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SUPERIOR COURT OF CALIFORNIA

COUNTY OF SAN FRANCISCO

CATHERINE HUSTED, individually and on
behalf of all others similarly situated,

Plaintiff,

v.

DIGNITY HEALTH, a California nonprofit
public-benefit corporation, and DOES 1 through
10, inclusive,

Defendant.

Case No. CGC-24-612854

CLASS ACTION

FIRST AMENDED COMPLAINT

**(1) FAILURE TO REIMBURSE
BUSINESS EXPENSES (LABOR CODE §
2802);
(2) UCL VIOLATIONS (BUS. & PROF.
CODE §§ 17200-04)
(3) PENALTIES (LABOR CODE § 2698 et
seq.)**

JURY TRIAL DEMANDED

ELECTRONICALLY
FILED
Superior Court of California,
County of San Francisco

04/15/2024
Clerk of the Court
BY: WILLIAM TRUPEK
Deputy Clerk

1 Catherine Husted (“Plaintiff”), on behalf of herself and all others similarly situated,
2 complains and alleges as follows:

3 **A. INTRODUCTION**

4 1. This is a class action, under Code of Civil Procedure § 382, against Defendant
5 Dignity Health (“Defendant”) to challenge its policies and/or practices of (1) failing to reimburse
6 Plaintiff and all employees similarly situated for unreimbursed business expenses, and (2) violating
7 California’s Unfair Competition Law (UCL).

8 2. Plaintiff seeks reimbursement for business expenses and interest thereon, restitution,
9 declaratory and equitable relief, and reasonable attorneys’ fees and costs under California Labor
10 Code § 2802 and California Bus. & Prof. Code § 17200 *et seq* for herself and on behalf of all other
11 individuals who are or have been employed as managerial employees, i.e., officers, directors,
12 managers and supervisors or the functional equivalent, however titled (collectively “Managers”),
13 by Defendant Dignity Health in California during the four years prior to the filing of this action.
14 As more fully described herein, Plaintiff and similarly situated Managers employed by Defendant
15 during the Class Period as defined below (hereinafter “Class Members”) paid out-of-pocket
16 business expenses reasonably and necessary for the performance of their jobs as Managers for
17 Defendant for which Plaintiff and Class Members have not received reimbursement from
18 Defendant. Plaintiff, on behalf of herself and Class Members, seek damages and restitution of all
19 unjust enrichment Defendant has enjoyed from its failure to reimburse business expenses incurred
20 by Plaintiff and Class Members. Plaintiff also seeks penalties under Labor Code § 2698 *et seq.*
21 (PAGA) on behalf of Plaintiff and the Class Members.

22 3. The “Class Period” is designated as the period from the date four years prior to the
23 filing of the Complaint through the date the Court grants class certification. Dignity Health’s
24 violations of California’s employee expense reimbursement law, as described more fully below,
25 have been ongoing during the statutory time period covered by this action and to the present, and
26 will continue unless and until enjoined by the Court.

27 4. Plaintiff and Class Members were Managers who managed at Dignity Health
28 hospitals, clinics and care locations in California. Regardless of whether they were scheduled to

1 be working or not, Managers addressed issues that occurred at Dignity Health locations as they
2 arose or were related to the general operations of the location. Defendant expected and required
3 Managers to address issues that occurred inside Dignity Health locations as they arose or were
4 related to the location's general operations. In meeting these expectations, Managers regularly used
5 their personal cell telephone and talk/text/data plans to place/send and/or receive calls, texts or
6 emails from Dignity Health employees working in the Dignity Health location; place/send and/or
7 receive calls, texts or emails from Dignity Health employees not working at the Dignity Health
8 location; and, place/send and/or receive calls, texts or emails with other Dignity Health employees
9 across the Dignity Health system. Plaintiff and Class Members were also required to work remotely
10 from home using their home internet.

11 5. Plaintiff and similarly situated Managers were expected by Dignity Health to pay
12 for their own personal cell phone, talk/text/data plan and home internet that they used in the
13 discharge of their duties as employees of Dignity Health. Dignity Health has willfully failed to
14 reimburse Plaintiff and Class Members for these business expenses that were incurred in the regular
15 course of their duties as Dignity Health's employees, as required by California law. In the
16 alternative, even if Dignity Health had a policy to reimbursement employees for use of one's
17 personal cell phone, talk/text/data plan and home internet, Dignity Health knew Plaintiff and Class
18 Members were using their personal cell phone, talk/text/data plan and home internet for Dignity
19 Health business and did not take affirmative measures to reimburse them. By its acts and omissions,
20 Dignity Health has willfully failed to reimburse Plaintiff and Class Members for these business
21 expenses that were incurred in the regular course of their duties as Dignity Health employees, as
22 required by California law.

23 **B. JURISDICTION**

24 6. This Court has personal jurisdiction over Defendant because Defendant does
25 business in California, Plaintiff is a resident of California, and Plaintiff's claims against Defendant
26 are directly tethered to Defendant's contacts with the State of California.

27 7. This Court has general jurisdiction over Plaintiff's and Class Members' Labor Code
28 claims. This Court also has jurisdiction over Plaintiff's and Class Members' claims for restitution

1 pursuant to Business and Professions Code § 17202.

2 **C. VENUE**

3 8. Venue is proper in this County pursuant to Code of Civil Procedure § 395(a).
4 Defendant conducts business in this County. A substantial portion of the events giving rise to the
5 causes of action herein occurred in this County.

6 **D. PARTIES**

7 9. Plaintiff Catherine Husted resides in Lincoln, California. Plaintiff has been
8 employed by Dignity Health since May 2023. During the Class Period, Plaintiff has worked as a
9 Nurse Manager for Dignity Health at Mercy San Juan Medical Center in Carmichael, California.
10 During the Class Period, Plaintiff was subject to Dignity Health's unlawful business expense
11 reimbursement policies and/or practices set forth herein.

12 10. Defendant Dignity Health is a California non-profit public benefit corporation with
13 its principal place of business in San Francisco, California.

14 11. The true names and capacities of persons or entities, whether individual, corporate,
15 associate, or otherwise are currently unknown to Plaintiff. Plaintiff is informed and believes, and
16 based thereon alleges, that additional defendants may be legally responsible in some manner for the
17 unlawful acts referred to herein. Plaintiff will seek leave of court to amend this Complaint to reflect
18 the true names and capacities of such defendants when such identities become known.

19 12. All of Plaintiff's claims stated herein are asserted against Defendant and any of their
20 owners, predecessors, successors, subsidiaries, and/or assigns.

21 **E. FACTUAL BACKGROUND**

22 13. Dignity Health operates, and at all times during the liability period, has done
23 business in this judicial district and throughout California.

24 14. Since at least four years prior to the filing of this action, Dignity Health has
25 maintained business expense policies and/or practices that deny lawful reimbursement and/or
26 compensation to its Managers. Those policies and/or practices require, and/or with knowledge
27 thereof permit, Managers to pay for expenses incurred in direct consequence of discharging their
28 managerial duties on behalf of Dignity Health, including using their personal cell phones and

1 talk/text/data plans to place/send and/or receive calls, texts or emails from Dignity Health
2 employees working in the Dignity Health location; place/send and/or receive calls, texts or emails
3 from Dignity Health employees not working at the Dignity Health location; and place/send and/or
4 receive calls, texts or emails with other Dignity Health employees across the Dignity Health system.
5 Defendant also expects and requires Managers to work from home which requires use of their home
6 internet.

7 15. Plaintiff and Class Members use their personal cell phones for work-related and
8 personal purposes, entitling them to reimbursement for a portion of their monthly expenses incurred
9 in purchasing their phone and maintaining their talk/text/data plan.

10 16. Plaintiff and Class Members use their home internet for work-related and personal
11 purposes, entitling them to reimbursement for a portion of their monthly bill incurred in maintaining
12 home internet.

13 17. Defendant has maintained these same business expense and wage payment policies
14 and/or practices or substantially similar ones throughout the Class Period.

15 18. Dignity Health is aware that Managers regularly incur business expenses in the
16 discharge of their duties as employees. Defendant nevertheless fails and refuses to reimburse
17 Managers for such business expenses incurred by them in their work as they managed Dignity
18 Health locations.

19 19. Plaintiff and Class Members have been harmed by Dignity Health's unlawful
20 business expense policies and/or practices in that they have not been paid for certain business
21 expenses incurred while employed by Dignity Health, as alleged above, thereby diminishing their
22 agreed-upon compensation, in amounts to be proven at trial.

23 20. Plaintiff is informed, believes, and thereon alleges that Defendant's unlawful
24 conduct has been widespread, repeated, and consistent as to Class Members and throughout
25 Defendant's operations in California. Defendant knows or should know that its policies and/or
26 practices have been unlawful and unfair.

27 21. Defendant's conduct was willful, carried out in bad faith, and caused significant
28 damages to Plaintiff and Class Members in an amount to be determined at trial.

F. CLASS ACTION ALLEGATIONS

22. Plaintiff brings this action, on behalf of herself and all others similarly situated, as a class action pursuant to Code of Civil Procedure § 382. The Class that Plaintiff seeks to represent is composed of and defined as follows:

All current and former managerial employees of Dignity Health, including officers, directors, managers, supervisors, or functional equivalent, however titled, employed in California who have not been reimbursed for reasonable and necessary business expenses in violation of Labor Code section 2802.

23. This action has been brought and may properly be maintained as a class action under Code of Civil Procedure § 382 because there is a well-defined community of interest in the litigation, the proposed class is easily ascertainable, and Plaintiff is a proper representative of the Class:

a. Numerosity: The potential members of the Class as defined are numerous and therefore joinder of all the members of the Class is impracticable. While the precise number of Class Members has not been determined at this time, Plaintiff is informed and believes that Defendant has employed hundreds of Managers in California subject to Defendant's business expense reimbursement policy at all times during the Class Period. Joinder of all members of the proposed class is not practicable.

b. Commonality: There are questions of law and fact common to the Plaintiff and the Class that predominate over any questions affecting only individual members of the Class. These common questions of law and fact include, without limitation:

- i. Whether Plaintiff and Class Members have incurred unreimbursed business expenses in the discharge of their duties as employees, including but not limited to expenses for such items as the cost of personal cell phones, concomitant data/text plans and home internet;
- ii. Whether Defendant expected Plaintiff and Class Members to address issues in Defendant's locations as they arose or those related to the

1 general operations of Defendant's locations by using their personal
2 cell phone, concomitant data/text plans and home internet;

3 iii. Whether Defendant intended, suffered and permitted, and/or were
4 aware that Plaintiff and Class Members incurred such business
5 expenses in the discharge of their duties as employees;

6 iv. Whether Defendant failed and/or refused to reimburse, fully or at all,
7 business expenses incurred by Plaintiff and Class Members in the
8 discharge of their duties;

9 v. Whether Defendant's failure to reimburse business expenses incurred
10 by Plaintiff and Class Members, fully or at all, was the result of,
11 and/or pursuant to, a business policy or regular practice of Defendant;

12 vi. Whether Defendant expected Plaintiff and Class Members to address
13 issues in Defendant's locations as they arose or those related to the
14 general operations of Defendant's locations while they were away
15 from Defendant's locations;

16 vii. Whether Defendant violated Labor Code § 2802 and Bus. & Prof.
17 Code § 17200 by denying Plaintiff and other Class Members
18 reimbursement for their business expenses;

19 viii. The proper formula(s) for calculating restitution, damages, penalties
20 and interest owed to Plaintiff and the Class Members.

21 c. Typicality: Plaintiff's claims are typical of the claims of the Class. Both
22 Plaintiff and Class Members sustained injuries and damages, and were deprived of
23 property rightly belonging to them, arising out of and caused by Defendant's course
24 of conduct in violation of law as alleged herein, in similar ways and for the same
25 types of expenses.

26 d. Adequacy of Representation: Plaintiff is a member of the Class and will
27 fairly and adequately represent and protect the interests of the Class Members.
28 Plaintiff's interests do not conflict with those of Class Members. Counsel who

1 represent Plaintiff are competent and experienced in litigating large wage and hour
2 class actions, including business expense reimbursement cases, and will devote
3 sufficient time and resources to the case and otherwise adequately represent the
4 Class.

5 e. Superiority of Class Action: A class action is superior to other available
6 means for the fair and efficient adjudication of this controversy. Individual joinder
7 of all Class Members is not practicable, and questions of law and fact common to
8 the Class predominate over any questions affecting only individual members of the
9 Class. Each Class Member has been damaged or may be damaged in the future by
10 reason of Defendant's unlawful policies and/or practices of not reimbursing business
11 expenses. Certification of this case as a class action will allow those similarly
12 situated persons to litigate their claims in the manner that is most efficient and
13 economical for the parties and the judicial system. Certifying this case as a class
14 action is superior because Plaintiff seeks relief that will affect all Class Members in
15 a common way, and will also allow for efficient and full disgorgement of the ill-
16 gotten gains Defendant has enjoyed by maintaining their unlawful business expense
17 reimbursement, and will thereby effectuate California's strong public policy of
18 protecting employees from deprivation or offsetting of compensation earned in their
19 employment. If this action is not certified as a Class Action, it will be impossible as
20 a practical matter for many or most Class Members to bring individual actions to
21 recover monies unlawfully withheld from their lawful compensation due from
22 Defendant, due to the relatively small amounts of such individual recoveries relative
23 to the costs, burdens, and risks of litigation.

24 **FIRST CAUSE OF ACTION**
25 **Failure To Reimburse Business Expenses**
26 **(Labor Code § 2802)**

27 24. Plaintiff re-alleges and incorporates the foregoing paragraphs as though fully set
28 forth herein.

25. Labor Code § 2802 provides that "[a]n employer shall indemnify his or her

1 employee for all necessary expenditures or losses incurred by the employee in direct consequence
2 of the discharge of his or her duties.”

3 26. In order to discharge their management-related duties for Defendant, Plaintiff and
4 similarly situated Managers were required and/or expected by Defendant to use their own personal
5 cell phones, talk/data/text plans and home internet to address issues in the location that they
6 managed as they arose and/or issues related to the general operations of the location, regardless of
7 whether they were working inside Defendant’s location or not. However, Defendant did not fully
8 pay for expenses incurred as a result of Plaintiff and Class Members’ use of their personal cell
9 phone, talk/data/text plans and home internet in carrying out their managerial duties.

10 27. Plaintiff and similarly situated Managers are entitled to reimbursement for these
11 necessary expenditures under Labor Code § 2802.

12 28. As a result of Defendant’s violations of Labor Code § 2802, Defendant is also liable
13 for attorneys’ fees and costs under Labor Code § 2802(c).

14 **SECOND CAUSE OF ACTION**
15 **Unfair Competition Law Violations**
16 **(Bus. & Prof. Code § 17200)**

17 29. Plaintiff re-alleges and incorporates the foregoing paragraphs as though fully set
18 forth herein.

19 30. Business & Professions Code § 17200 (the “UCL”) prohibits unfair competition in
20 the form of any unlawful, unfair, or fraudulent business act or practice. Business & Professions
21 Code § 17204 allows “any person who has suffered injury in fact and has lost money or property”
22 to prosecute a civil action for violation of the UCL.

23 31. During the Class Period and continuing to the present, Defendant has committed
24 unlawful, unfair, and/or fraudulent business acts and practices as defined by Business & Professions
25 Code § 17200, by failing to reimburse and indemnify Plaintiff and similarly situated Class Members
26 for employment-related business expenses and losses, in violation of Labor Code § 2802.

27 32. In order to discharge their managerial duties for Defendant, Plaintiff and similarly
28 situated Managers were required, expected, and/or permitted by Defendant to use their own
personal cell phone, talk/text/data plans and home internet. However, Defendant did not fully pay

1 for expenses incurred as a result of Plaintiff's and Class Members' use of their own property or
2 expenditures for services used in the course of their work for Defendant.

3 33. As a direct and proximate result of Defendant's unlawful, unfair, and/or fraudulent
4 acts and practices described herein, Defendant has received and continues to hold ill-gotten gains
5 belonging to Plaintiff and Class Members in the form of unreimbursed employee business expenses.
6 As a direct and proximate result of Defendant's unlawful business practices, Plaintiff and Class
7 Members have suffered economic injuries including, but not limited to out-of-pocket business
8 expenses and unpaid wages resulting in reductions or offsets to earned compensation. Defendant
9 has profited from its unlawful, unfair, and/or fraudulent acts and practices in the amount of those
10 business expenses.

11 34. Plaintiff and similarly situated Class Members are entitled to restitution pursuant to
12 Business & Professions Code §§ 17203 and 17208 for all unpaid business expenses as well as
13 interest thereon accruing, from four years prior to the filing of this action to the date of such
14 restitution, and Defendant should be required to disgorge all the profits and gains they have reaped
15 and restore such profits and gains to Plaintiff and similarly situated Class Members, from whom
16 they were unlawfully taken.

17 35. Plaintiff has assumed the responsibility of enforcement of the laws and public
18 policies specified herein by suing on behalf of herself and other similarly situated members of the
19 public previously and presently employed by Defendant in California. Plaintiff's success in this
20 action will enforce important rights affecting the public interest. Plaintiff will incur a financial
21 burden in pursuing this action in the public interest. Therefore, an award of reasonable attorneys'
22 fees to Plaintiff is appropriate pursuant to Code of Civil Procedure § 1021.5.

23 **THIRD CAUSE OF ACTION**

24 **The Labor Code Private Attorneys General Act of 2004**
25 **(Labor Code §§ 2699 *et seq.*)**

26 36. Plaintiff re-alleges and incorporate the foregoing paragraphs as though fully set forth
27 herein.

28 37. As alleged above, Defendant failed to comply with the California Labor Code. As
such, Plaintiff is an "aggrieved employee" as defined in Labor Code § 2699(a). Pursuant to Labor

Code § 2699, the Labor Code Private Attorneys General Act of 2004, Plaintiff brings this action on behalf of herself and other current and former Managers against Dignity Health, and seeks recovery of applicable civil penalties as follows:

- a. where civil penalties are specifically provided in the Labor code for each of the violations alleged herein, Plaintiff seeks recovery of such penalties;
- b. where civil penalties are not established in the Labor Code for each of the violations alleged herein, Plaintiff seeks recovery of the penalties established in § 2699(e) of the Labor Code Private Attorneys General Act of 2004, and in accordance with § 200.5 of the Labor Code.

38. On February 8, 2024, Plaintiff caused to be served written notice, *via* certified mail, to the Labor and Workforce Development Agency and to Defendant, Dignity Health, of Plaintiff's intent to assert a cause of action pursuant to Labor Code §§ 2698 *et seq.*

39. The Labor and Workforce Development Agency declined to issue notice of its intention to pursue civil penalties in response to either Notice. Accordingly, Plaintiff commences this PAGA claim for civil remedies as provided for under Labor Code § 2699.

40. Plaintiff, on behalf of herself and similarly situated Managers, requests relief as described below.

JURY DEMAND

Plaintiff hereby requests a trial by jury.

PRAYER FOR RELIEF

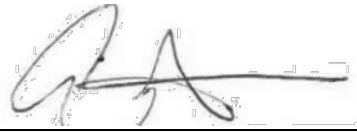
WHEREFORE, Plaintiff requests the following relief:

- A. That the Court determine that this action may be maintained as a class action under Code of Civil Procedure § 382, and define the Class as requested herein;
- B. For compensatory damages and interest thereon according to proof;
- C. For restitution and interest thereon according to proof;
- D. For civil and statutory penalties according to proof;
- E. For an injunction and declaratory relief;
- F. For reasonable attorneys' fees and costs according to proof;

1 G. For such other and further relief as this Court may deem appropriate.

2
3
4 DATED: April 15, 2024

WYNNE LAW FIRM

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6 

7 By: Edward J. Wynne