



May 16, 2024

Via Certified Mail

Envision Motors Holdings, LLC
2010 E. Garvey Ave S.
West Covina, CA 91791
Attn: Andrew Baeza

With a Copy to:

Envision Motors Holdings, LLC
2010 E. Garvey Ave S.
West Covina, CA 91791
Attn: Ayman N. Sarriedine

With a Copy to:

Envision Motors Management, LLC
5553-B Bandini Blvd.
Bell, CA 90201

With a Copy to:

Via Online Submission
The Labor and Workforce Development Agency
800 Capitol Mall, Suite 5000
Sacramento, CA 95814

Re: Notice Pursuant to Labor Code Section 2699 for Violations of Labor Code Sections 201, 202, 203, 204, 206, 216, 218.5, 218.6, 1174, 2698 and 2699.

To Whom It May Concern:

Our office represents Derik Motevosian in connection with the above-listed matter. Pursuant to Labor Code Section 2699, please allow this letter to serve as notice to you, Envision Motors Holdings, LLC (“You”) and the State of California of Your violations of the Labor Code. As will be described further below, You have improperly withheld wages from Mr. Motevosian, and Your other employees, all of whom receive a percentage of net profit.

11766 Wilshire Boulevard, Suite 1470, Los Angeles, CA 90025
Phone: (310) 861-2470 • Fax: (310) 861-2476
duncan@redermccreary.com • www.redermccreary.com

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Your improper withholding of wages is a direct violation of Labor Code Sections 203, 206, 216, 218.5, 218.6, 2698 and 2699.

STATEMENT OF FACTS

Mr. Motevosian was the general manager at one of Your dealerships, Ventura Ford. As part of Mr. Motevosian's compensation, he received eight percent of the Ventura Ford's net profit. However, Mr. Motevosian noticed that, despite Ventura Ford's sale numbers increasing, his compensation from net profit was decreasing.

Mr. Motevosian inquired as to why his compensation was plummeting when Ventura Ford's profits was increasing. During Mr. Motevosian's investigation he learned that You improperly allocated expenses from other dealerships to Ventura Ford's balance sheet in order to decrease Ventura Ford's net profit, and by extension,

Furthermore, Mr. Motevosian has been appraised that You intentionally conduct the above unethical practice and threaten to fire employees who do not fraudulently dilute dealership books in order to decrease employee compensation. Mr. Motevosian became aware of Your aforementioned wage dilution on May 17, 2023, upon his return from a trip to Europe.

Sadly, Mr. Motevosian is not the only victim of Your fraudulent behavior. Rather, it has come to our attention that roughly five hundred employees, from multiple dealerships, have fallen victim to Your scam (the "Employees"). Each of the aforementioned Employees, like Mr. Motevosian, are compensated in part based off of their respective dealership's net profit. Each of the aforementioned Employees, like Mr. Motevosian, have seen their wages improperly withheld by You due to Your misallocating expenses to Your dealerships to dilute Your dealerships' net profit.

Additionally, Employees paid on an hourly basis have been victim to Your unethical practices. To this end, Mr. Motevosian and the Employees believe that You altered the time records for all hourly employees which created an inaccurate time record for all hourly employees. In turn You created an inaccurate pay stub and pay records for Your Employees.

All told, Mr. Motevosian and the Employees believe that You falsified timecards and other employee records over the course of 251 days, in order to dilute wages owed to Mr. Motevosian and the Employees. Further, Mr. Motevosian, along with numerous other Employees, have yet to see any accurate payroll records relating to their wrongfully withheld wages and irregular payments.

YOUR VIOLATION OF LABOR CODE SECTION 201 AND 202

California Labor Code section 201 states, in part: if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable

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immediately.

Relatedly, Sections 201 and 202 of the California Labor Code require employers to pay their employees all compensation due at the time of termination, or under other circumstances, within 72 hours of cessation of employment.

As addressed above, You have wrongfully withheld Mr. Motevosian and other Employees' compensation. Mr. Motevosian, along with numerous other Employees, no longer work for You, yet, You continue to withhold wages due long after their respective cessation of employment. This constitutes a clear violation of Labor Code Sections 201 and 202.

YOUR VIOLATION OF LABOR CODE SECTION 203

Labor Code Section 203 states: "If an employer willfully fails to pay, without abatement or reduction...any wages of an employee who is discharged or who quits, the wages of the employee shall continue as a penalty from the due date thereof at the same rate until paid or until an action therefor is commenced; but the wages shall not continue for more than 30 days."

As noted above, it is a violation of Labor Code Section 203 for an employer to willfully fail to pay wages to an employee. Here, Your conscious decision to dilute Mr. Motevosian's compensation constitutes willful and wrongful failure to pay all wages owed to Mr. Motevosian. Further, as also noted above, Your failure to pay Mr. Motevosian, and other similar situated Employees, leaves You liable for not just the wages but financial penalties as well.

YOUR VIOLATION OF LABOR CODE SECTION 204

Labor Code Section 204 provides in pertinent part that "all wages...earned by any person in any employment are due and payable twice during each calendar month, on days designated in advance by the employer as the regular paydays. Here, You paid the aggrieved Employees commissions in an irregular manner, and not twice a month on predesignated days. As such, You are not compliant with Labor Code Section 204.

YOUR VIOLATION OF LABOR CODE SECTION 206

Labor Code Section 206 sets forth: "in case of a dispute over wages, the employer shall pay, without condition and within the time set by this article, all wages, or parts thereof, conceded by him to be due, leaving to the employee all remedies he might otherwise be entitled to as to any balance claimed."

Additionally, Labor Code Section 226 also obligates You to maintain employment records, including in the form of pay stubs. Should You fail to maintain such records, the Employee is due \$100 per pay period up to a maximum of \$4,000.

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Furthermore, Labor Code Section 226 also obligates You to provide mandated meal, rest or recovery periods and to pay each Employee one additional hour for each work day that the meal, rest or recovery period is not provided.

As addressed above, You have willfully withheld wages due to Mr. Motevosian and other similarly situated Employees. Mr. Motevosian and the other Employees are compensated based on percentage of net profit of their respective dealership. However, You have withheld wages from Mr. Motevosian and the Employees by diluting Your dealerships' net profit by attributing expenses to dealerships which are not their expenses.

Furthermore, Mr. Motevosian and the Employees believe that, in addition to Your irregular payments, You have failed to maintain pay stub records as mandated under Labor Code Section 206.

Additionally, Mr. Motevosian and the Employees assert that You have not always respected their mandated meal, rest or recovery time. Yet, You have withheld these payments as well. Due to all the forgoing, You are hereby put on notice that You have violated Labor Code Section 206.

YOUR VIOLATION OF LABOR CODE SECTION 216

Please note, in addition to Envision Motors Holdings, LLC, all officers and managers can be liable for Your withholding Mr. Motevosian and other Employees wages: "in addition to any other penalty imposed by this article, any person, or an agent, manager, superintendent, or officer thereof is guilty of a misdemeanor, who:

- (a) Having the ability to pay, willfully refuses to pay wages due and payable after demand has been made.
- (b) Falsely denies the amount or validity thereof, or that the same is due, with intent to secure for himself, his employer or other person, any discount upon such indebtedness, or with intent to annoy, harass, oppress, hinder, delay, or defraud, the person to whom such indebtedness is due."

YOUR VIOLATION OF LABOR CODE SECTION 218.5

Furthermore, Your with holding Mr. Motevosian and the Employees' wages leaves you liable for attorneys' fees. To this end, Labor Code Section 218.5 sets forth: "(a) In any action brought for the nonpayment of wages, fringe benefits, or health and welfare or pension fund contributions, the court shall award reasonable attorney's fees and costs to the prevailing party if any party to the action requests attorney's fees and costs upon the initiation of the action."

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YOUR VIOLATION OF LABOR CODE SECTION 218.6

Additionally, You are liable for interest on the wages You have improperly withheld from Mr. Motevosian and the Employees. Pursuant to Labor Code Section 218.6, "in any action brought for the nonpayment of wages, the court shall award interest on all due and unpaid wages at the rate of interest specified in subdivision (b) of Section 3289 of the Civil Code, which shall accrue from the date that the wages were due and payable."

YOUR VIOLATION OF LABOR CODE SECTION 1174

Section 1174 of the California Labor Code, requires You to maintain and preserve, in a centralized location, among other items, records showing the names and addresses of all employees employed, payroll records showing the hours worked daily and the wages paid to Your Employees.

It is Mr. Motevosian and the Employees understanding that You have created a uniform practice of knowingly and intentionally failing to comply with Labor Code Section 1174.

CIVIL ACTION UNDER LABOR CODE SECTIONS 2698 AND 2699

Please note that in addition to the above listed California Labor Code violations, Labor Code Section 2699 further provides that, for all violations for which no civil penalty is specified, a civil penalty is imposed as follows: \$100 for each aggrieved Employee per pay period for the initial violation and \$200 for subsequent violations.

Further pursuant to Labor Code Section 2699, You have hereby been put on notice for Your above listed Labor Code violations. Should You elect to not remedy these issues, our office will pursue other options, including, but not limited to, filing suit under Labor Code Sections 2698 and 2699.

Sincerely,



Duncan J. McCreary