

Nicholas J. Ferraro (State Bar No. 306528)
Lauren N. Vega (State Bar No. 306525)
Ferraro Vega Employment Lawyers, Inc.
3333 Camino del Rio South, Suite 300
San Diego, California 92108
(619) 693-7727 main / (619) 350-6855 fax
nick@ferrarovega.com / lauren@ferrarovega.com

Attorneys for Plaintiff Erik Hanson

ELECTRONICALLY FILED
Superior Court of California,
County of San Diego

9/23/2024 1:09:31 PM

Clerk of the Superior Court
By S. Felix ,Deputy Clerk

**SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN DIEGO**

ERIK HANSON, on behalf of others similarly
situated and the State of California under the
Private Attorneys General Act,

Plaintiff,

vs.

FINISHING TOUCH MOULDING, INC. and
DOES 1 through 50, inclusive,

Defendant.

Case No. 24CU003394C

CLASS ACTION

**FIRST AMENDED CLASS AND
REPRESENTATIVE ACTION
COMPLAINT**

1. Minimum Wage Violations
2. Failure to Pay All Overtime Wages
3. Meal Period Violations
4. Rest Period Violations
5. Untimely Payment of Wages
6. Wage Statement Violations
7. Waiting Time Penalties
8. Failure to Reimburse Business Expenses
9. Unfair Competition
10. Civil Penalties under the Private Attorneys General Act (Labor Code §§ 2698 *et seq.*)

1 Plaintiff ERIK HANSON, on behalf of all others similarly situated and the State of California
2 under the Private Attorneys General Act (“Plaintiff”) brings this FIRST AMENDED CLASS AND
3 REPRESENTATIVE ACTION COMPLAINT against Defendant FINISHING TOUCH
4 MOULDING, INC. and DOES 1 through 50, inclusive (collectively “Defendant”), alleging as follows:

5 **INTRODUCTION**

6 1. Plaintiff brings the instant class action on behalf of themselves and similarly situated
7 current and former employees of Defendant for a series of systemic violations of the California Labor
8 Code and IWC Wage Orders.

9 2. Defendant failed to pay Plaintiff and the Class Members all minimum and overtime
10 wages due to unlawful policies and practices of unlawful rounding.

11 3. Defendant failed to provide, authorize, and/or permit Plaintiff and the Class Members
12 to take compliant meal and rest periods to which they were entitled.

13 4. Defendant failed to properly reimburse Plaintiff and the Class Members for using their
14 personal cell phones to complete work-related duties.

15 5. Defendant’s employment policies, practices, and payroll administration systems
16 enabled and facilitated these violations on a company-wide basis with respect to the Class Members.

17 **JURISDICTION & VENUE**

18 6. Jurisdiction of this action is proper in this Court under Article VI, Section 10 of the
19 California Constitution as the causes of action are premised upon violations of California law.

20 7. The monetary damages and restitution sought exceed the minimal jurisdiction limits of
21 the Superior Court.

22 8. This Court has jurisdiction over Defendant because, upon information and belief,
23 Defendant have sufficient minimum contacts in California, or otherwise intentionally avail themselves
24 to the California economy so as to render the exercise of jurisdiction over them by the California courts
25 consistent with traditional notions of fair play and substantial justice.

26 9. Venue is proper in this Court under Code of Civil Procedure sections 393(a), 395,
27 and/or 395.5 because, upon information and belief, Defendant conducted business and committed
28 some of the alleged violations in this County.

PARTIES

A. Plaintiff Erik Hanson

10. Plaintiff Hanson is an individual over 18 years of age who worked for Defendant in California as a non-exempt employee from about April 2024 to June 2024. Plaintiff worked as a Warehouse Assistant.

11. The State of California, via the Labor and Workforce Development Agency (“LWDA”), is the real party in interest in this action. (*Kim v. Reins Int’l California, Inc.* (2020) 9 Cal. 5th 73, 81 [The “government entity on whose behalf the plaintiff files suit is always the real party in interest.”]) To the extent permitted by law, including pursuant *Balderas v. Fresh Start Harvesting, Inc.*, Court of Appeals Case No. B326759 (2nd App. Dist.) ____ Cal. App. 5th ____ (Mar. 20, 2024, *as modified* Apr. 18, 2024), the PAGA claim is brought exclusively as a representative action and does not include arbitrable claims.

B. Defendant

12. Defendant Finishing Touch Moulding, Inc. is a California corporation that maintains operations and conducts business throughout the State of California, including in this county.

13. The true names and capacities, whether individual, corporate, or otherwise, of the parties sued as DOES 1 through 50, are presently unknown, unascertainable, or uncertain, and are sued by such fictitious names under Code of Civil Procedure section 474. Upon information and belief, each of DOES 1 through 50 constitutes a legal employer or is otherwise legally responsible in some manner for the acts and omissions alleged herein. This Complaint may be amended to reflect their true names and capacities once ascertained.

14. Upon information and belief, Defendant in this action are employers, co-employers, joint employers, and/or part of an integrated employer enterprise, as each of the Defendant exercised control over the wages, hours, and working conditions of the employees, suffered and permitted them to work, and otherwise engaged them as employees under California law.

15. Upon information and belief, at least some of the Defendant have common ownership, common management, interrelationship of operations, and centralized control over labor relations and

are therefore part of an integrated enterprise and thus jointly and severally responsible for the acts and omissions alleged herein, including pursuant to Labor Code sections 558, 558.1, and 1197.1.

16. Upon information and belief, Defendant acted in all respects pertinent to this action as an alter-ego, agent, servant, joint employer, joint venturer, co-conspirator, partner, in an integrated enterprise, or in some other capacity on behalf of all other co-Defendant, such that the acts and omissions of each defendant may be legally attributable to all others.

CLASS ALLEGATIONS

17. This action is brought individually and on behalf of the following class pursuant to Code of Civil Procedure section 382:

- a. All current and former non-exempt employees who worked for Defendant in California at any time from four years (plus the additional 178-day statutory tolling period under Emergency Rule 9) prior to the filing of this action through date of class certification.

18. Plaintiff reserves the right to establish various subclass definitions as appropriate at the class certification stage, according to proof.

19. The class is ascertainable and shares a well-defined community of interest in this litigation:

- a. Numerosity: The class is estimated to exceed 50 individuals, although the precise membership of the entire class is unknown at this time. The class is so numerous that joinder of all Class Members is impracticable. The identities of Class Members are ascertainable by inspection of Defendant's employment and payroll records.
- b. Typicality: Plaintiff's claims are typical of the claims of the other Class Members. They were subject to the same policies and practices of Defendant, which resulted in losses to the class. Proof of common unlawful business practices, which Plaintiff experienced, will establish the right of the class to recover on the causes of action alleged herein.

- 1 c. Adequacy: Plaintiff is an adequate class representative; will take all necessary
2 steps to protect the Class Members' interests adequately and fairly; has no
3 interest antagonistic to other Class Members; and is represented by attorneys
4 who have substantial experience prosecuting, defending, resolving, and
5 litigating wage and hour class, collective, and representative actions in
6 California state and federal courts.
- 7 d. Superiority: A class action is superior to other means for adjudicating this
8 dispute. Individual joinder is impractical. Class treatment will allow for
9 common issues to be resolved in a single forum, simultaneously, and without
10 duplication of effort and expense.
- 11 e. Public Policy Considerations: Certification of this lawsuit as a class action
12 advances the State of California's strong public interest in ensuring its
13 approximately millions of employed residents are properly paid the wages they
14 earned for the hours they worked. Class actions provide a mechanism for
15 enforcement of labor laws and allow for vindication of employee rights by
16 unnamed Class Members.

17 20. Common questions of law and fact as to the Class Members predominate over questions
18 affecting only individual members. The common questions of law and fact exist as to whether the
19 employment policies and practices formulated by Defendant and applied to the Class Members
20 constitute violations of California law.

21 **GENERAL ALLEGATIONS**

22 21. Defendant failed to pay Plaintiff and the Class Members at the lawful minimum wage
23 rate for all hours worked, resulting in unpaid minimum wages.

24 22. Defendant engaged in an unlawful policy and practice of rounding Plaintiff and the
25 Class Members' time worked.

26 23. Defendant had an unlawful policy and practice of requiring Plaintiff and the Class
27 Members to round up their time if they arrived early.

1 24. Specifically, if Plaintiff arrived at 5:50 a.m., Plaintiff, like other Class Members, was
2 mandated to report his clock-in time as 6:00 a.m.

3 25. This unlawful practice of time rounding resulted in unpaid hours worked.

4 26. Defendant failed to pay Plaintiff and the Class Members overtime wages and the lawful
5 rate of pay for overtime hours worked, resulting in unpaid overtime wages.

6 27. As described above, Defendant engaged in an unlawful policy and practice of time
7 rounding. To the extent that this unlawful practice resulted in unpaid hours worked over eight (8)
8 hours in a day or forty (40) hours in a week this resulted in unpaid overtime.

9 28. Defendant failed to provide Plaintiff and the Class Members with compliant meal
10 periods and meal period premiums.

11 29. First, Plaintiff and the Class Members routinely experienced missed, late, short, and
12 interrupted meal periods in order to keep up with the high demands of the job and in order to meet
13 project deadlines.

14 30. Specifically, Plaintiff and the Class Members would start work between 5:00 a.m. and
15 6:00 a.m. but would not be able to take their meal periods until 11:00 a.m.

16 31. Plaintiff and the Class Members also experienced interrupted meal periods. Defendant
17 would often bring plans out for the next job and not allow Plaintiff and the Class Members to have
18 uninterrupted meal periods.

19 32. Similarly, as a matter of common policy and practice, Defendant failed to provide all
20 rest periods to which Plaintiff and the Class Members were entitled. As mentioned above, because of
21 the nature of the work and project deadlines, Plaintiff and the Class Members often worked until the
22 job was complete and without any time to take a compliant break. This prevented Plaintiff and the
23 Class Members from taking lawful rest periods.

24 33. On those occasions, Defendant did not pay the required premium wage owed.

25 34. Defendant failed to provide accurate itemized wage statements to the Class Members
26 each pay period as a result of the policies and practices set forth in this notice. Defendant violated
27 Labor Code section 226(a)(1) and (5) by not listing the correct “gross wages earned” or “net wages
28

1 earned,” as the employees earned wages and premiums that were not paid, resulting in an inaccurate
2 reflection, and recording of “gross wages earned” on those wage statements.

3 35. Likewise, in violation of Labor Code section 226(a)(9), Defendant failed to state on
4 employee wage statements each pay period the applicable hourly rates in effect and the number of
5 hours worked at that rate, as Defendant failed to pay all wages and premiums owed to employees. The
6 amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay
7 stub.

8 36. Defendant violated Labor Code section 226(a)(2) by failing to accurately list
9 employees’ “total hours worked,” as the wage statements did not accurately include the
10 uncompensated time Plaintiff and other Class Members worked due to Defendant’s policy and practice
11 of time rounding.

12 37. Defendant required Plaintiff and the Class Members to incur costs for work-related
13 purposes without full reimbursement.

14 38. Plaintiff and the Class Members were required to download an application and clock
15 in and out for work on their personal cell phones. This was mandated but the cost was not reimbursed.

16 39. Thus, in direct consequence of their job duties, Plaintiff and the Class Members
17 unavoidably and necessarily incurred these losses, expenditures, costs, and as a matter of policy and
18 practice.

19 40. Because of the policies and practices set forth in this notice, including the failure to
20 accurately account for wages earned or hours worked, Defendant failed to accurately maintain records
21 in accordance with Labor Code section 1174 and the IWC Wage Orders.

22 **FIRST CAUSE OF ACTION**

23 **MINIMUM WAGE VIOLATIONS**

24 **Violation of Labor Code §§ 1194, 1194.2 and 1197**

25 **(All Claims Alleged by Plaintiff and Class Members Against All Defendant)**

26 41. All outside paragraphs of this Complaint are incorporated into this section.

27 42. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
28 §§ 1182.12, 1194, 1194.2, 1197, 1197.1 and 1198 and the IWC Wage Orders (the “Hours and Days

1 of Work” and “Minimum Wages” sections of the applicable orders), which require non-exempt
2 employees be timely paid at least the state or local minimum wage (if higher) for each hour of work,
3 and further provide a private right of action for an employer’s failure to pay all minimum wages (plus
4 liquidated damages).

5 43. Defendant willfully failed in their affirmative obligation to pay Plaintiff and Class
6 Members at least the lawful minimum wage for each hour worked in violation of Labor Code sections
7 1182.12, 1194, 1194.2, 1197, 1197.1 and 1198 and the IWC Wage Orders (the “Hours and Days of
8 Work” and “Minimum Wages” sections of the applicable orders), including payment at the lawful
9 local and county minimum wage ordinances in effect. As a result, Defendant are liable for all
10 associated damages, including liquidated damages for the minimum wage violations pursuant to Labor
11 Code § 1194.2.

12 44. Defendant’ unlawful acts and omissions deprived Plaintiff and Class Members of
13 minimum, regular and overtime wages in amounts to be determined at trial. Plaintiff and Class
14 Members are entitled to recover the full amount of the unpaid wages, plus liquidated damages in an
15 amount equal to the wages unlawfully unpaid (and interest thereon), in addition to interest, attorneys’
16 fees, and costs to the extent permitted by law, including under Labor Code sections 1194 and 1194.2.

17 **SECOND CAUSE OF ACTION**

18 **FAILURE TO PAY ALL OVERTIME WAGES**

19 **Violation of Labor Code §§ 510 and 1194**

20 45. All outside paragraphs of this Complaint are incorporated into this section.

21 46. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
22 §§ 204, 510, 558, 1194, and 1198, which require non-exempt employees be timely paid overtime
23 wages all overtime hours worked, and which further provide a private right of action for an employer’s
24 failure to pay all overtime compensation for overtime hours worked.

25 47. Defendant failed in their affirmative obligation to pay Plaintiff and Class Members no
26 less than one and one-half times their respective “regular rate of pay” for all hours worked in excess
27 of eight hours in one day, 40 hours in one week, or the first eight hours worked on the seventh day of
28 work in any one workweek, and no less than twice their respective “regular rate of pay” for all hours

1 over 12 hours in one day and any work in excess of eight hours on any seventh day of a workweek for
2 such hours worked, in violation of Labor Code sections 204, 510, 558, 1194, and 1198 and the IWC
3 Wage Orders (the “Hours and Days of Work” sections of the applicable orders).

4 48. Plaintiff and Class Members are entitled to recover the full amount of the unpaid
5 overtime, in addition to interest, statutory and civil penalties, and attorneys’ fees, and costs to the
6 extent permitted by law.

7 **THIRD CAUSE OF ACTION**

8 **MEAL PERIOD VIOLATIONS**

9 **Violation of Labor Code §§ 226.7 and 512**

10 49. All outside paragraphs of this Complaint are incorporated into this section.

11 50. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code
12 §§ 226.7, 558 and 512, which require non-exempt employees be provided complaint meal periods (or
13 meal period premiums in lieu thereof), and which further provide a private right of action for an
14 employer’s failure to lawfully provide all meal periods and/or pay meal period premiums at the lawful
15 regular rate of compensation.

16 51. Defendant willfully failed in their affirmative obligation to consistently provide
17 Plaintiff and Class Members compliant, duty-free meal periods of not less than 30 minutes beginning
18 before the fifth hour of hour for each work period of more than five hours per day and a second duty-
19 free meal period of not less than 30 minutes beginning before the tenth hour of hour of work in
20 violation of Labor Code sections 226.7, 512, 558, 1198 and the IWC Wage Orders (the “Meal Periods”
21 sections of the applicable orders).

22 52. Further, Defendant willfully failed in their affirmative obligation to consistently pay
23 Plaintiff and Class Members one additional hour of pay at the respective regular rate of compensation
24 for each workday that a fully compliant meal period was not provided, in violation of Labor Code
25 sections 226.7, 512, 558, and 1198 and the IWC Wage Orders (the “Meal Periods” sections of the
26 applicable orders).

53. Plaintiff and Class Members are entitled to recover the full amount of the meal period premiums owed, in addition to interest, statutory and civil penalties, and attorneys' fees, and costs to the extent permitted by law.

FOURTH CAUSE OF ACTION

REST PERIOD VIOLATIONS

Violation of Labor Code §§ 226.7 and 516

54. All outside paragraphs of this Complaint are incorporated into this section.

55. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code §§ 226.7 and 516, which require non-exempt employees be authorized to take complaint rest periods (or rest period premiums in lieu thereof), and which further provide a private right of action for an employer's failure to lawfully provide all rest periods and/or pay rest period premiums at the lawful regular rate of compensation.

56. Defendant willfully failed in their affirmative obligation to consistently authorize and permit Plaintiff and Class Members to receive compliant, duty-free rest periods of not less than ten (10) minutes for every four hours worked (or major fraction thereof) in violation of Labor Code sections 226.7, 516, 558, and 1198 and the IWC Wage Orders (the "Rest Periods" sections of the applicable orders).

57. Further, Defendant willfully failed in their affirmative obligation to consistently pay Plaintiff and Class Members one additional hour of pay at the respective regular rate of compensation for each workday that a fully compliant rest period was not provided, in violation of Labor Code sections 226.7, 516, 558, and 1198 and the IWC Wage Orders.

FIFTH CAUSE OF ACTION

UNTIMELY PAYMENT OF WAGES

Violation of Labor Code §§ 204, 210, 218

58. All outside paragraphs of this Complaint are incorporated into this section.

59. This cause of action is brought pursuant to the IWC Wage Orders and Labor Code §§ 204, 204b, and 210 which require non-exempt employees be timely paid all wages owed each pay period, and which further provide a private right of action for an employer's failure to comply with

1 this obligation. Labor Code § 218 authorizes individuals to sue directly for wages and penalties due
2 under these sections, including Labor Code § 210(c)'s statutory late payment penalties.

3 60. Defendant willfully failed in their affirmative obligation to timely pay all wages,
4 including paid sick leave and meal and rest premiums, earned by Plaintiff and Class Members twice
5 during each calendar month on days designated in advance by the employer as regular paydays (for
6 employees paid on a non-weekly basis) and on the regularly-scheduled weekly payday for weekly
7 employees, if any, in violation of Labor Code sections 204 and 204b and the IWC Wage Orders (the
8 "Minimum Wages" sections of the applicable orders).

9 61. Plaintiff and Class Members are entitled to recover the full amount of the unpaid wages,
10 in addition to a statutory penalty in the amount of \$100 for the initial violation for each failure to pay
11 each employee and \$200 for all subsequent violations and for all willful or intentional violations for
12 each failure to pay each employee, plus 25 percent of the amount unlawfully withheld under provided
13 in Labor Code § 210, in addition to interest, attorneys' fees, and costs to the extent permitted by law.

14 **SIXTH CAUSE OF ACTION**

15 **WAGE STATEMENT VIOLATIONS**

16 **Violation of Labor Code § 226**

17 62. All outside paragraphs of this Complaint are incorporated into this section.

18 63. This cause of action is brought by a wage statement subclass pursuant to Labor Code
19 § 226(a) which requires non-exempt employees be provided accurate itemized wage statements each
20 pay period, and which further provide a private right of action for an employer's failure to comply
21 with this obligation.

22 64. Defendant knowingly and intentionally failed in their affirmative obligation to provide
23 accurate itemized wage statements to Plaintiff and Class Members resulting in injury to Plaintiff and
24 Class Members. Specifically, the wage statements issued to Plaintiff and Class Members did not
25 accurately state each pay period all of the information required by Labor Code § 226(a)(1)-(9).

26 65. Defendant' unlawful acts and omissions deprived Plaintiff and Class Members of
27 accurate itemized wage statements, causing confusion and concealing wage and premium
28 underpayments.

66. As a result, Plaintiff and Class Members are entitled to recover the statutory penalty of \$50 per employee for the initial pay period in which a violation occurred and \$100 per employee for each violation in a subsequent pay period, up to an aggregate penalty of \$4,000 per employee, in addition to interest, attorneys' fees, and costs to the extent permitted by law, including under Labor Code section 226(e).

SEVENTH CAUSE OF ACTION

WAITING TIME PENALTIES

Violation of Labor Code §§ 201 *et seq.*

67. All outside paragraphs of this Complaint are incorporated into this section.

68. This cause of action is brought by a waiting time subclass pursuant to Labor Code §§ 201 through 203, which require an employer to timely pay all wages earned upon termination of employment, and which further provide a private right of action to recover statutory waiting time penalties each day an employer fails to comply with this obligation, up to a maximum of 30 days wages.

69. Defendant willfully failed and continue to fail in their affirmative obligation to pay all wages earned and unpaid to Plaintiff and Class Members immediately upon termination of employment or within 72 hours thereafter for employees who did not provide at least 72 hours prior notice of his or her intention to quit, and further failed to pay those sums for 30 days thereafter in violation of Labor Code sections 201 through 203 and the IWC Wage Orders.

70. Plaintiff and Class Members are entitled to recover a waiting time penalty for a period of up to 30 days, in addition to interest, attorneys' fees, and costs to the extent permitted by law.

EIGHTH CAUSE OF ACTION

FAILURE TO REIMBURSE BUSINESS EXPENSES

Violation of Labor Code § 2802

71. All outside paragraphs of this Complaint are incorporated into this section.

72. Defendant willfully failed in their affirmative obligation to reimburse Plaintiff and a reimbursement subclass for all necessary expenditures, losses, expenses, and costs incurred by them in direct discharge of the duties of their employment, in violation of Labor Code section 2802.

73. Defendant' unlawful acts and omissions deprived Plaintiff and Class Members of lawful reimbursements for business expenses in amounts to be determined at trial. Plaintiff and Class Members are entitled to recover the amount unreimbursed expenses of Plaintiff and Class Members in addition to interest, attorneys' fees, and costs to the extent permitted by law, including under Labor Code section 2802.

NINTH CAUSE OF ACTION

UNFAIR COMPETITION

Violation of Business and Professions Code §§ 17200 *et seq.*

74. All outside paragraphs of this Complaint are incorporated into this section.

75. Defendant have engaged and continue to engage in unfair and/or unlawful business practices in the State of California in violation of California Business and Professions Code § 17200 by committing the foregoing wage and hour violations alleged throughout this Complaint.

76. Defendant' dependence on these unfair and/or unlawful business practices deprived Plaintiff and continue to deprive other Class Members of compensation to which they are legally entitled, constitutes unfair and/or unlawful competition, and provides an unfair advantage to Defendant over competitors who have been and/or are currently employing workers in compliance with California's wage and hour laws. These failures constitute unlawful, deceptive, and unfair business acts and practices in violation of Business and Professions Code section 17200 *et seq.*

77. Plaintiff is a victim of Defendant' unfair and/or unlawful conduct alleged in this Complaint, and Plaintiff, as an individual and on behalf of others similarly situated, seeks full restitution of the moneys as necessary and according to proof to restore all monies withheld, acquired, and/or converted by Defendant pursuant to Business and Professions Code §§ 17203 and 17208.

78. Plaintiff does not have an adequate remedy at law for past or future violations, to the extent the statute of limitations on each of the alleged causes of action do not extend to the four year limitation provided under the UCL or to the extent the underlying Labor Code and IWC Wage Order violations do not provide a private right of action.

79. Plaintiff and Class Members are entitled to injunctive relief against Defendant, restitution, and other equitable relief to return all funds over which Plaintiff and Class Members have

1 an ownership interest and to prevent future damage and the public interest under Business and
2 Professions Code § 17200 *et seq.* Plaintiff and Class Members are further entitled to recover interest,
3 attorneys' fees, and costs to the extent permitted by law, including under Code of Civil Procedure
4 § 1021.5.

5 **TENTH CAUSE OF ACTION**

6 **CIVIL PENALTIES UNDER THE PRIVATE ATTORNEYS GENERAL ACT**

7 **Violation of Labor Code §§ 2698 *et seq.***

8 **(By Plaintiff on Behalf of the State and the Aggrieved Employees Against All Defendant)**

9 80. All outside paragraphs of this Complaint are incorporated into this section.

10 81. Plaintiff brings this cause of action as a proxy for the State of California on behalf of
11 the following "aggrieved employees" pursuant to the Private Attorneys General Act ("PAGA"),
12 codified as Labor Code section 2698 *et seq.*:

13 a. All current and former non-exempt employees who worked for Defendant in
14 California at any time from one year prior to the postmark date of the initial
15 PAGA notice through date of trial.

16 82. Plaintiff reserves the right to amend, supplement, or add to this description of the
17 aggrieved employees, according to proof.

18 83. The State of California, via the Labor and Workforce Development Agency
19 ("LWDA"), is the real party in interest in this action with respect to this cause of action. (*Kim v. Reins*
20 *Int'l California, Inc.* (2020) 9 Cal. 5th 73, 81 [The "government entity on whose behalf the plaintiff
21 files suit is always the real party in interest."])

22 84. Labor Code section 2699(a) provides: "Notwithstanding any other provision of law,,
23 any provision of this code that provides for a civil penalty to be assessed and collected by the Labor
24 and Workforce Development Agency or any of its departments, divisions, commissions, boards,
25 agencies, or employees, for a violation of this code, may, as an alternative, be recovered through a civil
26 action brought by an aggrieved employee on behalf of himself or herself and other current or former
27 employees pursuant to the procedures specified in Section 2699.3. "
28

1 85. Labor Code section 2699(f) provides: “For all provisions of this code except those for
2 which a civil penalty is specifically provided, there is established a civil penalty for a violation of these
3 provisions, as follows: ... (2) If, at the time of the alleged violation, the person employs one or more
4 employees, the civil penalty is one hundred dollars (\$100) for each aggrieved employee per pay period
5 for the initial violation and two hundred dollars (\$200) for each aggrieved employee per pay period for
6 each subsequent violation.”

7 86. Any allegations regarding violations of the IWC Wage Orders are enforceable as
8 violations of Labor Code section 1198, which states: “[t]he employment of any employee for longer
9 hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.”

10 87. Labor Code section 2699.3 sets forth the procedure for commencing an action for civil
11 penalties under the PAGA.

12 88. On or about **July 17, 2024**, Plaintiff paid the requisite PAGA filing fee and provided
13 written notice (by online electronic filing with the LWDA and by certified mail to Defendant) of
14 Defendant’ alleged Labor Code violations, including the facts and theories to support the alleged
15 violations.

16 89. A true and correct copy of Plaintiff’s written PAGA notice, entitled “Notice of Labor
17 Code Violations” is attached hereto as Exhibit 1 and incorporated by reference as though fully set
18 forth herein (the “PAGA notice”).

19 90. To date, neither Plaintiff nor Plaintiff’s counsel has received a response to Plaintiff’s
20 written PAGA notice from the LWDA.

21 91. Within 33 calendar days of the postmark date of the notice sent by Plaintiff, neither
22 Plaintiff nor Plaintiff’s counsel has received written notice by certified mail from any defendant
23 providing a description of any actions taken to cure the alleged violations.

24 92. Now that at least 65 days have passed from Plaintiff notifying Defendant of these
25 violations, without notice of cure from Defendant or notice from the LWDA of its intent to investigate
26 the alleged allegations and issue the appropriate citations to Defendant, Plaintiff exhausted all
27 prerequisites and commenced this civil action under Labor Code section 2699 *et seq.*
28

93. As set forth in the PAGA notice attached as Exhibit 1 and incorporated into this Complaint, Defendant committed the following violations and are liable for all corresponding civil penalties:

- a. ***Unpaid Hours Worked/Minimum Wage.*** Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders.
- b. ***Unpaid Overtime.*** Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders.
- c. ***Unpaid Meal Period Premium Wages.*** Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders.
- d. ***Unpaid Rest Period Premium Wages.*** Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders.
- e. ***Untimely Payment of Wages During Employment.*** Violation of Labor Code §§ 204, 204b, 210.
- f. ***Untimely Payment of Wages Upon Separation of Employment.*** Violation of Labor Code §§ 201, 202, 203, 256.
- g. ***Non-Compliant Wage Statements.*** Violation of Labor Code §§ 226, 226.3.
- h. ***Unreimbursed Employee Expenses.*** Violation of Labor Code §§ 2802, 2804.
- i. ***Failure to Maintain Accurate Records.*** Violation of Labor Code § 1174; IWC Wage Orders.

94. Plaintiff seeks to collect all recoverable civil penalties for the Labor Code violations alleged in this Complaint and the PAGA notice (including amendments thereto) against Defendant pursuant to Labor Code section 2699(a) and (f), in addition to attorneys' fees, costs, and interest to the extent permitted by law, including under Labor Code section 2699(g).

PRAYER

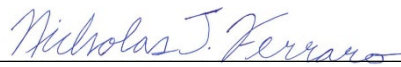
Plaintiff prays for judgment as follows:

- a. For certification of this action as a class action;
- b. For appointment of Plaintiff as the class representative;
- c. For appointment of above-captioned counsel for Plaintiff as Class Counsel;

- d. For division of Class Members into appropriate classes and/or subclasses according to proof;
- e. For recovery of all statutory penalties and liquidated damages;
- f. For disgorgement of all amounts wrongfully obtained to the extent permitted by law;
- g. For restitution and injunctive relief;
- h. For attorneys' fees and costs of suit, including expert fees, to the extent permitted by law, including (without limitation) under Labor Code §§ 218.5, 226, 1194, 2802 and Code of Civil Procedure § 1021.5.
- i. For recovery of damages in amount according to proof;
- j. For all recoverable pre- and post-judgment interest;
- k. For this action to be maintained as a representative action under the PAGA;
- l. For Plaintiff and counsel of record to be provided with all enforcement capability as if the action were brought by the State of California or the California Division of Labor Enforcement;
- m. For recovery of all civil penalties and other recoverable amounts under the PAGA;
- n. For reasonable attorneys' fees and costs of suit, including expert fees, to the extent permitted by law, associated with the PAGA claims pursuant to Labor Code § 2699, and Code of Civil Procedure section 1021.5 and any other applicable sections; and
- o. For such other relief the Court deems just and proper.

Dated: September 23, 2024

Ferraro Vega Employment Lawyers, Inc.



Nicholas J. Ferraro

Attorneys for Plaintiff Erik Hanson

EXHIBIT 1

Notice of Labor Code Violations

FERRARO VEGA

SAN DIEGO EMPLOYMENT LAWYERS

Nicholas J. Ferraro
nick@ferrarovega.com
Lauren N. Vega
lauren@ferrarovega.com

ATTORNEYS AT LAW
3333 Camino del Rio South, Suite 300
San Diego, California 92108

619-693-7727
619-350-6855 fax
ferrarovega.com

July 17, 2024

NOTICE OF LABOR CODE VIOLATIONS CALIFORNIA LABOR CODE SECTIONS 2698 *et seq.*

VIA CERTIFIED U.S. MAIL
- Electronic Return Receipt -

Finishing Touch Moulding, Inc.
6190 Corte Del Cedro
Carlsbad, CA 92011

- PAGA Notice & Filing Fee -
Submitted electronically to the Labor and
Workforce Development Agency

Dear LWDA Officer and Company Representatives:

This letter serves as written notice under Labor Code section 2699.3 on behalf of **ERIK HANSON** (“Plaintiff(s)”) and all other “aggrieved employees” of the following “Defendant(s)”:

FINISHING TOUCH MOULDING, INC.

Defendant(s) shall mean and include the foregoing in addition to any other related employer entities, individuals under Labor Code sections 558 and 558.1, and all others who may be later added upon further investigation and discovery as liable employers.

This office serves as legal counsel for Plaintiff. If the California Labor and Workforce Development Agency (“LWDA”) does not investigate the facts, allegations, and violations set forth in this notice within the statutorily prescribed 65-day period under Labor Code section 2699.3, Plaintiff intends to commence a civil action against Defendant as a proxy and agent of the State of California under the Private Attorneys General Act (“PAGA”). “PAGA allows an ‘aggrieved employee’—a person affected by at least one Labor Code violation committed by an employer—to pursue penalties for all the Labor Code violations committed by that employer.” *Huff v. Securitas Security Services USA, Inc.* (2018) 23 Cal. App. 5th 745, 751; *Kim v. Reins International California, Inc.* (2020) 9 Cal. 73, 79. Plaintiff maintains standing to pursue these claims against Defendant, as Plaintiff experienced one or more of the alleged violations during the relevant statutory period, which continue through the present date. *Cf. Johnson v. Maxim Healthcare Servs., Inc.*, 281 Cal. Rptr. 3d 478, 481 (Cal. Ct. App. 2021).

Through this notice, Plaintiff requests that Defendant complete an internal investigation and audit of the wage and hour and employment practices at issue and make a good faith effort to correct any violations. Plaintiff attempts to identify the non-compliant policies and practices affecting the aggrieved employees so that the parties may resolve the underlying damages and penalties in judgment or settlement approved by the Superior Court of California under Labor Code section 2699(k). Defendant are notified that any attempt to resolve this case should be conducted in coordination with Plaintiff's counsel to protect the interests of Plaintiff, the aggrieved employees, and the State of California via the LWDA. Plaintiff advises Defendant this letter should be also considered a reasonable attempt at settlement of this matter, subject to an exchange of additional documents and information. *Graham v. Daimler Chrysler Corp.* (2004) 24 Cal. 4th 553, 561.

- BACKGROUND -

Defendant employed Plaintiff during the PAGA Period in the position of Warehouse Assistant from about April 2024 to June 2024. During their employment Plaintiff and the other aggrieved employees were subject to the wage and hour and employment protections set forth in the California Labor Code and IWC Wage Orders.

Through this notice, Plaintiff informs the LWDA of the Labor Code violations set forth herein. The “aggrieved employees” include Plaintiff and the following individuals:

All current and former non-exempt employees who worked for Defendant in the State of California during one-year period preceding the date of this notice through the current date and the date of trial in any pending action (the “aggrieved employees” and the “PAGA Period”).

Plaintiff reserves the right to expand or narrow the definition of the “aggrieved employees” in the forthcoming civil action. Furthermore, Plaintiff seeks all recoverable civil penalties for Defendant’s violations and reserves the right to supplement this notice as further investigation is completed and further facts, witnesses, and violations are uncovered.

- PAGA CLAIMS -

Unpaid Hours Worked/Minimum Wage Violation of Labor Code §§ 1194, 1197, 1198; IWC Wage Orders

Defendant violated Labor Code sections 1194, 1197, and 1198, along with the California Minimum Wage Order, the applicable local minimum wage ordinances, and the “Hours and Days of Work” and “Minimum Wages” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 1194 renders it unlawful for an employee to receive less than the legal minimum wage for hours worked in California. Labor Code section 1197 further mandates

that “[t]he minimum wage for employees fixed by the commission is the minimum wage to be paid to employees, and the payment of a lower wage than the minimum so fixed is unlawful.” Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The California Minimum Wage Order and the applicable sections of the IWC Wage Orders further require payment of minimum wages for all hours worked. The “Minimum Wages” sections of the applicable IWC Wage Order provide that “[e]very employer shall pay to each employee, on the established payday for the period involved, not less than the applicable minimum wage for all hours worked in the payroll period, whether the remuneration is measured by time, piece, commission, or otherwise.” The foregoing California wage laws require payment of “not less than the applicable minimum wage *for all hours worked* in the payroll period” and California law does not allow averaging of pay over the hours worked in the pay period, even if the total pay results in an average above the minimum wage. *Armenta v. Osmose, Inc.* (2005) 135 Cal. App. 3d 314, 324.

Defendant employed an unlawful policy of requiring Plaintiff and the aggrieved employees to round up their time when clocking in. For example, if Plaintiff arrived at 5:50 a.m., Plaintiff was mandated to report his clock-in time as 6:00 a.m. because Defendant had an unlawful policy and practice of requiring Plaintiff and the aggrieved employees to round up their time if they arrived early. Based on information and belief, this unlawful practice occurred with respect to other aggrieved employees. Due to this unlawful time rounding policy, all hours worked were not directly compensated, resulting in the underpayment of regular and overtime wages to Plaintiff and the aggrieved employees.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1197.1 (\$100/\$250), 1199 / “Penalties” section of the IWC Wage Orders (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Overtime **Violation of Labor Code §§ 510, 1194, 1198; IWC Wage Orders**

Defendant violated Labor Code sections 510, 1194, and 1198, along with the “Hours and Days of Work” sections of the applicable IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 510 requires “[a]ny 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;” and “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;” and “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.” Labor Code section 1194 renders it unlawful for an employee to receive less than the legal overtime rate for overtime hours worked in California. Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders further require payment of overtime wages for all overtime hours worked, including the “Hours and Days of Work” sections.

Defendant failed to pay Plaintiff and the aggrieved employees overtime wages for overtime hours worked, resulting in unpaid overtime wages. Specifically, as a result of Defendant’s unlawful policy of rounding, Defendant failed to compensate Plaintiff and the aggrieved employees for all overtime hours worked. When Plaintiff and aggrieved employees worked more than 8 hours, this resulted in unpaid overtime wages.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 558 (\$50/\$100), 1199 / “Penalties” section of the IWC Wage Orders) (\$50/\$100), and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Meal Period Premium Wages **Violation of Labor Code §§ 226.7, 512, 1198; IWC Wage Orders**

Defendant violated Labor Code sections 226.7, 512, and 1198, along with the related sections of the IWC Wage Orders with respect to the aggrieved employees.

Labor Code section 512 and the IWC Wage Orders require that employers provide an uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work. *See Brinker Restaurant Corp. v. Superior Court* (2012) 53 Cal. 4th 1004, 1049. Labor Code section 226.7 requires that if a meal period is late, missed, short, or interrupted, the employer must pay one additional hour of pay at the employee’s “regular rate” of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 (“We hold that the terms are synonymous: “regular rate of compensation” under section 226.7(c), like “regular rate of pay” under section 510(a), encompasses all nondiscretionary payments, not just hourly wages”). “[T]ime records showing noncompliant meal periods raise a rebuttable presumption of meal period violations, including at the summary judgment stage.” *Donohue v. AMN Services, LLC* (2021) 11 Cal. 5th 58, 61. Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders, including Section 11 (Meal Periods), further require one uninterrupted 30-minute meal period after no more than five hours of work and a second meal period after no more than 10 hours of work and an additional hour of pay at the employee’s regular rate of compensation for each workday that a compliant meal period is not provided. Pursuant to Section 11(A) of the IWC Wage Orders, the California Supreme Court has held that the on-duty meal period exception is “exceedingly narrow” and applies only when (1) “the nature of the work prevents the

employee from being relieved of all duty” and (2) *both* “the employer and employee have agreed, in writing, to the on-duty meal period.” *Augustus v. AMB Security Services, Inc.* (2016) 2 Cal. 5th 257, 266-276 (emphasis added). If these two requirements are not met, then the employer owes the employee one hour of premium pay for each non-compliant meal period taken under the purported on-duty meal arrangement. *Naranjo v. Spectrum Security Services, Inc.* (2019) 40 Cal. 5th 444, 459.

Plaintiff and the aggrieved employees routinely experienced missed, late, short, and interrupted meal periods due to the nature of the position and the demands of the job. Specifically, Plaintiff and the aggrieved employees would start work between 5:00 a.m. and 6:00 a.m. but would not be able to take their meal periods until 11:00 a.m. resulting in late meal periods. Additionally, when Plaintiff and the aggrieved employees would take meal periods, they would often be interrupted because Defendant would bring plans out for the next job. Plaintiff and the aggrieved employees were not provided their 30-minute, uninterrupted meal periods before their fifth hour of work on shifts over six hours.

Each time Plaintiff and the aggrieved employees experienced a noncompliant first or second meal period, they were owed a meal period premium. However, as a matter of policy and practice, Defendant failed to pay Plaintiff and other aggrieved employees a meal period premium in violation of Labor Code section 226.7.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unpaid Rest Period Premium Wages **Violation of Labor Code §§ 226.7, 516, 1198; IWC Wage Orders**

Defendant violated Labor Code sections 226.7, 516, and 1198, and the related sections of the IWC Wage Orders with respect to Plaintiff and the aggrieved employees.

Labor Code sections 226.7 and 516 and the IWC Wage Orders require that employers authorize and permit an uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) that an employee works. Labor Code section 226.7 requires that if a rest period is non-compliant, the employer must pay one additional hour of pay at the employee’s “regular rate” of compensation. *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal. 5th 858, 862 (“We hold that the terms are synonymous: “regular rate of compensation” under section 226.7(c), like “regular rate of pay” under section 510(a), encompasses all nondiscretionary payments, not just hourly wages”). Labor Code section 1198 renders “employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the [IWC Wage Orders]” unlawful. The IWC Wage Orders, including Section 12 (Rest Periods), further require one uninterrupted 10-minute rest period for each four-hour period (or major fraction thereof) worked and an additional hour of pay at

the employee's regular rate of compensation for each workday that a compliant rest period is not authorized or permitted.

Plaintiff and the aggrieved employees routinely experienced missed, late, short, and interrupted rest periods due to the nature of the position and the demands of the job. Specifically, Plaintiff and the aggrieved employees took their first rest period together every day around 9:30 a.m. However, Plaintiff and the aggrieved employees were not allowed to take a second rest period even when they worked 8 or more hours in a day. This resulted in Plaintiff and the aggrieved employees not being able to take compliant rest periods.

Further, Defendant maintained the unlawful policy and practice of failing to pay rest period premiums when non-compliant rest periods were taken. Thus, when Plaintiff or the aggrieved employees were unable to take a compliant rest period, Defendant failed to pay Plaintiff and other aggrieved employees a rest period premium in violation of Labor Code section 226.7.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Untimely Payment of Wages During Employment **Violation of Labor Code §§ 204, 204b, 210**

Defendant violated Labor Code sections 204 and/or 204b and 210, as applicable, with respect to Plaintiff and the aggrieved employees.

Labor Code section 204(a) requires payment of "all wages" for non-exempt employees at least twice each calendar month. Labor Code section 204(d) states all wages due must be paid "not more than seven calendar days following the close of the payroll period." Labor Code section 204b applies to employees paid on a weekly basis and also requires the payment for all labor within the required pay periods. Labor Code section 210 provides "every person who fails to pay the wages of an employee as provided in Section ... 204 ... shall be subject to a civil penalty" of \$100 for an initial violation and \$200 plus 25% of the amount unlawfully withheld for a subsequent violation.

Because Defendant failed to pay all wages and premiums in each pay period in which such wages were earned at the lawful rate, Defendant violated Labor Code section 204 and/or 204b (for weekly employees, as applicable). Defendant violated Labor Code sections 204 and 204b by failing to pay all wages and premiums owed on the regular pay days scheduled each pay period within seven calendar days of the close of the payroll period, as a result of the policies and practices set forth in this notice. Indeed, Defendant failed to pay all premiums, overtime, regular, and other earnings on time each payday.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, and Labor Code section 210 (\$100/\$200) per violation per pay period, along with all other civil penalties permitted by law.

Untimely Payment of Wages Upon Separation of Employment
Violation of Labor Code §§ 201, 202, 203, 256

Defendant violated Labor Code sections 201, 202, and 203 with respect to the aggrieved employees by failing to pay all wages and premiums owed upon termination of employment.

Labor Code section 201 requires that if an employer fires an employee, the wages must be paid immediately. Labor Code section 202 requires that if an employee quits without providing 72 hours' notice, his or her wages must be paid no later than 72 hours thereafter. Labor Code section 202 states that if an employee provides 72 hours' notice, the final wages are payable upon his or her final day of employment. Labor Code section 203 requires an employer who fails to comply with Labor Code sections 201 or 202 to pay a waiting time penalty for each employee, up to a period of 30 days additional compensation.

Defendant failed to pay all wages and premiums owed to aggrieved employees during their employment as set forth in this notice, and also failed to timely pay those amounts to departing employees upon separation of employment. Defendant did not pay waiting time penalties for the late payments. As a result, Defendant violated Labor Code sections 201, 202, and 203.

As a result, Plaintiff may recover civil penalties on behalf of aggrieved employees and the State of California as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Non-Compliant Wage Statements
Violation of Labor Code §§ 226, 226.3

Defendant violated Labor Code sections 226(a) and 226.3 with respect to the aggrieved employees by failing to furnish itemized wage statements each pay period that accurately list all information required by Labor Code section 226(a)(1) through (9).

Labor Code section 226(a) requires an employer to furnish wage statements to employees semimonthly or at the time of each payment of wages, "an accurate itemized statement in writing showing:" (1) gross wages earned, (2) total hours worked, (3) the number of piece rate units earned and applicable piece-rate in effect, (4) all deductions, (5) net wages earned, (6) the inclusive dates of the pay period, (7) the name of the employee and last four digits of SSN or an EIN, (8) the name and address of the legal name of the employer, and (9) all applicable hourly rates in effect during the pay period and the number of hours worked at each hourly rate by the employee.

Defendant failed to provide accurate itemized wage statements to the aggrieved employees each pay period as a result of the policies and practices set forth in this notice. Defendant violated Labor Code section 226(a)(1) and (5) by not listing the correct “gross wages earned” or “net wages earned,” as the employees earned wages and premiums that were not paid, resulting in an inaccurate reflection, and recording of “gross wages earned” on those wage statements. Likewise, in violation of Labor Code section 226(a)(9), Defendant failed to state on employee wage statements each pay period the applicable hourly rates in effect and the number of hours worked at that rate, as Defendant failed to pay all wages and premiums owed to employees. The amounts stated are instead depreciated and underpaid, resulting in an inaccurate reflection on the pay stub.

Defendant violated Labor Code section 226(a)(2) by failing to accurately list employees’ “total hours worked,” as the wage statements did not accurately include the uncompensated time Plaintiff and other aggrieved employees worked due to Defendant’s unlawful policy and practice of rounding the start of the shift, rather than the time Plaintiff and, on information and belief, the other aggrieved employees began their shift.

Plaintiff and other aggrieved employees cannot promptly and easily determine from the wage statement alone the wages paid or earned without reference to other documents or information. Indeed, these wage statement violations are significant because they sow confusion among Plaintiff and other aggrieved employees with respect to what amounts were owed and paid, at what rates, the number of hours worked, and how those amounts were or should be calculated. The wage statements reflect a false statement of earnings and concealed the underlying problems and underpayments of employee wages.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code sections 226.3 (\$250/\$1,000) and 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Unreimbursed Employee Expenses **Violation of Labor Code §§ 2802, 2804**

Defendant violated Labor Code section 2802 with respect to the aggrieved employees by failing to reimburse the aggrieved employees for all necessary expenditures or losses incurred as part of their job duties.

Labor Code section 2802 requires an employer to “indemnify his or her employee 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, even though unlawful, unless the employee, at the time of obeying the directions, believed them to be unlawful.” *See, e.g., Espinoza v. West Coast Tomato Growers, LLC*, 2016 WL 4468175 at *4, n.2 (S.D. Cal. Aug. 24, 2016, No. 14-CV-2984 W (KSC)).

Labor Code section 2804 affirms that “[a]ny 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.”

Defendant required Plaintiff and the aggrieved employees to incur costs for work-related purposes without full reimbursement. In direct consequence of their job duties, Plaintiff and the aggrieved employees unavoidably and necessarily incurred these losses, expenditures, costs, and as a matter of policy and practice. Specifically, Plaintiff and the aggrieved employees were required to download an application and clock in and out for work on their personal cell phones. Defendant did not reimburse Plaintiff and the aggrieved employees for using their personal cell phone for work-related purposes. Plaintiff and aggrieved employees incurred expenses as part of their job duties and were not reimbursed by Defendant for those costs.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 2699 (\$100/\$200) per violation per pay period per employee, along with all other civil penalties permitted by law.

Failure to Maintain Accurate Records **Violation of Labor Code § 1174; IWC Wage Orders**

Defendant violated Labor Code sections 1174 and the IWC Wage Orders by failing to maintain accurate employee payroll records with respect to Plaintiff and other aggrieved employees.

Labor Code section 1174 requires that employers maintain accurate “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.” Section 7(A) of the IWC Wage Orders, which may be enforced through Labor Code section 1198, mandates similar recordkeeping obligations.

Because of the policies and practices set forth in this notice, including the failure to accurately account for wages earned or hours worked, Defendant failed to accurately maintain records in accordance with Labor Code section 1174 and the IWC Wage Orders.

As a result, Plaintiff may recover civil penalties as an individual and on behalf of the State of California and the aggrieved employees, as provided under Labor Code section 1174.5 (\$500) and 2699 (\$100/\$200), along with all other civil penalties permitted by law.

Attorneys' Fees and Costs
Labor Code § 2699(g)

Plaintiff has been compelled to retain the services of counsel to protect the interests of other aggrieved employees and the State of California. Plaintiff continues to incur attorneys' fees and costs, which are recoverable under California law, including Labor Code section 2699(g).

- LITIGATION HOLD NOTICE -

This letter imposes a duty upon all Defendant and their respective employees, officers, directors, executives, attorneys, human resource and payroll personnel, accountants, and other agents to preserve all physical and electronic evidence, including electronically stored information and emails, which relate to the employment of Plaintiff and the aggrieved employees specified in this notice. Evidence includes, but is not limited to, Defendant's written employment and payroll policies and handbooks; the aggrieved employees' personnel files and payroll records, such as paystubs, time records, wage statements, compensation reports, as well as the underlying electronically data in Excel or similar format. Memoranda and internal and external correspondence relating to the subject matter of this notice shall also be maintained. Failure to preserve and retain relevant evidence may constitute spoliation of evidence and result in an adverse inference or sanctions.

If you have any questions regarding the scope of your obligations to preserve evidence, please consult your legal counsel and always err on the side of caution. Periodic or regularly scheduled purges or deletions of information covered by this hold must be suspended immediately.

///
///

- CONCLUSION -

If the LWDA does not pursue enforcement, Plaintiff intends to bring representative claims on behalf of the State of California and the aggrieved employees seeking civil penalties for violations of the Labor Code and the IWC Wage Orders, along with attorneys' fees, costs, interest, and other appropriate relief.

Please advise if the LWDA intends to investigate any of the factual or legal allegations set forth in this notice. Defendant may contact Plaintiff's counsel with any questions regarding this letter or the forthcoming lawsuit.

Sincerely,

A handwritten signature in blue ink that reads "Nicholas J. Ferraro". The signature is written in a cursive, flowing style.

Nicholas J. Ferraro

Cc Plaintiff Erik Hanson

Heidi Melendez, heidi@ftmillwork.com
HR Director