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Attorneys for Plaintiff,
BRIAN HUGUEZ on behalf of
himself, all aggrieved employees, and the State
of California as a Private Attorneys General

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF RIVERSIDE

BRIAN HUGUEZ, individuals, on behalf of
himself, all aggrieved employees, and the State
of California as a Private Attorneys General,

Plaintiff,

vs.

R1 RCM INC., a Delaware corporation, and R1
RCM HOLDCO, INC., a Delaware
corporation, and DOES 1-50, inclusive,

Defendant.

) Case No.: CVME2401776

) **FIRST AMENDED PAGA**
) **REPRESENTATIVE ACTION**
) **COMPLAINT**

) **Violation of the Private Attorneys General**
) **Act of 2004, Cal. Labor Code §2698 et seq.**

Plaintiff BRIAN HUGUEZ brings this PAGA representative action complaint on behalf of
himself, all aggrieved employees, and the State of California as a Private Attorneys General, and
alleges as follows:

NATURE OF THE ACTION

1. Plaintiff BRIAN HUGUEZ worked as an employee for Defendants R1 RCM INC., and
R1 RCM HOLDCO, INC. and Does 1-50 (collectively "Defendant"). Defendant provides

1 technological solutions for healthcare providers. Plaintiff BRIAN HUGUEZ worked for
2 Defendant as a remote employee in the position of Coding Advisor until February 8, 2024. Plaintiff
3 brings this action pursuant to the Private Attorneys General Act of 2004 (“PAGA”), Cal. Labor
4 Code §2698 *et seq.*, on a representative basis. All current and former hourly, nonexempt employees
5 of Defendant within one year of serving notice on the LWDA to the present are aggrieved
6 employees.

7 2. Defendant failed to comply with California Labor Code requirements due to erroneous,
8 willful and intentional employment practices and policies. Plaintiff brings this representative
9 action on behalf of himself, all other similarly situated aggrieved employees, and the State of
10 California, based upon the claims articulated below. Plaintiff provided notice of his claims
11 pursuant to §2698 *et. seq.*, to the Labor and Workforce and Development Agency (“LWDA”) as
12 illustrated by the attached Exhibit, the content of which is expressly incorporated herein. The
13 LWDA has not provided any notice to Plaintiff following the exhaustion of the 65-day notice
14 period required by 2699.3(a)(2)(B). Accordingly, Plaintiff now brings this Complaint for civil
15 penalties under the Private Attorneys General Act (“PAGA”), Labor Code §2698 *et seq.*

16 3. Defendant has had a consistent policy and/or practice of: (1) failing to pay wages due
17 upon termination; and (2) failing to reimburse for required business expenses. Defendant is
18 therefore liable for civil penalties under the Cal. Labor Code, including the Private Attorney
19 General Act (“PAGA”), Labor Code §2698 *et seq.*, as described more fully herein.

20 THE PARTIES

21 4. Plaintiff BRIAN HUGUEZ is a resident of the State of California and worked as an
22 employee for Defendant until on or about February 8, 2024.

23 5. Defendant R1 RCM INC. is a Delaware corporation authorized to do business and doing
24 business in California with the capacity to sue and to be sued, and doing business, in the county of
25 Riverside, State of California.

26 6. Defendant R1 RCM HOLDCO, INC. is a Delaware corporation authorized to do
27 business and doing business in California with the capacity to sue and to be sued, and doing
28 business, in the county of Riverside, State of California.

1 7. Plaintiff is unaware of the true names, capacities, relationships, and extent of
2 participation in the conduct alleged herein, of the Defendant sued as DOES 1 through 50, but is
3 informed and believes and thereon alleges that said Defendant is legally responsible for the
4 wrongful conduct alleged herein and therefore sues Defendant by such fictitious names, Plaintiff
5 will amend this complaint when their true names and capabilities are ascertained.

6 8. Plaintiff is informed and believes and thereon alleges that each Defendant, directly or
7 indirectly, or through agents or other persons, employed Plaintiff and other aggrieved employees
8 of the representative class, and exercised control over their wages, hours, and working conditions.
9 Plaintiff is informed and believes and thereon allege that each Defendant acted in all respects
10 pertinent to this action as the agent of the other Defendants, carried out a joint scheme, business
11 plan or policy in all respects pertinent hereto, and the acts of each Defendant is legally attributable
12 to the other Defendants.

13 JURISDICTION AND VENUE

14 9. Venue is proper in this judicial district because Defendant conducts business in this
15 county and each Defendant has legal obligations to Plaintiff and many of the aggrieved employees
16 in this case that arose in this county.

17 10. The statutory penalties sought by Plaintiff exceed the minimal jurisdictional limits of
18 the Superior Court and will be established according to proof at trial. Based on information,
19 investigation and analysis, Plaintiff alleges that the amount in controversy, including claims for
20 monetary damages, penalties and attorney's fees is more than twenty-five thousand dollars
21 (\$25,000).

22 11. The California Superior Court has jurisdiction in this matter because Plaintiff is a
23 resident of California and Defendant is qualified to do business in California and regularly conduct
24 business in California. Further, there is no federal question at issue as the claims herein are based
25 solely on California law.
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1 **PAGA REPRESENTATIVE ACTION ALLEGATIONS**

2 12. During the relevant time period, Defendant committed various violations of the
3 California Labor Code as alleged below in more detail. Defendant enforces multiple policies that
4 violate state law, which are intended to increase profits to the detriment of aggrieved employees.

5 13. This representative action represents over 50 current and former aggrieved employees.

6 14. For at least one (1) year prior to the date of service notice on the LWDA, and continuing
7 to the present, Defendant engaged in unlawful employment practices that resulted in violations of
8 numerous Labor Code sections, as set forth more fully below.

9 15. Plaintiff and all current and former hourly, nonexempt employees within one year of
10 filing this action to the present are aggrieved employees within the meaning of Labor Code 2699,
11 *et seq.* (See Labor code §2699(c).)

12 16. Defendant, and each of them, have committed the following violations of the California
13 Labor Code:

14 **Failure to Pay Wages Due Upon Termination**

15 (Cal. Labor Code §§201, 202, 203, 227.3 and 2698 *et seq.*)

16 17. Plaintiff reasserts and realleges all preceding paragraphs as if fully set forth and
17 incorporate said paragraphs herein by reference.

18 18. An employee who is discharged must be paid all of his or her wages, including accrued
19 vacation, immediately at the time of termination. (Labor Code Sections 201 and 227.3.) Defendant
20 knowingly and willfully failed to pay all compensation due and owing to Plaintiff and aggrieved
21 employees at the time employment terminated. For example, Plaintiff did not receive his final
22 wages until almost two weeks following termination.

23 19. Defendant willfully failed to pay employees who are no longer employed by it all
24 compensation due upon termination of employment as required by Cal. Lab. Code §§201 and 202.
25 Plaintiff and similarly situated individuals are now entitled to recover up to thirty (30) days pay as
26 waiting time under the terms of §203. Moreover, Defendant is liable for civil penalties pursuant to
27 Cal. Lab. Code § 2698 *et. seq.*
28

1 **Failure to Reimburse For Required Business Expenses**

2 (Cal. Lab. Code §§1198, 2802 and 2698 *et seq.*)

3 20. Plaintiff reasserts and realleges all preceding paragraphs as if fully set forth and
4 incorporate said paragraphs herein by reference.

5 21. Labor Code §2802 requires employers to indemnify employees for necessary
6 expenditures or losses incurred by employees in direct consequence of the discharge of duties.

7 22. Plaintiff and aggrieved employees were required to use their personal cell phones for
8 work purposes, including for the DUO authenticator app. Plaintiff and aggrieved employees were
9 also required to provide their own wifi and pay for additional electric charges related to their
10 remote work activities but were not reimbursed for these expenses. Accordingly, Defendant is
11 liable for civil penalties under PAGA §2698 *et seq.*

12 23. Finally, Defendant has violated Labor Code §432.5 for forcing Plaintiff and aggrieved
13 employees to sign employment-related contracts and documents that contained unlawful terms of
14 employment.

15 **FIRST CAUSE OF ACTION**

16 **Against Defendant for Violation of the Private Attorneys General Act (“PAGA”)**

17 **(California Labor Code §2698 *et seq.*)**

18 24. Plaintiff reasserts and realleges all preceding paragraphs as if fully set forth and
19 incorporate said paragraphs herein by reference.

20 25. Plaintiff is an “aggrieved employee” under PAGA, as he was employed by Defendant
21 during the applicable statutory period and suffered one or more of the Labor Code violations set
22 forth herein. Accordingly, Plaintiff seeks to recover on behalf of himself and all other current and
23 former aggrieved employees of Defendant, the civil penalties provided by PAGA, plus reasonable
24 attorneys’ fees and costs.

25 26. Plaintiff seeks to recover the PAGA civil penalties through a representative action
26 permitted by PAGA and the California Supreme Court in *Arias v. Superior Court* (2009) 46 Cal.
27 4th 969. Therefore, class certification of the PAGA claims brought herein is not required.
28

1 27. Plaintiff seeks civil penalties pursuant to PAGA for violations of the following Labor
2 Code provisions:

- 3 a. Failure to Pay Wages Due Upon Termination (Cal. Labor Code §§201, 202, 203,
4 227.3 and 2698 *et seq.*);
5 b. Failure to Reimburse For Required Business Expenses (Cal. Lab. Code §§1198,
6 2802, 2699 *et seq.*);

7 28. Labor Code §2698 *et seq.* imposes a civil penalty of one hundred dollars (\$100) per
8 pay period, per aggrieved employee for initial violations, and two hundred dollars (\$200) per pay
9 period, per aggrieved employee for subsequent violations for all Labor Code provisions for which
10 a civil penalty is not specifically provided.

11 29. Plaintiff and the other current and former employees of Defendant are aggrieved
12 employees. They were or are employed by Defendant, and each of them, and the violations alleged
13 herein were committed against them. Plaintiff brings this action on behalf of himself and all other
14 current and former aggrieved employees.

15 30. At the time of each violation, Defendant employed one or more employees.

16 31. As a result of the aforesaid wrongful and illegal conduct of Defendant, and each of
17 them, Plaintiff and aggrieved employees are entitled to civil penalties in an amount to be
18 determined at trial, pre-judgment interest, costs and attorneys' fees.

19 32. Plaintiff has complied with all procedural requirements of Labor Code §2699.3 prior
20 to filing this Complaint. By the Notice attached as Exhibit 1, submitted online to the Labor and
21 Workforce Development Agency ("LWDA") and served by certified mail upon Defendant,
22 Plaintiff through counsel notified the LWDA and Defendant of the specific Labor Code provisions
23 that Defendant has violated. The LWDA did not respond to Plaintiff's Notice within the statutory
24 timeframe, and Plaintiff has therefore exhausted administrative remedies. Pursuant to Labor Code
25 §2699.3, Plaintiff may now pursue their PAGA claims in this action on behalf of aggrieved
26 employees and the State of California.
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1. An award of civil penalties pursuant to PAGA and the Cal. Labor Code in an amount to be determined at trial, but at least the jurisdictional amount of this Court;
2. An award of reasonable attorneys' fees and costs pursuant to California Labor Code §2699(g) and/or other applicable law;
3. For civil penalties as provided under Labor Code §203 and 558, and/or other applicable laws;
4. Pre-judgement and post-judgement interest as provided by law; and
5. Such other and further relief that the Court may deem just and proper.

KOUL LAW FIRM, APC

BY: Nazo Koulloukian, Esq.
Attorneys for Plaintiff BRIAN HUGUEZ, and all
aggrieved employees

EXHIBIT 1



Nazo@Koullaw.com

P (213) 761 – 5484

F (818) 561 – 3938

3435 WILSHIRE BLVD

SUITE 1710

LOS ANGELES, CA 90010

www.koullaw.com

June 13, 2024

Via E-filing:

California Labor & Workforce
Development Agency
455 Golden Gate Avenue, 9th Floor
San Francisco, CA 94102

Via Certified U.S. Mail:

R1 RCM Inc.
433 Ascension Way, 2nd Floor
Murray, UT 84123

R1 RCM Inc.
c/o CT Corporation System
330 N. Brand Blvd.
Glendale, CA 91203

R1 RCM Holdco, Inc.
433 Ascension Way, 2nd Floor
Murray, UT 84123

R1 RCM Holdco, Inc.
c/o CT Corporation System
330 N. Brand Blvd.
Glendale, CA 91203

Re: PAGA Notice Pursuant to California Labor Code §2698 *et seq.*

Claimant: Brian Huguez

Employers: R1 RCM Inc., and R1 RCM Holdco, Inc.

Dear Sir or Madam:

Brian Huguez (“Claimant”) has retained Nazo Koulloukian, Esq. of Koul Law Firm, APC, to represent him, and all other aggrieved employees, for conditions of employment and wage and hour claims against former employers R1 RCM Inc. and R1 RCM Holdco, Inc. (hereafter collectively referred to as “Employers”). Claimant worked for Employer as an hourly nonexempt employee in California until February 2024.

Claimant alleges herein the specific provisions of California law that Employer has violated, requiring this Notice, including but not limited to: California Labor Code sections 201-203, 204, 208, 216, 221-223, 226, 226.2, 226.7, 245-248.6, 432, 432.5, 432.6, 432.7, 510, 512,

558, 558.1, 1024.5, 1174, 1194, 1197, 1197.1, 1198, 1198.5, 1199, 2802, 2810.5, and all applicable Wage Orders.

Employer violated, and/or has caused to be violated, several Labor Code provisions and is therefore liable for civil penalties under Labor Code § 2698 *et seq.* We request that your agency investigate the claims alleged below or permit Claimant to seek civil penalties under the Private Attorney General Act (“PAGA”), Labor Code § 2698 *et seq.*, on behalf of the Labor and Workforce and development Agency (“LWDA”) and the State of California in a representative action. This letter will serve as notice of these allegations pursuant to Labor Code § 2699.3. Based on information and belief, Employer continues to commit all the violations alleged herein.

As alleged below, Claimant personally suffered some of the Labor Code violations committed by Employer, while other violations, though not personally suffered by Claimant, were suffered by other Aggrieved Employees. As held in *Huff v. Securitas Security Services USA, Inc.* (2018) 23 Cal.App.5th 745, 758, “[b]y the plain language of the statute, an aggrieved employee need only suffer one of the Labor Code violations alleged against his or her employer to be able to bring a PAGA claim on behalf of himself or herself and current or former employees who suffered any Labor Code violation at the hands of the employer. Claimants need not have actually suffered all of the Labor Code violations that they alleges to have taken place for purposes of seeking PAGA penalties.” (citation omitted). Accordingly, Claimant plans to pursue penalties for all the violations committed by Employer against the Aggrieved Employees, including those Claimant may not have personally suffered.

Failure to Pay Wages Due Upon Termination

(Cal. Lab. Code §§201, 202, 203, 227.3 and 2698 *et seq.*)

An employee who is discharged must be paid all of his or her wages, including accrued vacation, immediately at the time of termination. (Labor Code Sections 201 and 227.3.) Employer knowingly and willfully failed to pay all compensation due and owing to Claimant at the time employment terminated. For example, Claimant did not receive his final wages until almost two weeks following termination.

Employer willfully failed to pay employees who are no longer employed by it all compensation due upon termination of employment as required by Cal. Lab. Code §§201 and 202. Claimant and similarly situated individuals are now entitled to recover up to thirty (30) days pay as waiting time under the terms of §203. Moreover, Employer is liable for civil penalties pursuant to Cal. Lab. Code § 2698 *et. seq.*

Failure to Reimburse for Required Business Expenses

(Cal. Labor Code §§1198, 2802, 2699 *et seq.*)

Labor Code §2802 requires employers to indemnify employees for necessary expenditures or losses incurred by employees in direct consequence of the discharge of duties. Claimant and aggrieved employees were required to use their personal cell phones for work purposes, including for the DUO authenticator app. Employees were also required to provide their own wifi and pay for additional electric charges related to their remote work activities. Accordingly, Employer is liable for civil penalties under PAGA §2699 *et seq.*

Failure to Provide Accurate Itemized Wage Statements

(Cal. Labor Code §§ 226, 1174, 2699 *et seq.*)

Employer knowingly and intentionally failed to provide timely, accurate, itemized wage statements to Claimant and the aggrieved employees in accordance with Labor Code §§ 226 and keep accurate records as required by §1174(d).

The statements provided to Claimant and aggrieved employees, and the records maintained by Employer, have not accurately reflected the name and address of the legal entity that is the employer. Wage statements reference R1 RCM Holdco, Inc., as the employer, however onboarding paperwork, including offer letters transmitted to Claimant and aggrieved employees list R1 RCM Inc. as the employer. Wage statements also fail to include all required reimbursements and accordingly list an inaccurate total amount payable to employees.

§226 (a) requires:

An employer, semimonthly or at the time of each payment of wages, shall furnish to his or her employee, either as a detachable part of the check, draft, or voucher paying the employee's wages, or separately if wages are paid by personal check or cash, an accurate itemized statement in writing showing (1) gross wages earned, (2) total hours worked by the employee, except as provided in subdivision (j), (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, if the employer is a farm labor contractor, as defined in subdivision (b)

of Section 1682, the name and address of the legal entity that secured the services of 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...

Such failures called injury to Claimant and others, by, among other things, impeding them from knowing the true legal name of their employer and the monetary amount to which they are and were entitled. Employer knowingly and intentionally failed to issue accurate wage statements and is liable for civil penalties pursuant to Labor Code § 2698 *et seq.*

Finally, Employer has violated Labor Code §432.5 for forcing Claimant and aggrieved employees to sign employment-related contracts and documents that contained unlawful terms of employment.

Conclusion

Employer has violated a number of California wage and hour laws. Claimant respectfully requests that the agency investigate the above allegations and hereby provides notice of the allegations pursuant to PAGA's provisions. Alternatively, Claimant requests that the agency inform Claimant if it does not intend to investigate these violations so that Claimant may pursue these claims as a representative action in civil court.

Sincerely,



Nazo Koulloukian, Esq.
Attorney for Claimant

PROOF OF SERVICE

Case No. 24STCV13665
Frasca v. VF Outdoor, LLC

I, NADIA CHAVEZ declare that I am a resident of or employed in the County of Los Angeles, California. I am over the age of 18 years and not a party to the entitled case. The name and address of my residence or business is KOUL LAW FIRM, 3435 Wilshire Blvd. Ste. 1710, Los Angeles, California 90010.

On September 25, 2024, I served the foregoing document described as:

FIRST AMENDED PAGA REPRESENTATIVE ACTION COMPLAINT

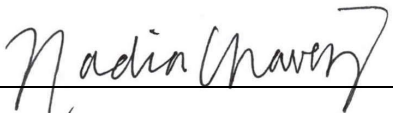
 X **BY E-MAIL:** I hereby certify that this document was served from Los Angeles, California, by e-mail delivery on the parties listed herein at their most recent known e-mail address from e-mail nadia@koullaw.com pursuant to California Rules of Court. I did not receive, within a reasonable time after the transmission, any electronic message or other indication that the transmission was unsuccessful.

on the interested parties in this action by sending [] the original [or] [✓] a true copy thereof [✓] to interested parties as follows [or] [] as stated on the attached service list:

Winston Hu
Emilie Woodhead
Scott De Nardo
WINSTON & STRAWN LLP
333 S. Grand Ave
Los Angeles, CA 90071
WHu@winston.com
EWoodhead@winston.com
SDeNardo@winston.com

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this September 25, 2024, in Los Angeles, California.



NADIA CHAVEZ