and believes and on that basis allege, that at all relevant times Signature Healthcare Services, LLC, Aurora Charter Oak – Los Angeles, LLC, and Defendants Does #1 through #50 were affiliated, and each was the principal, agent, servant, partner, officer, director, controlling shareholder, subsidiary, affiliate, parent corporation, successor or predecessor in interest, joint ventures, and/or joint enterprises of one or more of Defendants.

46. Signature Healthcare Services, LLC, Aurora Charter Oak – Los Angeles, LLC, and Defendants Does #1 through #50 employed and/or jointly employed Plaintiffs and the Similarly Situated Workers.

47. Signature Healthcare Services, LLC, Aurora Charter Oak – Los Angeles, LLC, and Defendants Does #1 through #50 are joint employers for purposes of California law.

48. Plaintiffs are unaware of the true names of Defendants Does #1 through #50, and so Plaintiffs sue those Defendants under said fictitious names pursuant to California Code of Civil Procedure section 474.

49. Plaintiffs will amend this Complaint to show the true names and capacities of such fictitiously named Defendants after the same has been ascertained.

50. Because the true names of Defendants Does #1 through #50 are currently unknown, Plaintiffs refer to such Defendants in this lawsuit collectively with their non-fictitiously named joint and integrated employers as “Signature Healthcare” or “Defendants” throughout this Complaint.

FACTS

51. Defendants own and operate approximately 10 interrelated healthcare facilities in California. Signature Healthcare, Healthcare Facilities, <https://www.signaturehc.com/healthcare-facilities> (last visited Mar. 13, 2024).

52. Defendants provide operational and financial support for these California facilities, with its deep history and expertise in the behavioral field. Signature Healthcare, Operational Services, <https://www.signaturehc.com/operational-services> (last visited Mar. 13, 2024).

53. Defendants’ core competencies cover the full spectrum of development, marketing, and both clinical and financial operations. Signature Healthcare, Operational Services, <https://www.signaturehc.com/operational-services> (last visited Mar. 13, 2024).

54. Defendants’ operational and financial support services for these California facilities include recruitment of employees. Signature Healthcare, Operational Services, <https://www.signaturehc.com/operational-services> (last visited Mar. 13, 2024).

55. Defendants implement a Corporate Compliance Program and associated Code of Conduct that applies to employees of these California facilities. Signature Healthcare, Operational Services, <https://www.signaturehc.com/operational-services> (last visited Mar. 13, 2024).

56. Defendants routinely deny its workers, including Plaintiffs, meal and rest periods (or compensation for the same).

57. Instead, Plaintiffs and other of Defendants' workers in California would work over four hours without any rest period.

58. Merchain and other of Defendants' workers in California would work over five hours without any meal period.

59. Merchain repeatedly worked through rest periods, or received none at all

60. Merchain repeatedly worked through meal periods, or received none at all.

61. Dorgan and other of Defendants' workers in California would work over five hours without any meal period.

62. Dorgan repeatedly worked through rest periods, or received none at all

63. Dorgan repeatedly worked through meal periods, or received none at all.

64. But Defendants did not compensate Dorgan for these missed rest and meal periods.

65. But Defendants did not compensate Merchain for these missed rest and meal periods.

66. Plaintiffs and the Similarly Situated Workers remain uncompensated for the wages and other damages owed by Defendants under California law.

**VIOLATIONS OF THE CALIFORNIA LABOR CODE
SUBSECTION ONE—FAILURE TO PAY WAGES**

67. The California Labor Code requires that all employees, including Plaintiffs and the other Aggrieved California Workers, receive 1.5x their hourly rate as overtime premium compensation for hours worked over eight in one day. CAL. LAB. CODE § 510 (2017); IWC Wage Orders #1-2001 through #17-2001.

68. Despite working over 8 hours a day as part of their normal and regular shift, Plaintiffs and the other Aggrieved California Workers did not receive proper overtime compensation for all hours worked over 8 in one day.

69. The California Labor Code also requires that all employees, including Plaintiffs and the other Aggrieved California Workers, receive 2x times the overtime premium compensation for hours worked over 12 in one day. CAL. LAB. CODE § 510 (2017); IWC Wage Orders #1-2001 through #17-2001.

70. Although Plaintiffs and the other Aggrieved California Workers occasionally worked over 12 hours in one day, they did not receive the “double time” compensation required by California law.

71. The California Labor Code requires that all employees, including Plaintiffs and the other Aggrieved California Workers, receive 2x the overtime premium compensation for hours worked over 8 in one day, in the seventh day of a workweek. CAL. LAB. CODE §§ 510, 551–52 (2017); IWC Wage Orders #1-2001 through #17-2001.

72. Although Plaintiffs and the other Aggrieved California Workers regularly worked seven days a week, for at least 12 hours a day, they did not receive the “double time” compensation required by California law for all hours over eight worked on the seventh day.

73. This pattern, practice, and uniform administration of corporate policy regarding illegal employee compensation is unlawful under California law.

**VIOLATIONS OF THE CALIFORNIA LABOR CODE
SUBSECTION TWO—FAILURE TO PAY COMPENSATION FOR
MISSED MEAL AND REST PERIODS**

74. At all relevant times, Signature Healthcare was required to provide workers with an uninterrupted, 30-minute meal period each day in which they worked at least 5 hours. CAL. LAB. CODE §§ 226.7, 512; IWC Wage Orders #1-2001 through #17-2001 (*e.g.*, #4-2001, at ¶ 11(A); #5-2001, at ¶ 11(A)).

75. Likewise, Signature Healthcare was required to provide workers with a second uninterrupted, 30-minute meal period each day in which they worked at least 10 hours. CAL. LAB. CODE §§ 226.7, 512; IWC Wage Orders #1-2001 through #17-2001 (*e.g.*, #4-2001, at ¶ 11(A); #5-2001, at ¶ 11(A)).

76. As a pattern and practice, Signature Healthcare did not provide Plaintiffs and the California Break Class with meal periods and did not provide proper compensation for the missed meal periods, as required by California law.

77. Plaintiffs and the California Break Class are entitled to receive compensation, at each employee's regular rate of pay, of one hour for each day they were denied their lawfully required meal period. CAL. LAB. CODE § 512; IWC Wage Orders #1-2001 through #17-2001 (*e.g.*, #4-2001, at ¶ 11(B); #5-2001, at ¶ 11(B)).

78. At all relevant times, Signature Healthcare was required to provide workers with an uninterrupted rest period each day in which they worked at least 3.5 hours. CAL. LAB. CODE §§ 226.7, 512; IWC Wage Orders #1-2001 through #17-2001 (*e.g.*, #4-2001, at ¶ 12(A); #5-2001, at ¶ 12(A)).

79. California law requires workers to be provided with rest periods in amounts of time calculated in accordance with California Labor Code sections 226.7 and 512, and IWC Wage Orders #1-2001 through #17-2001 (*e.g.*, #4-2001, at ¶ 12(A); #5-2001, at ¶ 12(A)).

80. As a pattern and practice, Signature Healthcare did not provide Plaintiffs and the California Break Class with rest periods and did not provide proper compensation for the missed rest periods, as required by California law.

81. Plaintiffs and the California Break Class are entitled to receive compensation, at each employee's regular rate of pay, of one hour for each day they were denied their lawfully required rest period. CAL. LAB. CODE § 512; IWC Wage Orders #1-2001 through #17-2001 (*e.g.*, #4-2001, at ¶ 12(B); #5-2001, at ¶ 12(B)).

82. Employees who were denied meal and/or rest periods are entitled to be compensated for each separate violation of the law in a given workday. *See, e.g., United Parcel Serv. Wage & Hour Cases*, 196 Cal.App.4th 57, 65 (Cal. App. 2nd Dist. 2011).

**VIOLATIONS OF THE CALIFORNIA LABOR CODE
SUBSECTION THREE—VIOLATIONS OF RECORD KEEPING REQUIREMENTS**

83. California Labor Code section 226 requires Defendants to keep accurate records regarding the rates of pay for its California employees and provide that information to Plaintiffs and the other Aggrieved California Workers with their wage payment.

84. Because Defendants failed to pay Plaintiffs and the other Aggrieved California Workers lawful wages, it did not maintain accurate records of Plaintiffs and the other Aggrieved California Workers's daily hours, gross wages earned, net wages earned, and the applicable hourly rates, and did not provide that information to Plaintiffs and the other Aggrieved California Workers with their wages.

85. This pattern, practice, and uniform administration of corporate policy is unlawful under California law.

**VIOLATIONS OF THE CALIFORNIA LABOR CODE
SUBSECTION FOUR—WAITING TIME PENALTIES**

86. At all relevant times, Defendants were required to pay Plaintiffs and the other Aggrieved California Workers all wages owed in a timely fashion at the end of employment pursuant to California Labor Code sections 201 to 204.

87. As a result of Defendants' alleged California Labor Code violations, Defendants regularly failed to pay Plaintiffs and the other Aggrieved California Workers their final wages pursuant to California Labor Code sections 201 to 204, and accordingly Defendants owes waiting time penalties pursuant to California Labor Code section 203.

88. The conduct of Defendants, in violation of Plaintiffs and the other Aggrieved California Workers members' rights, was willful and was undertaken by the agents, employees, and managers of Defendants.

89. Defendants' willful failure to provide Plaintiffs and the other Aggrieved California Workers the wages due and owing them upon separation from employment results in a continuation of wages up to 30 days from the time the wages were due.

CAUSE OF ACTION—CIVIL PENALTIES UNDER PAGA

90. Plaintiffs incorporate all other allegations.

91. Plaintiffs and the other Aggrieved California Workers are aggrieved employees within the meaning of California Labor Code section 2699.

92. Plaintiffs, aggrieved employees acting as representative of the California Labor & Workplace Development Agency (“LWDA”), on behalf of the Aggrieved California Workers, seeks to recover civil penalties against Defendants pursuant to the Private Attorneys General Act of 2004 (PAGA), CAL. LAB. CODE §§ 2698 *et seq.*

93. Defendants have knowingly and intentionally violated the California Labor Code and IWC Wage Orders, including by:

- a. Failing to pay wages (Cal. Lab. Code §§ 510, 1194, 1194.5; IWC Wage Orders #1-2001 through #17-2001);
- b. Failing to provide compensation for missed meal and rest periods (Cal. Lab. Code §§ 226.7, 512; IWC Wage Orders #1-2001 through #17-2001);
- c. Violating record keeping requirements (Cal. Lab. Code § 226);
- d. Unlawfully collecting, receiving, or withholding wages (Cal. Lab. Code §§ 221, 225.5);
- e. Failing to pay wages promptly following termination of employment, or when due and payable (Cal. Lab. Code § 203).

94. The civil penalties sought by Plaintiffs, on behalf of the Aggrieved California Workers, include the recover of amounts specified in the respective sections of the California Labor Code, and if not specifically provided, those penalties under section 2699(f).

95. Plaintiffs, on behalf of the Aggrieved California Workers, seek the full amounts sufficient to recover unpaid wages, other damages, and necessary expenditures or losses incurred by Plaintiffs on behalf of the Aggrieved California Workers pursuant to California Labor Code sections 210, 225.5, 226.3, 226.8, 558(a), 1197(a), 2802, and 2699.

96. Plaintiffs, on behalf of the Aggrieved California Workers, will allege any additional violations of the California Labor Code and IWC Wage Orders as may be disclosed in discovery and as a result of additional investigation that may be pursued in this action.

97. Plaintiffs provided notice to Defendants of their California Labor Code and IWC Wage Orders violations on November 15, 2023.

98. On the same date, Plaintiffs submitted notice to the LWDA, as required by PAGA.

99. Plaintiffs' notice to Defendants and the LWDA advises each of them of the intent to prosecute a private enforcement action to assess and recover civil penalties under PAGA if the LWDA declines to investigate or prosecute the asserted California Labor Code and IWC Wage Orders violations.

100. If the LWDA declines to investigate or prosecute, Plaintiffs will pursue PAGA claims in the course of this action, on behalf of the Aggrieved California Workers.

101. Plaintiffs have had to retain counsel to file this action to protect the interests of the Aggrieved California Workers, and to to assess and collect the civil penalties owed by Defendants to the Aggrieved California Workers.

102. Plaintiffs, on behalf of the LWDA, has incurred attorneys' fees and costs in prosecuting this action to recover under PAGA for the Aggrieved California Workers.

RELIEF SOUGHT

Plaintiffs pray for judgment against Defendants as follows:

- a. For an order finding Defendants violated California law, including the California Labor Code and IWC Wage Orders;
- b. For a judgment awarding civil penalties under PAGA to Plaintiffs, on behalf of the LWDA;
- c. For a judgment awarding attorneys' fees to Plaintiffs, on behalf of the LWDA;
- d. For a judgment awarding costs of this action to Plaintiffs, on behalf of the LWDA;
- e. For a judgment awarding pre- and post-judgment interest at the highest rates allowed by law to Plaintiffs, on behalf of the LWDA; and
- f. For all such other and further relief as may be necessary and appropriate.

1 Dated: Mar. 13, 2024

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3 Respectfully submitted,

4 */s/ Matthew S. Parmet*

5 By: _____

6 **Matthew S. Parmet**
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7 **Angeli Murthy**
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8 **Attorneys for Plaintiff**
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