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June 15, 2026

**NOTICE OF PRIVATE ATTORNEYS GENERAL ACT CLAIM
PURSUANT TO LABOR CODE §2699.3**

To: California Labor and Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Suite 801
Oakland, California 94612
Via Online Submission Only

Department of Industrial Relations
Accounting Unit
455 Golden Gate Avenue, 10th Floor
San Francisco, California 94102
Certified Mail Number: 9589 0710 5270 2376 2566 37

Health Access for All Inc.
Attn: Faris Rivera
1919 West 7th Street, 4th Floor
Los Angeles, California 90057
Certified Mail Number: 9589 0710 5270 2376 2566 75

Health Access for All Inc.
Attn: Human Resources
1919 West 7th Street, 4th Floor
Los Angeles, California 90057
Certified Mail Number: 9589 0710 5270 2376 2566 82

From: Jaime Osegueda Jr., on behalf of himself and other current and former aggrieved, California-based, hourly non-exempt employees of Health Access for All Inc.

Factual Statement and Theories of Labor Code Violations

This office represents aggrieved employee Jaime Osegueda Jr. ("Claimant") with respect to Claimant's claims under the California Labor Code against Health Access For All Inc. (including any and all affiliates, subsidiaries, parents, directors, and officers thereof) (collectively referred to herein as "Employers"). Claimant was formerly employed by Employers as an hourly non-exempt employee from in or around February 2022 through in or around September 15, 2025.

Claimant intends to bring a representative action seeking penalties for violations of the California Labor Code which are recoverable under the Labor Code Private Attorneys General Act of 2004, California Labor Code § 2698, et seq. (“PAGA”). Claimant is seeking penalties on behalf of himself and in a representative capacity on behalf of the State of California and all current and former hourly-paid and/or non-exempt employees who worked for Employers in the State of California during the relevant statutory period (“Aggrieved Employees”). This letter is being sent in compliance with California Labor Code section 2699.3 and shall serve as Claimant’s notice of the provisions of the California Labor Code alleged to have been violated, including the facts and theories in support thereof.

As detailed below, Employers violated several of California’s wage and hour laws during Claimant’s employment, including but not limited to California Labor Code §§ 201, 202, 203, 204, 226(a), 226.7, 227.3, 246, 245-248.5, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802, and the Industrial Welfare Commission Wage Orders (“IWC Wage Orders”). The claims made on behalf of Claimant and Aggrieved Employees are based upon the following facts and theories:

1. MISCLASSIFICATION OF PLAINTIFF AND AGGRIEVED EMPLOYEES

Employers maintained a policy, practice, and/or procedure of improperly classifying Claimant and Aggrieved Employees as independent contractors rather than employees. Claimant is informed and believes, and thereon alleges, that Claimant and Aggrieved Employees performed services that were integral to Employers’ regular business operations, worked under Employers’ direction and control, utilized Employers’ systems, policies, procedures, schedules, and requirements, and lacked the degree of independence necessary to qualify as independent contractors under California law. Despite exercising substantial control over the manner and means by which the work was performed, Employers treated Claimant and Aggrieved Employees as independent contractors and issued Forms 1099 rather than treating them as employees.

Claimant is informed and believes that Employers failed to satisfy the requirements of the ABC test set forth in Labor Code § 2775, *Dynamex Operations West, Inc. v. Superior Court*, and related California authority. Specifically, Employers cannot establish that Claimant and Aggrieved Employees were free from Employers’ control and direction in connection with the performance of their work, that they performed work outside the usual course of Employers’ business, or that they were customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed. Accordingly, Claimant and Aggrieved Employees were employees under California law and were improperly classified as independent contractors throughout the relevant period.

As a direct and proximate result of this misclassification, Employers failed to pay Claimant and Aggrieved Employees all minimum wages, overtime wages, and double-time wages earned. Employers failed to compensate Claimant and Aggrieved Employees for all hours worked, including off-the-clock work performed before scheduled shifts, after scheduled shifts, and during otherwise unpaid periods. Employers further failed to maintain accurate records of hours worked and failed to comply with California’s wage-and-hour laws applicable to employees.

As a further result of the misclassification, Employers failed to provide compliant meal periods and rest periods, failed to authorize and permit recovery periods where applicable, failed to pay meal period and rest period premium wages, and failed to maintain accurate meal period records. Claimant is informed and believes that Claimant and Aggrieved Employees regularly worked shifts entitling them to meal and rest periods but were deprived of such protections because Employers improperly treated them as independent contractors rather than employees.

Employers also failed to furnish accurate itemized wage statements as required by Labor Code § 226. Because Claimant and Aggrieved Employees were improperly treated as independent contractors, Employers failed to provide wage statements accurately reflecting total hours worked, applicable rates of pay, gross wages earned, net wages earned, premium wages earned, and other information required by California law. Employers further failed to maintain payroll and timekeeping records required by Labor Code §§ 1174 and 1174.5 and applicable Industrial Welfare Commission Wage Orders.

As a result of the misclassification scheme, Employers failed to reimburse Claimant and Aggrieved Employees for all necessary business expenses incurred in direct consequence of their duties, including, but not limited to, vehicle and mileage expenses, gasoline, maintenance, cell phone expenses, internet expenses, tools, equipment, supplies, uniforms, and other work-related expenditures, in violation of Labor Code § 2802. Employers shifted their ordinary business expenses onto Claimant and Aggrieved Employees while improperly characterizing them as independent contractors.

Claimant is informed and believes that Employers also failed to provide paid sick leave and failed to properly compensate sick leave at the rates required by California law. To the extent Claimant and Aggrieved Employees separated from employment during the relevant period, Employers further failed to timely pay all wages due and owing upon separation, including unpaid minimum wages, overtime wages, premium wages, and unreimbursed business expenses, thereby giving rise to waiting-time penalties pursuant to Labor Code §§ 201, 202, and 203.

Through the conduct described herein, Employers violated, among other provisions, Labor Code §§ 201-203, 204, 226, 226.7, 246, 510, 512, 558, 1174, 1174.5, 1182.12, 1194, 1194.2, 1197, 1197.1, 1198, 2802, 2775 et seq., and 2698 through 2699.5, as well as applicable Industrial Welfare Commission Wage Orders. Claimant seeks recovery of all available civil penalties under the PAGA on behalf of himself and all Aggrieved Employees for each violation occurring during the applicable limitations period.

2. FAILURE TO PAY THE MINIMUM WAGE RATE OF PAY FOR ALL HOURS WORKED

Claimant maintains that during his employment, Employers failed to pay him and Aggrieved Employees with compensation at the minimum wage rate of pay for all the hours that they worked in violation of Labor Code §§ 1194 and 1197. Labor Code § 1197 provides, “The minimum wage for employees fixed by the commission is the minimum wage to be paid to employees, and the payment of a less wage than the minimum so fixed is unlawful.” Labor Code § 1194 states, “...any employee receiving less than the legal minimum wage or the legal overtime compensation applicable to the employee is entitled

to recover in a civil action the unpaid balance of the full amount of this minimum wage or overtime compensation, including interest thereon, reasonable attorney's fees, and costs of suit."

Claimant maintains that during his employment, he and Aggrieved Employees worked more hours per day than Employers credited them for having worked based on the following:

- Employers maintained a policy, practice, and/or procedure of improperly classifying Claimant and Aggrieved Employees as independent contractors and, as a result, failed to pay them all minimum wages required under California law. Because Employers treated Claimant and Aggrieved Employees as 1099 contractors rather than employees, Employers failed to track all hours worked and failed to ensure that Claimant and Aggrieved Employees received compensation equal to or greater than the applicable state and local minimum wage for every hour worked. Claimant is informed and believes that, when compensation received is divided by the total number of hours worked, Claimant and Aggrieved Employees were paid less than the applicable minimum wage for some or all workweeks during the relevant period. Accordingly, Employers violated Labor Code §§ 1182.12, 1194, 1197, 1197.1, and applicable Industrial Welfare Commission Wage Orders, entitling Claimant and Aggrieved Employees to recover all available remedies and civil penalties under PAGA.
- Employers maintained and enforced a uniform policy, practice, and/or procedure whereby Claimant and other Aggrieved Employees had their total daily hours "rounded down" or "shaved" to the benefit of Employers. Specifically, Employers systematically altered time records by truncating or rounding employees' actual clock-in and clock-out times, thereby reducing the total compensable hours worked each day. This unlawful rounding practice resulted in Claimant and Aggrieved Employees not being paid for all hours worked in violation of California Labor Code §§ 200, 510, 1194, and 1197, as well as the applicable Industrial Welfare Commission ("IWC") Wage Order. Under California law, all time during which an employee is subject to the control of the employer or suffered or permitted to work, whether or not required to do so, must be compensated. California courts have expressly rejected rounding or time-shaving practices that consistently favor the employer or fail to accurately capture all time actually worked, including in *Troester v. Starbucks Corp.* (2018) 5 Cal.5th 829, and *Donohue v. AMN Services, LLC* (2021) 11 Cal.5th 58. Otherwise, Employers maintained a policy, practice, and/or procedure whereby they paid Claimant and Aggrieved Employees' for their scheduled hours instead of properly keeping track of their time. As a result, Employers failed to properly track the actual hours Claimant and Aggrieved Employees worked. The policies maintained by Employers resulted in the systematic underpayment of wages, failure to pay overtime premiums, and issuance of inaccurate wage statements in violation of Labor Code § 226(a). As a consequence of these unlawful practices, Claimant and Aggrieved Employees were denied earned wages, including overtime compensation, and those who separated from employment were not paid all wages due and owing at the time of termination, in violation of Labor Code §§ 201–203.
- Employers maintained a policy, practice, and/or procedure of paying Claimant and Aggrieved Employees on a salary basis while failing to maintain accurate records of all hours worked. Employers did not require Claimant and Aggrieved Employees to record their start times, end times,

meal periods, rest periods, or total hours worked each workday and workweek. As a result, Employers failed to accurately track compensable time and failed to properly compensate Claimant and Aggrieved Employees for all hours worked, including straight-time wages, minimum wages, overtime wages, and premium wages where applicable. Claimant is informed and believes that this practice resulted in the systematic underpayment of wages and deprived Claimant and Aggrieved Employees of the protections afforded to nonexempt employees under the California Labor Code and applicable Industrial Welfare Commission Wage Orders. Employers further maintained a policy, practice, and/or procedure of failing to keep accurate payroll and time records for Claimant and Aggrieved Employees because Employers improperly classified them as independent contractors rather than employees. As a result, Employers failed to maintain records showing daily hours worked, total hours worked each pay period, applicable rates of pay, overtime hours worked, meal period compliance, and other information required by Labor Code §§ 226, 1174, and applicable Wage Orders.

Employers' aforementioned policy, practice, and/or procedure results in time each day in which Claimant and Aggrieved Employees are subject to the control of employers' without being compensated for that time.

Based on these violations, Claimant intends to seek civil penalties pursuant to the PAGA, Labor Code § 2698, et seq. and Labor Code § 1197.1, subds. (a)(1)-(2), on behalf of the Labor and Workforce Development Agency ("LWDA") against Employers if authorized to file a representative action on behalf of the State of California. Claimant will also seek statutory penalties under Labor Code § 226(a)(1) because the failure to pay such minimum wages for all hours worked rendered Claimant's and Aggrieved Employees pay calculations inaccurate and in violation of Labor Code § 226(e)(2)(B)(i)).

3. FAILURE TO PAY OVERTIME WAGES FOR OVERTIME HOURS WORKED

Claimant maintains that Employer failed to pay him and Aggrieved Employees for the overtime hours that they worked at their overtime rate of pay.

Labor Code § 510 provides:

"Eight hours of labor constitutes a day's work. Any 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. 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. In addition, 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."

Overtime is based upon an employee's regular rate of pay. "The regular rate at which an employee is employed shall be deemed to include all remuneration for employment paid to, or on behalf, of the

employee.” See Division of Labor Standards Enforcement – Enforcement Policies and Interpretations Manual, Section 49.1.2.

Finally, Labor Code § 1194 provides, “...any employee receiving less than the legal minimum wage or the legal overtime compensation applicable to the employee is entitled to recover in a civil action the unpaid balance of the full amount of this minimum wage or overtime compensation, including interest thereon, reasonable attorney’s fees, and costs of suit.”

As stated above, Claimant maintains that Employers failed to pay him and Aggrieved Employees for all of the hours that they worked based on the following:

- Employers maintained a policy, practice, and/or procedure of improperly classifying Claimant and Aggrieved Employees as independent contractors and, as a result, failed to pay all overtime wages required under California law. Because Employers treated Claimant and Aggrieved Employees as 1099 contractors rather than employees, Employers failed to record all hours worked and failed to pay overtime compensation at one and one-half times or two times the regular rate of pay for hours worked in excess of eight hours in a workday, forty hours in a workweek, and/or on the seventh consecutive day of work in a workweek. Claimant is informed and believes that Claimant and Aggrieved Employees regularly worked overtime hours but were paid a flat salary, day rate, piece rate, commission, or other compensation that did not include the legally required overtime premium. As a result, Employers failed to pay all overtime wages earned in violation of Labor Code §§ 510, 558, 1194, and 1198, as well as applicable Industrial Welfare Commission Wage Orders, thereby entitling Claimant and Aggrieved Employees to all available remedies and civil penalties under PAGA.
- Employers maintained and enforced a uniform policy, practice, and/or procedure whereby Claimant and other Aggrieved Employees had their total daily hours “rounded down” or “shaved” to the benefit of Employers. Specifically, Employers systematically altered time records by truncating or rounding employees’ actual clock-in and clock-out times, thereby reducing the total compensable hours worked each day. This unlawful rounding practice resulted in Claimant and Aggrieved Employees not being paid for all hours worked in violation of California Labor Code §§ 200, 510, 1194, and 1197, as well as the applicable Industrial Welfare Commission (“IWC”) Wage Order. Under California law, all time during which an employee is subject to the control of the employer or suffered or permitted to work, whether or not required to do so, must be compensated. California courts have expressly rejected rounding or time-shaving practices that consistently favor the employer or fail to accurately capture all time actually worked, including in *Troester v. Starbucks Corp.* (2018) 5 Cal.5th 829, and *Donohue v. AMN Services, LLC* (2021) 11 Cal.5th 58. Otherwise, Employers maintained a policy, practice, and/or procedure whereby they paid Claimant and Aggrieved Employees’ for their scheduled hours instead of properly keeping track of their time. As a result, Employers failed to properly track the actual hours Claimant and Aggrieved Employees worked. The policies maintained by Employers resulted in the systematic underpayment of wages, failure to pay overtime premiums, and issuance of inaccurate wage statements in violation of Labor Code § 226(a). As a consequence of these unlawful practices, Claimant and Aggrieved Employees

were denied earned wages, including overtime compensation, and those who separated from employment were not paid all wages due and owing at the time of termination, in violation of Labor Code §§ 201–203.

- Employers maintained a policy, practice, and/or procedure of paying Claimant and Aggrieved Employees on a salary basis while failing to maintain accurate records of all hours worked. Employers did not require Claimant and Aggrieved Employees to record their start times, end times, meal periods, rest periods, or total hours worked each workday and workweek. As a result, Employers failed to accurately track compensable time and failed to properly compensate Claimant and Aggrieved Employees for all hours worked, including straight-time wages, minimum wages, overtime wages, and premium wages where applicable. Claimant is informed and believes that this practice resulted in the systematic underpayment of wages and deprived Claimant and Aggrieved Employees of the protections afforded to nonexempt employees under the California Labor Code and applicable Industrial Welfare Commission Wage Orders. Employers further maintained a policy, practice, and/or procedure of failing to keep accurate payroll and time records for Claimant and Aggrieved Employees because Employers improperly classified them as independent contractors rather than employees. As a result, Employers failed to maintain records showing daily hours worked, total hours worked each pay period, applicable rates of pay, overtime hours worked, meal period compliance, and other information required by Labor Code §§ 226, 1174, and applicable Wage Orders.

Employers' aforementioned policy, practice, and/or procedure results in time each day in which Claimant and Aggrieved Employees are subject to the control of employers' without being compensated for that time. To the extent that the foregoing unpaid time resulted Claimant and Aggrieved Employees being subject to the control of Employers when they worked more than eight (8) hours in a workday or 40 hours in a workweek, Employers failed to pay Claimant and Aggrieved Employees for all of the overtime hours that they worked at their overtime rate of pay.

Based on these violations, Claimant intends to seek civil penalties pursuant to the PAGA, Labor Code § 2698, et seq. and Labor Code §§ 558 and/or 1197.1, subds. (a)(1)-(2), on behalf of the LWDA against Employers if authorized to file a representative action on behalf of the State of California. As a derivative claim of Employers' failure to pay overtime wages for overtime hours worked, Claimant will also seek statutory penalties under Labor Code § 226(a)(1) because the failure to pay such overtime wages rendered Claimant's and Aggrieved Employees' pay calculations inaccurate and in violation of Labor Code § 226(e)(2)(B)(i).

4. FAILURE TO AUTHORIZE OR PERMIT MEAL PERIODS IN VIOLATION OF LABOR CODE §§512 AND 226.7

Claimant maintains that during his employment, Employers failed to maintain compliant meal period policies and/or pay proper meal period premiums. California law requires an employer to provide an employee an uninterrupted meal period of no less than 30-minutes in which the employee is relieved of all duties and the employer relinquishes control over the employee's activities prior to the employee's sixth hour of work. Cal. Lab. Code §§ 226.7, 512; Wage Order 4, §11; *Brinker Rest. Corp. v. Super Ct.*

(*Hohnbaum*) (2012) 53 Cal.4th 1004. An employer may not employ an employee for a work period of more than 10 hours per day without providing the employee with a second such meal period of not less than 30 minutes prior to the start of the eleventh hour of work. *Id.* If the employer requires the employee to remain at the work site or facility during the meal period, the meal period must be paid. This is true even where the employee is relieved of all work duties during the meal period. *Bono Enterprises, Inc. v. Bradshaw* (1995) 32 Cal.App.4th 968. Labor Code § 226.7 provides that if an employee does not receive a required meal or rest period that “the employer shall pay the employee one additional hour of pay at the employee’s regular rate of compensation for each work day that the meal or rest period is not provided.”

Claimant maintains that Employers failed to authorize or permit him and Aggrieved Employees to take compliant meal periods based on the following:

- Employers maintained and enforced a uniform policy, practice, and/or procedure that failed to authorize and permit Claimant and other Aggrieved Employees to take lawful, duty-free meal periods. Specifically, Employers regularly required Claimant and Aggrieved Employees to work through their first and/or second meal periods, to take their first meal period after the fifth (5th) hour of work, and/or to take their second meal period, when provided at all, after the tenth (10th) hour of work. In many instances, meal periods were short, interrupted, and performed under the control of Employers, preventing Claimant and Aggrieved Employees from being relieved of all duties. Further, Employers failed to authorize and permit second meal periods for employees who worked shifts in excess of ten (10) hours, in direct violation of applicable Labor Code provisions and Industrial Welfare Commission (“IWC”) Wage Orders. As a result, Claimant and Aggrieved Employees were denied compliant meal periods and were not compensated with premium pay as required by law.
- Employers maintained a policy, practice, and/or procedure of improperly classifying Claimant and Aggrieved Employees as independent contractors and, as a result, failed to provide compliant meal periods as required under California law. Because Employers treated Claimant and Aggrieved Employees as 1099 contractors rather than employees, Employers failed to relieve them of all duty for uninterrupted meal periods of at least thirty minutes for shifts exceeding five hours and failed to provide second meal periods for qualifying shifts exceeding ten hours. Claimant is informed and believes that Claimant and Aggrieved Employees regularly worked shifts entitling them to meal periods but were required to continue working, remain available for work, perform job duties during meal periods, and/or forego meal periods altogether without receiving premium compensation. As a result, Employers failed to provide legally compliant meal periods and failed to pay one hour of premium wages for each workday in which a compliant meal period was not provided, in violation of Labor Code §§ 226.7 and 512 and applicable Industrial Welfare Commission Wage Orders, thereby entitling Claimant and Aggrieved Employees to all available remedies and civil penalties under PAGA.
- Employers compensated Claimant and Aggrieved Employees a salary for their wages, without maintaining proper documentation of hours worked. When meal breaks were either short, late, and/or interrupted, Employers did not have a payroll system in place to compensate Claimant and

Aggrieved Employees meal period penalties. As a result, Claimant and Aggrieved Employees are entitled to meal break premium penalties. In effect, Claimant and Aggrieved Employees worked shifts long enough to entitle them to meal periods under California law. Nevertheless, Employers employed policies, practices, and/or procedures that resulted in their failure to authorize or permit meal periods to Claimant and Aggrieved Employees of no less than thirty (30) minutes for each five-hour period of work as required by law. Such policies, practices, and/or procedures included, but were not limited to, failing to provide Claimant and Aggrieved Employees who Employers misclassified as exempt with meal breaks.

Employers' policies, practices, and procedures were responsible for the violations alleged above and prevented Claimant and other Aggrieved Employees from taking timely, complete and duty-free meal periods because, amongst other reasons: (1) Employers did not have legally compliant policies regarding the provision and timing of meal periods or systematically disregarded its own purported meal period policies; (2) Employers' management at various levels failed and refused to implement and enforce legally compliant meal period policies and practices; (3) Employers failed to adequately inform and train Claimant and other Aggrieved Employees regarding their right to take timely, uninterrupted, and duty-free meal periods; (4) Employers failed to adequately inform and train Claimant and other Aggrieved Employees about their right to premium wages for non-compliant meal periods; (5) Employers failed to ensure that there was adequate staffing to allow Claimant and other Aggrieved Employees to take timely, uninterrupted, and duty-free meal periods; (6) Employers required Claimant and other Aggrieved Employees to respond to work-related requests at all times, including during meal periods; and (7) Employers' policy and culture prevented Claimant and other Aggrieved Employees from taking timely, uninterrupted, and duty-free meal periods because of the priority placed on maximizing profits over employees' right to receive timely, uninterrupted, and duty-free meal periods.

Further, Claimant alleges, Employers maintained a policy, practice, and/or procedure whereby they failed to pay Claimant and Aggrieved Employees a meal period premium wage of one additional hour of pay at their regular rate of compensation for each work day that Employers failed to authorize or permit all required meal periods, timely meal periods, meal periods of at least 30 minutes, uninterrupted meal periods, and/or duty free meal periods as required by Labor Code § 226.7.

Based on these violations, Claimant intends to seek civil penalties pursuant to the PAGA, Labor Code §2698, et seq. on behalf of the LWDA against Employers if authorized to file a representative action on behalf of the State of California. As a derivative claim of Employers' failure to authorize or permit meal periods or pay meal period premium wages, Claimant will seek statutory penalties under Labor Code § 226(a)(1) because the failure to pay such meal period premiums rendered Claimant's and Aggrieved Employees' pay calculations inaccurate and in violation of Labor Code § 226(e)(2)(B)(i).

5. FAILURE TO AUTHORIZE OR PERMIT REST PERIODS IN VIOLATION OF LABOR CODE §226.7

Claimant maintains that during his employment, Employers failed to maintain compliant rest period policies. California law requires that “[e]very employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period. The authorized rest period time shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof...” Wage Order 5, §12. Employees are entitled to 10 minutes’ rest for shifts from three and one-half to six hours in length, 20 minutes for shifts of more than six hours up to 10 hours, 30 minutes for shifts of more than 10 hours up to 14 hours, and so on.” *Brinker Restaurant Corp. v. Sup. Ct. (Hohnbaum)* (2012) 53 Cal.4th 1004, 1029; Lab. Code § 226.7. Additionally, the rest period requirement “obligates employers to permit-and authorizes employees to take-off-duty rest periods.” *Augustus v. ABM Security Services, Inc.*, (2016) 5 Cal.5th 257, 269. That is, during rest periods employers must relieve employees of all duties and relinquish control over how employees spend their time. *Id.* If an employer fails to provide an employee a rest period in accordance with the applicable provisions of this Order, the employer shall pay the employee one (1) hour of pay at the employee’s regular rate of compensation for each work day that the rest period is not provided.” Wage Order 5, §12; Lab. Code §226.7.

Claimant maintains that Employers failed to authorize or permit him and Aggrieved Employees to take compliant meal periods based on the following:

- Despite that California law requires Employer to provide Claimant with one 10 minute rest break when an employee’s work shift is in excess of 3.5 hours, a second 10 minute rest break when a shift is in excess of 6 hours, a third 10-minute rest break when a shift is in excess of 10 hours, Employer regularly failed to do so. As a result, Claimant and Aggrieved Employees did not receive legally compliant rest periods as they were untimely, on-duty, or were not taken at all.
- Employers maintained a policy, practice, and/or procedure of improperly classifying Claimant and Aggrieved Employees as independent contractors and, as a result, failed to authorize and permit compliant rest periods as required under California law. Because Employers treated Claimant and Aggrieved Employees as 1099 contractors rather than employees, Employers failed to provide paid, duty-free rest periods for every major fraction thereof worked. Claimant is informed and believes that Claimant and Aggrieved Employees regularly worked shifts entitling them to rest periods but were required to remain on duty, continue performing work, remain available to respond to work-related communications, and/or otherwise forego legally compliant rest periods without receiving premium compensation. As a result, Employers failed to authorize and permit compliant rest periods and failed to pay one hour of premium wages for each workday in which a compliant rest period was not provided, in violation of Labor Code § 226.7 and applicable Industrial Welfare Commission Wage Orders, thereby entitling Claimant and Aggrieved Employees to all available remedies and civil penalties under the PAGA.
- Employers compensated Claimant and Aggrieved Employees a salary for their wages, without maintaining proper documentation of hours worked. Because Claimant and Aggrieved Employees

were paid a salary, there was no payroll system in place to compensate Claimant and Aggrieved Employees rest break premium wages. As a result, Claimant and Aggrieved Employees are entitled to rest break premium penalties. In effect, Claimant and Aggrieved Employees worked shifts long enough to entitle them to two (2) rest periods under California law. Nevertheless, Employers employed policies, practices, and/or procedures that resulted in their failure to authorize or permit rest periods to Claimant and Aggrieved Employees of no less than thirty (10) minutes as required by law. Such policies, practices, and/or procedures included, but were not limited to, failing to provide Claimant and Aggrieved Employees who Employers misclassified as exempt with rest breaks.

Employers' policies, practices, and procedures were responsible for the violations alleged above and prevented Claimant and other Aggrieved Employees from taking timely and complete rest periods because, amongst other reasons: (1) Employers did not have legally-compliant policies regarding the provision and timing of rest periods or systematically disregarded its own purported rest period policies; (2) Employers' management at various levels failed and refused to implement and enforce legally compliant rest period policies and practices; (3) Employers failed to adequately inform and train Claimant and other Aggrieved Employees regarding their right to take timely, uninterrupted, and duty-free rest periods; (4) Employers failed to adequately inform and train Claimant and other Aggrieved Employees about their right to premium wages for non-compliant rest periods; (5) Employers failed to ensure that there was adequate staffing to allow Claimant and other Aggrieved Employees to take timely, uninterrupted, and duty-free rest periods; (6) Employers required Claimant and other Aggrieved Employees to respond to work-related requests at all times, including during rest periods; and (7) Employers' policy and culture prevented Claimant and other Aggrieved Employees from taking timely, uninterrupted, and duty-free rest periods because of the priority placed on completing job requirements over employees' right to receive rest periods.

Claimant and other Aggrieved Employees did not receive an extra hour of wages at their regular rate of pay for the rest periods which were not provided to them in compliance with California law. Accordingly, Employers violated the applicable IWC Wage Orders and California Labor Code §§ 226.7, and 1198.

Based on these violations, Claimant intends to seek civil penalties pursuant to the PAGA, Labor Code § 2698, et seq. on behalf of the LWDA against Employers if authorized to file a representative action on behalf of the State of California. As a derivative claim of Employers' failure to authorize or permit rest periods or pay rest period premium wages, Claimant will seek statutory penalties under Labor Code § 226(a)(1) because the failure to pay such rest period premiums rendered Claimant's and Aggrieved Employees' pay calculations inaccurate and in violation of Labor Code § 226(e)(2)(B)(i).

6. FAILURE TO INDEMNIFY EMPLOYEES FOR EMPLOYMENT-RELATED LOSSES AND EXPENSES IN VIOLATION OF LABOR CODE §§ 2802 AND 2802

Claimant maintains that during his employment, Employer failed to indemnify him and Aggrieved Employees for all necessary expenditures or losses incurred by them in the discharge of their duties. California Labor Code §§ 2800 and 2802 require an employer to reimburse its employees for all necessary expenditures incurred by the employee in direct consequence of the discharge of his or her job duties or in

direct consequence of his or her obedience to the directions of the employer. The IWC Wage Orders require employers to provide employees with the tools or equipment necessary for the performance of their job. During the relevant time period, Claimant and Aggrieved Employees incurred necessary business-related expenses and costs that were not fully reimbursed by Employers.

In this case, Claimant maintains Employer employed a policy, practice, and/or procedure whereby Employer required Claimant and Aggrieved Employees to use their personal cell phones for employment-related purposes, including but not limited to, communicating with manager, supervisors, and other managing agents of Employer, clocking-in and out of every shift, and meal breaks, but failed to reimburse them for their cellular and data usage required by their employment with Employer.

Additionally, Employer maintained a policy, practice, and/or procedure whereby Claimant and Aggrieved Employees were required to use their own vehicles in between job assignments, without reimbursing Claimant and Aggrieved Employees for their gasoline, vehicle maintenance, insurance, and other expenses.

Employer employed policies and procedures which ensured Claimant and Aggrieved Employees would not receive indemnification for the aforementioned necessary expenditures incurred as result of their employment with Employer. Employer's aforementioned policies, practices, and/or procedures resulted in Claimant and Aggrieved Employees not receiving indemnification for employment-related expenditures in compliance with California law.

For these reasons, Claimant will seek both restitution for himself and Aggrieved Employees for Employer's violations of Labor Code § 2802 and will seek civil penalties under PAGA, Labor Code § 2698, et seq., on behalf of the LWDA against Employer if authorized to file a representative action on behalf of the State of California; and attorneys' fees and costs.

7. FAILURE TO TIMELY PAY EARNED WAGES DURING EMPLOYMENT

In California, wages must be paid at least twice during each calendar month on days designated in advance by the employer as regular paydays, subject to some exceptions. Labor Code § 204(a). Wages earned between the 1st and 15th days, inclusive, of any calendar month must be paid between the 16th and the 26th day of that month and wages earned between the 16th and the last day, inclusive, of any calendar month must be paid between the 1st and 10th day of the following month. *Id.* Other payroll periods such as those that are weekly, biweekly, or semimonthly, must be paid within seven (7) calendar days following the close of the payroll period in which wages were earned. Labor Code § 204(d).

Employer's aforementioned policies, practices, and/or procedures resulted in their failure to pay Claimant and Aggrieved Employees their earned wages within the applicable time frames outlined in Labor Code § 204.

8. FAILURE TO PROVIDE PROPER PAID SICK LEAVE

Throughout the relevant time period, Employer failed to provide proper paid sick leave to Claimant and Aggrieved Employees, in violation of Labor Code §§ 245-248.5. Employer either failed to provide paid sick leave, or improperly calculated the sick leave accrual and the sick leave rate of pay owed to Claimant and Aggrieved Employees by failing to base the accrued sick leave hours on the correct number of hours worked as a result of the misclassification and/or rounding into the sick leave pay rate calculation.

Based on information and belief, Employer further failed to provide notice of the correct sick leave amount balance available to Claimant and Aggrieved Employees on their wage statements or other written statements. Based on information and belief, Employer failed to put Claimant and Aggrieved Employees on notice of their paid sick leave rights—or thereby putting their entitlement to sick leave in a Labor Code § 2810.5 notice. In addition, Employer failed to maintain accurate records of used sick leave and the balance of paid sick leave left to the Claimant and Aggrieved Employees throughout the relevant time period.

Based on information and belief, throughout the relevant period, Employer failed to provide notice of sick leave amount balance left for Claimant and Aggrieved Employees, thus affecting their intelligent exercise of their paid sick leave. But for this failure, Claimant and Aggrieved Employees would have used their paid sick leave at least prior to their respective separations, for as on several occasions thereafter, he would have been entitled to use the banked sick leave and earn appropriate compensation.

This illegal retention of paid sick leave is unlawful, and Claimant seeks all forms of injunctive relief, restitution, and declaratory relief as permitted by California law, on behalf of Claimant and Aggrieved Employees.

In violation of Labor Code § 247.5, Employer failed to maintain records documenting the hours worked and paid sick days accrued and used by Claimant and Aggrieved Employees, permitting the presumption that Claimant and Aggrieved Employees were entitled to the maximum number of hours accruable under this article.

Upon information and belief, Employer further failed and continue to fail to comply with Labor Code § 246, by failing to provide Claimant and Aggrieved Employees with a Labor Code §226 wage statement, or separate writing containing the amount of paid sick leave available, or paid time off leave an employer provides in lieu of sick leave, at the time it pays wages. Employer unlawfully retained and continue to retain paid sick leave that should have been paid but was not, as a result of Employer failure to properly institute a paid sick leave program. On information and belief, Claimant alleges that all of these practices were experienced and continue to be experienced by Aggrieved Employees.

Claimant requests all appropriate relief under the PAGA and these statutes, including but not limited to the restitution of earned paid sick leave that could have been used, but was not due to Employer sole failure to institute such a paid sick leave entitlement or paid sick leave bank as required by California law.

Accordingly, Claimant and Aggrieved Employees are entitled to injunctive relief, attorney's fees, declaratory relief, restitution, and penalties as permitted by law. Claimant requests all relief pursuant to the aforementioned code provisions, including but not limited to Labor Code §§ 233 and 234, which incorporates the paid sick leave requirements.

9. FAILURE TO PROVIDE ACCURATE WAGE STATEMENTS

California Labor Code § 226(a) requires an employer semimonthly or at the time of each payment of wages to furnish wage statements to its employees setting forth, inter alia, (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and only the last four digits of his or her social security number or an employee identification number other than a social security number, and (8) the name and address of the legal entity that is the employer.

Employers maintained a policy, practice, and/or procedure of improperly classifying Claimant and Aggrieved Employees as independent contractors and, as a result, failed to furnish accurate, itemized wage statements as required under California law. Because Employers treated Claimant and Aggrieved Employees as 1099 contractors rather than employees, Employers failed to provide wage statements containing all information required by Labor Code § 226, including, but not limited to, total hours worked, applicable rates of pay, gross wages earned, net wages earned, overtime wages earned, meal and rest period premium wages earned, and all other required payroll information. Instead, Employers issued Forms 1099 and/or other compensation records that did not comply with California's wage statement requirements. As a result, Claimant and Aggrieved Employees were unable to promptly and easily determine from the documents provided whether they had been paid all wages due, in violation of Labor Code § 226 and applicable Industrial Welfare Commission Wage Orders, thereby entitling Claimant and Aggrieved Employees to all available remedies and civil penalties under the PAGA.

Based on the aforementioned derivative violations for failure to provide complete and accurate wage statements pursuant to Labor Code §§ 2698, et seq. and 226.3, Claimant will seek recovery of civil penalties on behalf of the LWDA against Employers if authorized to file a representative action on behalf of the State of California, and attorney's fees and costs.

10. FAILURE TO TIMELY PAY ALL WAGES DUE AT THE TIME OF TERMINATION/RESIGNATION

California Labor Code §§ 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and if an employee quits his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours' notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting. As a result of the aforementioned violations of the Labor Code, Employee was not paid his final wages in a timely manner as required by Labor Code § 203.

Employers maintained a policy, practice, and/or procedure of improperly classifying Claimant and Aggrieved Employees as independent contractors and, as a result, failed to timely pay all wages due upon separation of employment. Because Employers treated Claimant and Aggrieved Employees as 1099 contractors rather than employees, Employers failed to pay all earned minimum wages, overtime wages, meal period premiums, rest period premiums, reimbursable business expenses, and other compensation owed at the time of termination, resignation, or other separation from employment. Claimant is informed and believes that, upon separation, Employers did not timely tender all wages due and owing because Employers failed to recognize Claimant and Aggrieved Employees as employees entitled to the protections of the California Labor Code. As a result, Employers violated Labor Code §§ 201, 202, and 203 by willfully failing to pay all wages earned and due at separation, thereby entitling Claimant and Aggrieved Employees to waiting-time penalties and all available civil penalties recoverable under the PAGA, as required by Labor Code §§ 201, 202, and 203.

Claimant and Aggrieved Employees will therefore seek PAGA default penalties pursuant to California Labor Code § 2699; penalties pursuant to California Labor Code §§ 203 and 1199; and attorneys' fees and costs.

11. FAILURE TO MAINTAIN ACCURATE RECORDS

California Labor Code §1174(d) requires an employer to keep, at a central location in the state or at the plants or establishments at which employees are employed, 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. These records shall be kept with rules established for this purpose by the commission, but in any case, shall be kept on file for not less than two years. During the relevant time period, Employers have failed to maintain accurate records relating to Employee and other Aggrieved Employees' work periods, meal periods, total daily hours worked, and total hours worked per payroll period. Accordingly, Employers violated the applicable IWC Wage Orders and California Labor Code §§ 1198.5 and 1174(d).

Claimant and Aggrieved Employees will therefore seek PAGA default penalties pursuant to California Labor Code § 2699; penalties pursuant to penalties paragraph of the applicable IWC Wage Orders; California Labor Code § 1174.5 penalties; and attorneys' fees and costs.

12. CIVIL PENALTIES

Finally, pursuant to *Huff v. Securitas Security Services USA, Inc.* (2018) 25 Cal.App.5th 745 ("*Huff*"), as an aggrieved employee, Claimant has standing to, and intends to, on behalf of the LWDA, pursue civil penalties against Employers for any and all other violations Labor Code violations committed by Employers. In *Huff*, the California Court of Appeals held that an employee alleging a single violation of the Labor Code under the PAGA may also bring PAGA claims against the employer for all other alleged Labor Code violations, even those suffered by other employees of the same employer. According to the *Huff* decision, Claimant, as an "aggrieved" employee affected by at least one Labor Code violation may,

and hereby does, pursue penalties on behalf of the LWDA for unrelated Labor Code violations by Employers.

Employers are in direct violation of numerous California wage and hour laws including but not limited to said sections stated above. We hereby provide notice under the California Labor Code Private Attorneys General Act of 2004, California Labor Code § 2698, et seq., and specifically ask for an investigation, or if the agency does not intend to investigate the alleged violations, a letter confirming the same so that we may allege a cause of action under PAGA against Employers for the violations discussed in this letter.

This letter is sent in compliance with the reporting requirements of California Labor Code section 2699.3. By law, an employee alleging a violation of one of the above referenced sections must notify his or her employer and the Labor and Workforce Development Agency (LWDA) before he or she can invoke the provisions of § 2699, et seq., by seeking redress in court. Cal. Lab. Code § 2699.3(a)(1). The LWDA must then notify the employer and the employee within 60 calendar days regarding whether it intends to investigate the alleged violation. Cal. Lab. Code § 2699.3(a)(2)(B). If the LWDA advises it will not investigate, or if no notice is provided within 65 calendar days, the employee may file a lawsuit invoking the provisions under Labor Code § 2699. Cal. Lab. Code § 2699.3(a)(2)(A). It is Claimant's intention to file a civil complaint and to bring the appropriate claims under California Labor Code § 2699 on behalf of themselves, the State of California and all Aggrieved Employees should your office not address Employers' alleged violations within this time.

If you have any questions or require additional information, please do not hesitate to contact my office. Thank you for your attention to this matter.

Very truly yours,
E&L, LLP

A handwritten signature in black ink, appearing to read 'David Lavi', is written over a circular stamp or seal that is partially obscured by the signature.

David Lavi, Esq.