



June 26, 2024

VIA LWDA WEBSITE

Labor and Workforce Development Agency
Attn. PAGA Administrator
1515 Clay Street, Ste. 801
Oakland, CA 94612

Re: *David Contreras v. AAA Quality Services, Inc., et al.*

To Whom It May Concern:

Please be advised that this law firm represents David Contreras (“Mr. Contreras”) in claims for Labor Code violations arising from his employment with AAA Quality Services, Inc. (“AAA”); and DOES 1 through 100 (collectively “Employers”). Mr. Contreras is an “aggrieved employee” as defined by Labor Code Section 2698 *et seq.*, due to Employers’ numerous violations of the Labor Code as set forth below. The purpose of this letter is to comply with Labor Code Sections 2699.3, which requires aggrieved employees to notify their employer and the Labor & Workforce Development Agency (“LWDA”) of the specific provisions of the Labor Code allegedly violated.

For purposes of this letter, the “aggrieved employees” whom Mr. Contreras seeks to represent are the other aggrieved employees of Employers who performed work for Employers in California at any time during the one year preceding the date of this letter through the present.

Mr. Contreras worked for Employers from approximately February 2001 to approximately April 1, 2024. For most of his career with Employers, Mr. Contreras was a maintenance mechanic performing duties such as engaging in the repair/maintenance of company trucks from different departments within the company such as electrical, security guard, fire division and potter division trucks. In the last few months of his employment, Mr. Contreras worked in the porter department transporting, cleaning and maintaining porta-potties. Mr. Contreras’s regularly scheduled hours were Monday through Friday between 6:00 a.m. and 3:00 p.m. with a 1-hour meal period. After Employers transferred Mr. Contreras to the porter department, they reduced his daily work hours to 7:00 a.m. to 3:00 p.m. with a 30-minute meal period. Employers changed Mr. Contreras’s schedule again to 6:15 a.m. to 2:45 p.m. with a 30-minute meal period.

Throughout the duration of Mr. Contreras’s employment with Employers, Mr. Contreras and other non-exempt employees were not paid for all hours worked as Employers would not accurately keep track of their actual hours worked. Upon information and belief, the time records maintained by Employers were not reflective of

the actual number of hours that Mr. Contreras and other non-exempt employees actually worked. Mr. Contreras and other non-exempt employees clocked in to work on a machine located at Employers' premises. Employers instructed Mr. Contreras and other non-exempt employees that they could not clock in before their scheduled start time. Mr. Contreras and other non-exempt employees had to arrive early to work in order to clock in at the scheduled start time. Mr. Contreras usually arrived at least 3 or 4 minutes before his scheduled start time and was therefore subject to the control of his employer, but he was not compensated for this time. Overall, Mr. Contreras and other non-exempt employees spent at least approximately 20 minutes each week working off the clock waiting to clock in until their scheduled start times. Moreover, Mr. Contreras alleges on information and belief that Employers utilized an unlawful one-way rounding policy, which rounded employee time punches to the quarter-hour, which systemically caused employees to be paid for less time than they actually worked.

Furthermore, Mr. Contreras and other non-exempt employees worked overtime hours, but did not receive overtime compensation equal to one and one-half times their regular rates of pay for all overtime hours worked. Upon information and belief, Employers systematically failed to pay overtime compensation due to Mr. Contreras and other non-exempt employees when they worked off the clock. Further, when Mr. Contreras and other non-exempt employees worked overtime, they were not always compensated at the correct regular rate. For example, check number 102140 to Mr. Contreras dated August 20, 2022 shows that Mr. Contreras was paid overtime at 1.5 times his base hourly rate and double overtime at twice his base rate without including the allegedly non-discretionary \$100 commission that he received that pay period as part of his regular rate. As a result, Employers failed to ensure that Mr. Contreras and other non-exempt employees received proper overtime wages for all overtime hours worked.

Employers also did not provide Mr. Contreras and other non-exempt employees with a legally compliant first meal period when they worked shifts in excess of 5.0 hours or a legally compliant second meal period when they worked shifts longer than 10 hours. In addition to time punch records, Employers created handwritten records of the meal periods taken by Mr. Contreras and other non-exempt employees and required Mr. Contreras and other non-exempt employees to sign. However, Employers also had a policy of limiting overtime hours reflected on paystubs, especially on days when Mr. Contreras and other non-exempt employees had to move between different cities in one work day. At least once or twice per week, Employers required Mr. Contreras and other non-exempt employees to clock out for their meal periods and continue working without time for a meal period in order to avoid reflection in time records that Mr. Contreras and other non-exempt employees worked overtime and to avoid Mr. Contreras and other non-exempt employees from working beyond their scheduled end times. When Mr. Contreras worked in the porter department, Mr. Contreras and other non-exempt employees did not begin their meal periods until after the fifth hour of work at least twice per week as Mr. Contreras and other non-exempt employees were required to finish a specific assignment, even if it meant delaying the meal period start time. Even though Mr. Contreras occasionally worked more than 10 hours in a work day, he does not recall receiving a second meal period. Despite

Employers' failure to provide Mr. Contreras and other non-exempt employees with all lawful meal periods due to their uniform and unlawful practices, Employers did not provide Mr. Contreras and other non-exempt employees with an hour of pay at their regular rate for each meal period violation as required by Labor Code § 226.7. Upon information and belief, during at least a portion of the class period, Employers maintained no payroll code or another mechanism for the payment of meal period premiums in the event Mr. Contreras and other non-exempt employees were not authorized to take lawful meal periods.

Mr. Contreras and other non-exempt employees were not authorized to take all legally required rest periods. Generally, on the same dates that Mr. Contreras and other non-exempt employees were required to work through their meal periods, they also did not receive their rest periods. Therefore, Mr. Contreras estimates that at least once or twice per week, he and other non-exempt employees missed their rest periods. Despite Employers' failure to authorize and permit Mr. Contreras and other non-exempt employees to take all lawful paid rest periods, due to their uniform and unlawful practices, Employers never provided Mr. Contreras and other non-exempt employees with an hour of pay at their regular rate for each rest period violation as required by Labor Code § 226.7. Upon information and belief, during at least a portion of the class period, Employers maintained no payroll code or another mechanism for the payment of rest period premiums in the event Mr. Contreras and other non-exempt employees were not authorized to take lawful rest periods.

Furthermore, Employers failed to adequately reimburse Mr. Contreras and other non-exempt employees for all reasonable and necessary work expenditures, including but not limited to, requiring Mr. Contreras and other non-exempt employees to utilize their personal cell phones, and to purchase and maintain tools and other equipment for work purposes. Mr. Contreras was never provided any reimbursement for these necessary uses.

Additionally, Employers forced Mr. Contreras and other employees to wait until the next regular scheduled pay day for their final paychecks, in violation of Labor Code 201.

Employers have maintained inaccurate payroll records, failed to timely pay all wages owed to employees, and failed to timely pay separating employees at the time of their separation, and issued inaccurate wage statements. This is in part a result of Employers' failure to accurately compensate Mr. Contreras and other non-exempt employees for all minimum and overtime wages, and failure to pay premium pay for failing to provide all required meal periods and authorize all rest periods.

Employers failed to issue to Mr. Contreras and other non-exempt employees accurate itemized statements in writing showing (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, (8) the name and address of the legal entity that is the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

Employers also failed to pay Mr. Contreras and other non-exempt employees at their regular rate of pay based on the last pay period worked prior to taking sick leave in violation of Labor Code § 248.2.

Finally, Employers failed to conform to the requirements of Labor Code § 2810.5 by failing to provide Mr. Contreras and other aggrieved employees written notices, in the language normally used to communicate employment related information to the employees, containing information regarding their: i) rate(s) of pay and the basis thereof; ii) allowances claimed as part of the minimum wage; iii) regular payday designated by the employer; iv) the legal name of the employer; v) the address of the legal entity that is the employer; vi) the telephone number of the employer; vii) identifying information for the employer's workers' compensation insurance carrier; and viii) information informing the employee of their right to accrue and use paid sick leave. Despite maintaining an obligation to provide these disclosures to Mr. Contreras and other aggrieved employees, Employers failed to do so, in violation of Labor Code § 2810.5.

As described above, Employers committed the following violations of the Labor Code, and the Industrial Welfare Commission Wage Orders:

Minimum Wage Violations

Employers were required to pay Mr. Contreras and other aggrieved employees an hourly rate at least equal to the minimum wage for each hour actually worked. See Labor Code §§ 1182.12, 1194; 1194.2, 1197; and the Industrial Welfare Commission Wage Orders. As alleged above, Employers maintained and maintain timekeeping policies/practices that regularly, systematically, and impermissibly underreport the hours worked by Mr. Contreras and other aggrieved employees. As a result of these policies/practices, which fail to compensate for all hours worked, Mr. Contreras and other aggrieved employees were deprived of all required minimum wages.

Overtime Wage Violations

Employers were required to pay Mr. Contreras and other aggrieved employees overtime wages for all overtime hours worked. See Labor Code §§ 1194(a) and 1198; and the Industrial Welfare Commission Wage Orders. The Industrial Welfare Commission Wage Orders require an employer to pay overtime wages when an employee's hours worked cross certain thresholds or meet certain criteria set forth in the Industrial Welfare Commission Wage Orders. At all times relevant herein, Employers caused Mr. Contreras and other aggrieved employees to work overtime hours but did not compensate Mr.

Contreras and other aggrieved employees at one and one-half times their regular rate of pay for such hours.

Meal Period Violations

As alleged above, Employers failed to provide Mr. Contreras and other aggrieved employees with all required and compliant meal periods due to Employers' meal period policies/practices that often fail to provide full, 30 minute off-duty first meal periods before the end of the fifth hour of work or a second meal period for shifts worked in excess of ten (10) hours. *See* Labor Code §§ 226.7 and 512; the Industrial Welfare Commission Wage Orders. As a result, Mr. Contreras and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday they experienced a meal period violation. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal or rest or recovery period in accordance with ... [an] order of the Industrial Welfare Commission ... the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided.").

Rest Period Violations

As alleged above, Employers also failed to authorize and permit Mr. Contreras and other aggrieved employees to take all required paid rest periods. *See* Labor Code §§ 226.7 and 516; the Industrial Welfare Commission Wage Orders. As a result, Mr. Contreras and other aggrieved employees are owed an additional hour of wages at their regular rate of compensation for each workday that they were not authorized and permitted to take all legally required paid rest periods. *See* Labor Code § 226.7 ("If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest period is not provided.")

Failure to Reimburse Necessary Business Expense

Employers were subject to Labor Code § 2802, which states that "an employer shall indemnify his or her employees for all necessary expenditures or losses incurred by the employee in direct consequence of the discharge of his or her duties, or of his or her obedience to the directions of the employer." Employers were subject to Labor Code § 2804, which states that "any contract or agreement, express or implied, made by any employee to waive the benefits of this article or any part thereof, is null and void, and this article shall not deprive any employee or his personal representative of any right or remedy to which he is entitled under the laws of this State." As alleged herein, due to Employers' unlawful reimbursement practices, Employers failed to indemnify Mr. Contreras and other aggrieved employees for all necessary business expenses incurred, in the performance of their work duties, including but not limited to utilization of their personal cell phones. Mr.

Contreras and other aggrieved employees were not ever provided any reimbursement for this necessary use.

Wage Statement Violations

As described above, Employers were required to furnish Mr. Contreras and other aggrieved employees with complete and accurate itemized wage statements that showed, among other things, their rates of pay, corresponding number of hours worked at each rate of pay, total gross wages earned, and total net wages earned. *See* Labor Code §§ 226(a) and 1174(d); the Industrial Welfare Commission Wage Orders. As a result of Employers' failure to pay all overtime wages, minimum wages, and failure to pay all required meal and rest period premium wages, Employers maintained inaccurate payroll records and issued inaccurate wage statements to Mr. Contreras and other aggrieved employees in violation of Labor Code § 226.

Waiting Time Penalties

Labor Code §§ 201 and 202 require that employees receive all of their final wages at the time of their separation of employment. Employers failed to timely pay Mr. Contreras and other aggrieved employees all of their final wages at the time of separation, which included all overtime and minimum wages, and all meal and rest period premium wages at the time of aggrieved employees' separation of employment. Pursuant to Labor Code § 203, Employers' failure to pay all final wages due to Mr. Contreras and other aggrieved employees was willful and, consequently, entitles Mr. Contreras and other aggrieved employees to waiting time penalties equal to one day of wages at their standard hourly rate for each day Employers failed to pay their final wages after their separation from employment, up to a maximum of thirty days.

As an "aggrieved employee," Mr. Contreras will initiate a civil action on behalf of himself and other aggrieved employees to recover damages, statutory penalties, and civil penalties resulting from the wage and hour violations alleged herein. Based on the investigations of Mr. Contreras and on information and belief, Employers committed and continue to commit the following Labor Code violations:

- a. Employers violated Labor Code §§ 551-552, 558, 1182.12, 1194, 1194.2, 1197, and 1198 by failing to pay Mr. Contreras and other aggrieved employees the statutory minimum wage for all hours worked;
- b. Employers violated Labor Code §§ 204, 510, 558, 1194, and 1198 by failing to pay Mr. Contreras and other aggrieved employees all overtime compensation earned;
- c. Employers violated Labor Code §§ 226.7, 512, and 1198 by failing to provide meal periods as required by law and failing to pay meal period premiums to Mr.

Contreras and other aggrieved employees at these employees' respective regular rates of compensation for meal period violations;

- d. Employers violated Labor Code §§ 226.7, 516, and 558 by failing to authorize and permit Mr. Contreras and other aggrieved employees to take all required paid rest periods, and/or failing to pay all rest period premiums to Mr. Contreras and other aggrieved employees at their respective regular rates of compensation;
- e. Employers violated Labor Code §§ 2802 and 2804 by failing to reimburse Mr. Contreras and other aggrieved employees for all work-related expenses incurred;
- f. Employers violated Labor Code § 226 by failing to furnish Mr. Contreras and other aggrieved employees with accurate and compliant itemized wage statements;
- g. Employers violated Labor Code §§ 201, 202 and 203 by failing to timely pay all final wages due upon separation of employment to Mr. Contreras and other aggrieved employees;
- h. Employers violated Labor Code § 204 by failing to pay Mr. Contreras and other aggrieved employees all wages earned at least twice during each calendar month;
- i. Employers violated Labor Code §§ 245.5, 246, & 248.5 et seq by failing to permit and authorize Mr. Contreras and other aggrieved employees to exercise the use of their accrued paid sick leave days or pay sick leave pay at the proper regular rate of pay;
- j. Employers violated Labor Code §§ 1174 and 1198 by failing to maintain accurate records on behalf of Mr. Contreras and other aggrieved employees;
- k. Employers violated Labor Code § 2810.5 by failing to provide legally mandated disclosures and/or written notices regarding the terms of employment of Mr. Contreras and other aggrieved employees; and
- l. Employers violated Labor Code §§ 204 and 221-223 by failing to pay Mr. Contreras and other aggrieved employees all agreed-upon wages including bonus wages accrued.

Pursuant to Labor Code Section § 2699.3(a)(2)(A), please notify us and Employers if the LWDA intends to investigate the alleged violations of the Labor Code stated herein. Please contact me should you require additional information.

LWDA
June 27, 2024
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Very truly yours,
STANSBURY BROWN LAW, PC

Jessica Flores

cc: AAA Quality Services, Inc.