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SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF SAN BERNARDINO

JOSHUA KNUDSON, individually, and on
behalf of other members of the general
public similarly situated, and as an
aggrieved employee pursuant to the Private
Attorneys General Act ("PAGA"),

Plaintiff,

vs.

AUTOMOTIVE RECOVERY SERVICES,
INC., an Indiana corporation; IAA
SERVICES, INC., an Illinois corporation;
INSURANCE AUTO AUCTIONS, INC.,
an Illinois corporation; and DOES 1
through 10, inclusive,

Defendants.

Case No.: CIVSB2423391

**FIRST AMENDED CLASS ACTION
COMPLAINT & ENFORCEMENT
ACTION UNDER THE PRIVATE
ATTORNEYS GENERAL ACT,
CALIFORNIA LABOR CODE §§ 2698, ET
SEQ.**

- (1) Violation of California Labor Code §§ 510 and 1198 (Unpaid Overtime);
- (2) Violation of California Labor Code §§ 1182.12, 1194, 1197, 1197.1, and 1198 (Unpaid Minimum Wages);
- (3) Violation of California Labor Code §§ 226.7, 512(a), 516, and 1198 (Failure to Provide Meal Periods);
- (4) Violation of California Labor Code §§ 226.7, 516, and 1198 (Failure to Authorize and Permit Rest Periods);
- (5) Violation of California Labor Code §§ 226(a), 1174(d), and 1198 (Non-Compliant Wage Statements and Failure to Maintain Payroll Records);
- (6) Violation of California Labor Code §§ 201 and 202 (Wages Not Timely Paid Upon Termination);
- (7) Violation of California Labor Code § 204 (Failure to Timely Pay Wages During Employment);
- (8) Violation of Labor Code § 1198 and California Code of Regulations, Title 8, Section 11040 Subdivision 5(A) (Failure to Provide Reporting Time Pay);

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- (9) Violation of California Labor Code § 2802 (Unreimbursed Business Expenses);
- (10) Civil Penalties for Violations of California Labor Code, Pursuant to PAGA, §§ 2698, *et seq.*;
- (11) Violation of California Business & Professions Code §§ 17200, *et seq.* (Unlawful Business Practices); and
- (12) Violation of California Business & Professions Code §§ 17200, *et seq.* (Unfair Business Practices)

Jury Trial Demanded

1 Plaintiff Joshua Knudson, individually and on behalf of all other members of the
2 public similarly situated, and as an aggrieved employee and on behalf of all aggrieved
3 employees, alleges as follows:

4 JURISDICTION AND VENUE

5 1. This class action is brought pursuant to California Code of Civil Procedure
6 section 382 and California Labor Code sections 2698, *et seq.* (“PAGA”) to recover civil
7 penalties and any other available relief on behalf of Plaintiff, the State of California, and other
8 current and former employees who worked for Defendants in California as non-exempt,
9 hourly paid employees and received at least one wage statement and against whom one or
10 more violations of any provision in Division 2 Part 2 Chapter 1 of the Labor Code or any
11 provision regulating hours and days of work in the applicable Industrial Welfare Commission
12 (“IWC”) Wage Order were committed, as set forth in this complaint. The monetary damages,
13 penalties, and restitution sought by Plaintiff exceed the minimal jurisdiction limits of the
14 Superior Court and will be established according to proof at trial. This Court has jurisdiction
15 over this action pursuant to the California Constitution, Article VI, section 10. The statutes
16 under which this action is brought do not specify any other basis for jurisdiction. Plaintiff’s
17 share of damages, penalties, and other relief sought in this action does not exceed \$75,000.

18 2. This Court has jurisdiction over Defendants because Defendants are either
19 citizens of California, have sufficient minimum contacts in California, or otherwise
20 intentionally avail themselves of the California market so as to render the exercise of
21 jurisdiction over them by the California courts consistent with traditional notions of fair play
22 and substantial justice.

23 3. Venue is proper in this Court, because Defendants employ persons within the
24 County of San Bernardino, and have violated the requirements of the California Labor Code
25 and applicable IWC Wage Order in this county which give rise to the penalties sought in this
26 action. Cal. Code Civ. P. § 393. Specifically, Defendants have violated the requirements of
27 the California Labor Code and applicable IWC Wage Order in at least three locations within
28 the County of San Bernardino, including Defendants’ locations in Fontana (9951 Banana

1 Avenue, Fontana, California 92335), Colton (2800 South Trade Avenue, Colton, California
2 92324), and Hesperia (11385 G Avenue, Hesperia, California 92345). Pursuant to California
3 Civil Code of Procedure section 393, venue is proper for the recovery of a penalty or
4 forfeiture imposed by statute in the county in which the cause, or some part of the cause,
5 arose. Because Defendants have employees in San Bernardino County and Plaintiff could
6 bring this action to recover penalties in San Bernardino County, venue is proper.

7 **THE PARTIES**

8 4. Plaintiff Joshua Knudson is a resident of Rancho Cordova, in Sacramento
9 County, California. Defendants employed Plaintiff as an hourly paid, non-exempt employee
10 from approximately April 2021 to February 2024. Plaintiff worked for Defendants as a
11 Consumer Support Specialist I at their location in Rancho Cordova, California. During his
12 employment, Plaintiff typically worked eight (8) to eleven (11) hours or more per day and five
13 (5) days or more per week. Plaintiff's primary job duties included, without limitation,
14 responding to and resolving issues from customer service calls.

15 5. AUTOMOTIVE RECOVERY SERVICES, INC. was and is, upon information
16 and belief, an Indiana corporation, and at all times hereinafter mentioned, an employer whose
17 employees are engaged throughout this county and the State of California.

18 6. IAA SERVICES, INC. was and is, upon information and belief, an Illinois
19 corporation, and at all times hereinafter mentioned, an employer whose employees are
20 engaged throughout this county and the State of California.

21 7. INSURANCE AUTO AUCTIONS, INC. was and is, upon information and
22 belief, an Illinois corporation, and at all times hereinafter mentioned, an employer whose
23 employees are engaged throughout this county and the State of California.

24 8. Plaintiff is unaware of the true names or capacities of the Defendants sued
25 herein under the fictitious names DOES 1 through 10, but will seek leave of this Court to
26 amend the complaint and serve such fictitiously named Defendants once their names and
27 capacities become known.

28 9. Plaintiff is informed and believes, and thereon alleges, that DOES 1 through 10

1 were the partners, agents, owners, or managers of AUTOMOTIVE RECOVERY SERVICES,
2 INC.; IAA SERVICES, INC.; and INSURANCE AUTO AUCTIONS, INC. at all relevant
3 times.

4 10. Plaintiff is informed and believes, and thereon alleges, that each and all of the
5 acts and omissions alleged herein was performed by, or is attributable to, AUTOMOTIVE
6 RECOVERY SERVICES, INC.; IAA SERVICES, INC.; INSURANCE AUTO AUCTIONS,
7 INC. and/or DOES 1 through 10 (collectively, “Defendants” or “IAA”), each acting as the
8 agent, employee, alter ego, and/or joint venturer of, or working in concert with, each of the
9 other co-Defendants and was acting within the course and scope of such agency, employment,
10 joint venture, or concerted activity with legal authority to act on the others’ behalf. The acts
11 of any and all Defendants were in accordance with, and represent, the official policy of
12 Defendants.

13 11. At all relevant times, Defendants, and each of them, ratified each and every act
14 or omission complained of herein. At all relevant times, Defendants, and each of them, aided
15 and abetted the acts and omissions of each and all the other Defendants in proximately causing
16 the damages herein alleged.

17 12. Plaintiff is informed and believes, and thereon alleges, that each of said
18 Defendants is in some manner intentionally, negligently, or otherwise responsible for the acts,
19 omissions, occurrences, and transactions alleged herein.

20 13. Under California law, Defendants are jointly and severally liable as employers
21 for the violations alleged herein because they have each exercised sufficient control over the
22 wages, hours, working conditions, and employment status of Plaintiff and class members.
23 Each Defendant had the power to hire and fire Plaintiff and class members, supervised and
24 controlled their work schedule and/or conditions of employment, determined their rate of pay,
25 and maintained their employment records. Defendants suffered or permitted Plaintiff and
26 class members to work and/or “engaged” Plaintiff and class members so as to create a
27 common-law employment relationship. As joint employers of Plaintiff and class members,
28 Defendants are jointly and severally liable for the civil penalties and all other relief available

1 to Plaintiff and class members under the law.

2 14. Plaintiff is informed and believes, and thereon alleges, that at all relevant times,
3 Defendants, and each of them, have acted as joint employers with respect to Plaintiff and class
4 members because Defendants have:

5 (a) jointly exercised meaningful control over the work performed by
6 Plaintiff and class members;

7 (b) jointly exercised meaningful control over Plaintiff's and class members'
8 wages, hours, and working conditions, including the quantity, quality
9 standards, speed, scheduling, and operative details of the tasks
10 performed by Plaintiff and class members;

11 (c) jointly required that Plaintiff and class members perform work which is
12 an integral part of Defendants' businesses; and

13 (d) jointly exercised control over Plaintiff and class members as a matter of
14 economic reality in that Plaintiff and class members were dependent on
15 Defendants, who shared the power to set the wages of Plaintiff and class
16 members and determined their working conditions, and who jointly
17 reaped the benefits from the underpayment of their wages and
18 noncompliance with other statutory provisions governing their
19 employment.

20 15. Plaintiff is informed and believes, and thereon alleges, that at all relevant times
21 there has existed a unity of interest and ownership between Defendants such that any
22 individuality and separateness between the entities has ceased.

23 16. AUTOMOTIVE RECOVERY SERVICES, INC.; IAA SERVICES, INC.;
24 INSURANCE AUTO AUCTIONS, INC.; and DOES 1 through 10 are therefore alter egos of
25 each other.

26 17. Adherence to the fiction of the separate existence of Defendants would permit
27 an abuse of the corporate privilege, and would promote injustice by protecting Defendants
28 from liability for the wrongful acts committed by them under the name IAA.

1 18. Plaintiff further alleges, upon information and belief, that Defendants
2 AUTOMOTIVE RECOVERY SERVICES, INC.; IAA SERVICES, INC.; and INSURANCE
3 AUTO AUCTIONS, INC. are alter egos of each other for the following reasons:

4 (a) According to RB Global, Inc.’s SEC Form 10-K filing for 2023¹,
5 AUTOMOTIVE RECOVERY SERVICES, INC.; IAA SERVICES,
6 INC.; and INSURANCE AUTO AUCTIONS, INC. are wholly owned
7 subsidiaries of RB Global, Inc.;

8 (b) On the California Secretary of State’s website
9 (<https://bizfileonline.sos.ca.gov/>), AUTOMOTIVE RECOVERY
10 SERVICES, INC.; IAA SERVICES, INC.; and INSURANCE AUTO
11 AUCTIONS, INC. share the same principal address and mailing
12 address, “Two Westbrook Corporate Center, Suite 500, Westchester,
13 Illinois 60154”;

14 (c) According to their most recent “Statement of Information” forms filed
15 with the California Secretary of State, AUTOMOTIVE RECOVERY
16 SERVICES, INC.; IAA SERVICES, INC.; and INSURANCE AUTO
17 AUCTIONS, INC. share the same officers, including, but not limited to,
18 Karl W. Werner, who serves as Chief Executive Officer and Chief
19 Financial Officer; and Darren J[.] Watt, who serves as Secretary;

20 (d) On the California Secretary of State’s website, AUTOMOTIVE
21 RECOVERY SERVICES, INC.; IAA SERVICES, INC.; and
22 INSURANCE AUTO AUCTIONS, INC. share the same agent for
23 service of process, CSC – LAWYERS INCORPORATING SERVICE;
24 and

25 (e) On information and belief, AUTOMOTIVE RECOVERY SERVICES,
26 INC.; IAA SERVICES, INC.; and INSURANCE AUTO AUCTIONS,

27 ¹ 10-K “RB Global Inc. – Financials – SEC Filings – SEC Filings Details,”
28 [https://investor.rbglobal.com/financials/sec-filings/sec-filings-](https://investor.rbglobal.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=17320691)
 [details/default.aspx?FilingId=17320691](https://investor.rbglobal.com/financials/sec-filings/sec-filings-details/default.aspx?FilingId=17320691) (last accessed July 11, 2024).

INC. utilize the same standardized employment forms and issue the same employment policies.

GENERAL ALLEGATIONS

19. Defendants facilitate the marketing and sale of total loss, damaged and low-value vehicles for a full spectrum of sellers, including insurance companies, dealerships, fleet lease and rental car companies and charitable organizations. Defendants operate approximately 18 locations in California. Upon information and belief, Defendants maintain a single, centralized Human Resources (“HR”) department at their company headquarters in Westchester, Illinois, which is responsible for the recruiting and hiring of new employees, and communicating and implementing Defendants’ company-wide policies, including timekeeping policies and meal and rest period policies, to employees throughout California.

20. In particular, Plaintiff and class members, on information and belief, received the same standardized documents and/or written policies. Upon information and belief, the usage of standardized documents and/or written policies, including new-hire documents, indicate that Defendants dictated policies at the corporate level and implemented them company-wide, regardless of their employees’ assigned locations or positions. Upon information and belief, Defendants set forth uniform policies and procedures in several documents provided at an employee’s time of hire.

21. Upon information and belief, Defendants maintain a centralized Payroll department at their company headquarters in Westchester, Illinois, which processes payroll for all non-exempt, hourly paid employees working for Defendants at their various locations in California, including Plaintiff and class members. Based upon information and belief, Defendants issue the same formatted wage statements to all non-exempt, hourly paid employees in California, irrespective of their work locations. Upon information and belief, Defendants process payroll for departing employees in the same manner throughout the State of California, regardless of the manner in which each employee’s employment ends.

22. Defendants continue to employ non-exempt or hourly paid employees in California.

1 23. Plaintiff is informed and believes, and thereon alleges, that at all times herein
2 mentioned, Defendants were advised by skilled lawyers and other professionals, employees
3 and advisors knowledgeable about California labor and wage law, employment and personnel
4 practices, and about the requirements of California law.

5 24. Plaintiff is informed and believes, and thereon alleges, that Plaintiff and class
6 members were not paid for all hours worked because all hours worked were not recorded.

7 25. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
8 should have known that Plaintiff and class members were entitled to receive certain wages for
9 overtime compensation and that they were not receiving certain wages for overtime
10 compensation.

11 26. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
12 should have known that Plaintiff and class members were entitled to be paid at a regular rate
13 of pay, and corresponding rates of pay for overtime wages and/or meal and rest period
14 premiums, that included as eligible income all remuneration required by law, including but not
15 limited to, all income derived from incentive pay, nondiscretionary bonuses, and/or other
16 forms of compensation, but failed to include all forms of remuneration in calculating the
17 regular rate of pay for Plaintiff and class members.

18 27. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
19 should have known that Plaintiff and class members were entitled to receive at least minimum
20 wages for compensation and that they were not receiving at least minimum wages for work
21 that was required to be done off-the-clock. In violation of the California Labor Code, Plaintiff
22 and class members were not paid at least minimum wages for work done off-the-clock.

23 28. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
24 should have known that Plaintiff and class members were entitled to meal periods in
25 accordance with the California Labor Code and applicable IWC Wage Order or payment of
26 one (1) additional hour of pay at their regular rates of pay when they were not provided with
27 timely, uninterrupted, thirty (30) minute meal periods and that Plaintiff and class members
28 were not provided with all meal periods or payment of one (1) additional hour of pay at their

1 regular rates of pay when they did not receive a timely, uninterrupted, thirty (30) minute meal
2 period.

3 29. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
4 should have known that Plaintiff and class members were entitled to rest periods in
5 accordance with the California Labor Code and applicable IWC Wage Order or payment of
6 one (1) additional hour of pay at their regular rates of pay when they were not authorized and
7 permitted to take a compliant rest period and that Plaintiff and class members were not
8 authorized and permitted to take compliant rest periods or provided with payment of one (1)
9 additional hour of pay at their regular rates of pay when they were not authorized and
10 permitted to take a compliant rest period.

11 30. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
12 should have known that Plaintiff and class members were entitled to receive complete and
13 accurate wage statements in accordance with California law. In violation of the California
14 Labor Code, Plaintiff and class members were not provided complete and accurate wage
15 statements.

16 31. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
17 should have known that they had a duty to maintain accurate and complete payroll records in
18 accordance with the California Labor Code and applicable IWC Wage Order, but willfully,
19 knowingly, and intentionally failed to do so.

20 32. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
21 should have known that Plaintiff and class members were entitled to timely payment of all
22 wages earned upon termination of employment. In violation of the California Labor Code,
23 Plaintiff and class members did not receive payment of all wages due, including, but not
24 limited to, overtime wages, minimum wages, meal and rest period premiums, and/or reporting
25 time pay, within permissible time periods.

26 33. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
27 should have known that Plaintiff and class members were entitled to timely payment of wages
28 during their employment. In violation of the California Labor Code, Plaintiff and class

1 members did not receive payment of all wages, including, but not limited to, overtime wages,
2 minimum wages, meal and rest period premiums, and/or reporting time pay, within
3 permissible time periods.

4 34. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
5 should have known that Plaintiff and class members were entitled to receive all reporting time
6 pay when Plaintiff and class members were required to report to work but were put to work
7 for less than half of their usual or scheduled shift. In violation of the California Labor Code
8 and applicable IWC Wage Order, Plaintiff and class members were not paid all reporting time
9 pay.

10 35. Plaintiff is informed and believes, and thereon alleges, that Defendants knew or
11 should have known that Plaintiff and class members were entitled to receive full
12 reimbursement for all business-related expenses and costs they incurred during the course and
13 scope of their employment and that they did not receive full reimbursement of applicable
14 business-related expenses and costs incurred.

15 36. Plaintiff is informed and believes, and thereon alleges, that at all times herein
16 mentioned, Defendants knew or should have known that they had a duty to compensate
17 Plaintiff and class members for all hours worked, and that Defendants had the financial ability
18 to pay such compensation, but willfully, knowingly, and intentionally failed to do so, and
19 falsely represented to Plaintiff and class members that they were properly denied wages, all in
20 order to increase Defendants' profits.

21 **PAGA REPRESENTATIVE ALLEGATIONS**

22 37. At all times herein set forth, PAGA provides that any provision of law under
23 the Labor Code and applicable IWC Wage Order that provides for a civil penalty to be
24 assessed and collected by the Labor and Workforce Development Agency ("LWDA") for
25 violations of the California Labor Code and applicable IWC Wage Order may, as an
26 alternative, be recovered by aggrieved employees in a civil action brought on behalf of
27 themselves and other current or former employees pursuant to procedures outlined in
28 California Labor Code section 2699.3.

1 38. PAGA defines an “aggrieved employee” in Labor Code section 2699(c)(1) as
2 “any person who was employed by the alleged violator and personally suffered each of the
3 violations alleged.”

4 39. Plaintiff and other current and former employees of Defendants are “aggrieved
5 employees” as defined by Labor Code section 2699(c)(1) in that they are all Defendants’
6 current or former employees and each of the alleged violations were committed against them.

7 40. Pursuant to California Labor Code sections 2699.3 and 2699.5, an aggrieved
8 employee, including Plaintiff, may pursue a civil action arising under PAGA after the
9 following requirements have been met:

10 (a) The aggrieved employee or representative shall give written notice by
11 online filing with the LWDA and by certified mail to the employer of
12 the specific provisions of the California Labor Code alleged to have
13 been violated, including the facts and theories to support the alleged
14 violation.

15 (b) An aggrieved employee’s notice filed with the LWDA pursuant to
16 2699.3(a) and any employer response to that notice shall be
17 accompanied by a filing fee of seventy-five dollars (\$75).

18 (c) The LWDA shall notify the employer and the aggrieved employee or
19 representative by certified mail that it does not intend to investigate the
20 alleged violation (“LWDA Notice”) within sixty (60) calendar days of
21 the postmark date of the aggrieved employee’s notice. Upon receipt of
22 the LWDA Notice, or if no LWDA Notice is provided within sixty-five
23 (65) calendar days of the postmark date of the aggrieved employee’s
24 notice, the aggrieved employee may commence a civil action pursuant
25 to California Labor Code section 2699 to recover civil penalties.

26 41. Pursuant to California Labor Code sections 2699.3(c), aggrieved employees,
27 through Plaintiff, may pursue a civil action arising under PAGA for violations of any
28 provision other than those listed in Section 2699.5 after the following requirements have been

met:

- (a) The aggrieved employee or representative shall give written notice by online filing with the LWDA and by certified mail to the employer of the specific provisions of the California Labor Code alleged to have been violated (other than those listed in Section 2699.5), including the facts and theories to support the alleged violation.
- (b) An aggrieved employee's notice filed with the LWDA pursuant to 2699.3(c) and any employer response to that notice shall be accompanied by a filing fee of seventy-five dollars (\$75).
- (c) The employer may cure the alleged violation within thirty-three (33) calendar days of the postmark date of the notice sent by the aggrieved employee or representative. The employer shall give written notice within that period of time by certified mail to the aggrieved employee or representative and by online filing with the LWDA if the alleged violation is cured, including a description of actions taken, and no civil action pursuant to Section 2699 may commence. If the alleged violation is not cured within the 33-day period, the aggrieved employee may commence a civil action pursuant to Section 2699.

42. On August 9, 2024, Plaintiff provided written notice by online filing to the LWDA and by Certified Mail to Defendants of the specific provisions of the California Labor Code alleged to have been violated, including facts and theories to support the alleged violations, in accordance with California Labor Code section 2699.3. Plaintiff's written notice was accompanied with the applicable filing fee of seventy-five dollars (\$75). The LWDA PAGA Administrator confirmed receipt of Plaintiff's written notice and assigned Plaintiff PAGA Case Number LWDA-CM-1044717-24. A true and correct copy of Plaintiff's written notice to the LWDA and Defendants is attached hereto as "Exhibit 1."

43. As of the filing date of this complaint, over 65 days have passed since Plaintiff sent the notice described above to the LWDA, and the LWDA has not responded that it

intends to investigate Plaintiff's claims and Defendants have not cured the violations.

44. Thus, Plaintiff has satisfied the administrative prerequisites under California Labor Code sections 2699.3(a) and 2699.3(c) to recover civil penalties against Defendants for violations of California Labor Code sections 201, 202, 204, 226(a), 226.7, 510, 512(a), 516, 1174(d), 1182.12, 1194, 1197, 1197.1, 1198, and 2802.

45. Labor Code section 558(a) provides "[a]ny employer or other person acting on behalf of an employer who violates, or causes to be violated, a section of this chapter or any provision regulating hours and days of work in any order of the Industrial Welfare Commission shall be subject to a civil penalty as follows: (1) For any initial violation, fifty dollars (\$50) for each underpaid employee for each pay period for which the employee was underpaid (2) For each subsequent violation, one hundred dollars (\$100) for each underpaid employee for each pay period for which the employee was underpaid" Labor Code section 558(c) provides "[t]he civil penalties provided for in this section are in addition to any other civil or criminal penalty provided by law."

46. Defendants, at all times relevant to this complaint, were employers or persons acting on behalf of an employer(s) who violated Plaintiff's and other aggrieved employees' rights by violating various sections of the California Labor Code as set forth above.

47. As set forth below, Defendants have violated numerous provisions of both the Labor Code sections regulating hours and days of work as well as the applicable IWC Wage Order.

48. Pursuant to PAGA, and in particular, California Labor Code sections 1194.5, 2699(a), 2699(k), 2699.3(a), 2699.3(c), and 2699.5, and section 558, Plaintiff, acting in the public interest as a private attorney general, seeks assessment and collection of civil penalties and injunctive relief for himself, all other aggrieved employees, and the State of California against Defendants for violations of California Labor Code sections 201, 202, 204, 226(a), 226.7, 510, 512(a), 516, 1174(d), 1182.12, 1194, 1197, 1197.1, 1198, and 2802.

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1 **CLASS ACTION ALLEGATIONS**

2 49. Plaintiff brings this action on his own behalf, as well as on behalf of each and
3 all other persons similarly situated, and thus seeks class certification under California Code of
4 Civil Procedure section 382.

5 50. All claims alleged herein arise under California law for which Plaintiff seeks
6 relief authorized by California law.

7 51. Plaintiff's proposed class consists of and is defined as follows:

8 All persons who worked for Defendants as non-exempt, hourly
9 paid employees in California, within four years prior to the filing
of the initial complaint until the date of trial ("Class").

10 52. Plaintiff's proposed subclass consists of and is defined as follows:

11 All persons who worked for Defendants as non-exempt, hourly
12 paid employees in California and who received at least one wage
statement within one (1) year prior to the filing of the initial
13 complaint until the date of trial ("Subclass").

14 53. Members of the Class and Subclass are referred to herein as "class members."

15 54. Plaintiff reserves the right to redefine the Class and Subclass and to add
16 additional subclasses as appropriate based on further investigation, discovery, and specific
17 theories of liability.

18 55. There are common questions of law and fact as to class members that
19 predominate over questions affecting only individual members, including, but not limited to:

20 (a) Whether Defendants required Plaintiff and class members to work over
21 eight (8) hours per day, over twelve (12) hours per day, or over forty
22 (40) hours per week and failed to pay all legally required overtime
23 compensation to Plaintiff and class members;

24 (b) Whether Defendants failed to include all forms of remuneration in the
25 regular rate of pay as required by law for purposes of paying overtime
26 wages and/or meal and rest period premiums to Plaintiff and class
27 members;

28 (c) Whether Defendants failed to pay Plaintiff and class members at least

- 1 minimum wages for all hours worked;
- 2 (d) Whether Defendants failed to provide Plaintiff and class members with
- 3 meal periods;
- 4 (e) Whether Defendants failed to authorize and permit Plaintiff and class
- 5 members to take rest periods;
- 6 (f) Whether Defendants provided Plaintiff and class members with
- 7 complete and accurate wage statements as required by California Labor
- 8 Code section 226(a);
- 9 (g) Whether Defendants maintained accurate payroll records as required by
- 10 California Labor Code section 1174(d);
- 11 (h) Whether Defendants failed to pay earned overtime wages, minimum
- 12 wages, meal and rest period premiums, and/or reporting time pay due to
- 13 Plaintiff and class members upon their discharge;
- 14 (i) Whether Defendants failed timely to pay overtime wages, minimum
- 15 wages, meal and rest period premiums, and/or reporting time pay due to
- 16 Plaintiff and class members during their employment;
- 17 (j) Whether Defendants required Plaintiff and class members to report to
- 18 work, but failed to provide them with work or provided them with less
- 19 than half their usual or scheduled day's work, without properly
- 20 compensating them as required by California Code of Regulations, Title
- 21 8, section 11040(5);
- 22 (k) Whether Defendants failed to reimburse Plaintiff and class members for
- 23 necessary and required business-related expenditures and/or losses
- 24 incurred by them in the scope of their employment;
- 25 (l) Whether Defendants engaged in unlawful and unfair business practices
- 26 in violation of California Business & Professions Code sections 17200,
- 27 *et seq.*; and
- 28 (m) The appropriate amount of damages, restitution, or monetary penalties

1 resulting from Defendants' violations of California law.

2 56. There is a well-defined community of interest in the litigation and the class
3 members are readily ascertainable:

4 (a) Numerosity: The class members are so numerous that joinder of all
5 members would be unfeasible and impractical. The membership of the
6 entire class is unknown to Plaintiff at this time; however, the class is
7 estimated to be greater than one hundred (100) individuals and the
8 identity of such membership is readily ascertainable by inspection of
9 Defendants' employment records.

10 (b) Typicality: Plaintiff is qualified to, and will, fairly and adequately
11 protect the interests of each class member with whom he has a well-
12 defined community of interest, and Plaintiff's claims (or defenses, if
13 any) are typical of all class members as demonstrated herein.

14 (c) Adequacy: Plaintiff is qualified to, and will, fairly and adequately
15 protect the interests of each class member with whom he has a well-
16 defined community of interest and typicality of claims, as demonstrated
17 herein. Plaintiff acknowledges that he has an obligation to make known
18 to the Court any relationship, conflicts or differences with any class
19 member. Plaintiff's attorneys, the proposed class counsel, are versed in
20 the rules governing class action discovery, certification, and settlement.
21 Plaintiff has incurred, and throughout the duration of this action, will
22 continue to incur costs and attorneys' fees that have been, are, and will
23 be necessarily expended for the prosecution of this action for the
24 substantial benefit of each class member.

25 (d) Superiority: The nature of this action makes the use of class action
26 adjudication superior to other methods. A class action will achieve
27 economies of time, effort, and expense as compared with separate
28 lawsuits, and will avoid inconsistent outcomes because the same issues

1 can be adjudicated in the same manner and at the same time for the
2 entire class.

3 (e) Public Policy Considerations: Employers in the State of California
4 violate employment and labor laws every day. Current employees are
5 often afraid to assert their rights out of fear of direct or indirect
6 retaliation. Former employees are fearful of bringing actions because
7 they believe their former employers might damage their future
8 endeavors through negative references and/or other means. Class
9 actions provide the class members who are not named in the complaint
10 with a type of anonymity that allows for the vindication of their rights
11 while simultaneously protecting their privacy.

12 **FIRST CAUSE OF ACTION**

13 **Violation of California Labor Code §§ 510 and 1198—Unpaid Overtime**

14 **(Against all Defendants)**

15 57. Plaintiff incorporates by reference and re-alleges as if fully stated herein each
16 and every allegation set forth above.

17 58. Labor Code section 1198 makes it illegal to employ an employee under
18 conditions of labor that are prohibited by the applicable wage order. California Labor Code
19 section 1198 requires that “. . . the standard conditions of labor fixed by the commission shall
20 be the . . . standard conditions of labor for employees. The employment of any employee . . .
21 under conditions of labor prohibited by the order is unlawful.”

22 59. California Labor Code section 1198 and the applicable IWC Wage Order
23 provide that it is unlawful to employ persons without compensating them at a rate of pay
24 either time-and-one-half or two-times that person’s regular rate of pay, depending on the
25 number of hours worked by the person on a daily or weekly basis.

26 60. Specifically, the applicable IWC Wage Order provides that Defendants are and
27 were required to pay Plaintiff and class members working more than eight (8) hours in a day
28 or more than forty (40) hours in a workweek, at the rate of time and one-half (1 ½) for all

1 hours worked in excess of eight (8) hours in a day or more than forty (40) hours in a
2 workweek.

3 61. The applicable IWC Wage Order further provides that Defendants are and were
4 required to pay Plaintiff and class members working more than twelve (12) hours in a day,
5 overtime compensation at a rate of two (2) times their regular rate of pay. An employee's
6 regular rate of pay includes all remuneration for employment paid to, or on behalf of, the
7 employee, including nondiscretionary bonuses and incentive pay.

8 62. California Labor Code section 510 codifies the right to overtime compensation
9 at one and one-half (1 ½) times the regular rate of pay for hours worked in excess of eight (8)
10 hours in a day or forty (40) hours in a week or for the first eight (8) hours worked on the
11 seventh (7th) day of work, and to overtime compensation at twice the employee's regular rate
12 of pay for hours worked in excess of twelve (12) hours in a day or in excess of eight (8) hours
13 in a day on the seventh (7th) day of work.

14 63. During the relevant time period, Defendants willfully failed to pay all overtime
15 wages owed to Plaintiff and class members. During the relevant time period, Plaintiff and
16 class members were not paid overtime premiums for all of the hours they worked in excess of
17 eight (8) hours in a day, in excess of twelve (12) hours in a day, and/or in excess of forty (40)
18 hours in a week, because all hours worked were not recorded.

19 64. First, during the relevant period, Defendants had a policy and/or practice of
20 discouraging and impeding Plaintiff and class members from recording hours worked that
21 were outside of their scheduled shifts, in order to limit the amount of overtime employees
22 could accrue. In doing so, Defendants failed to implement a reliable timekeeping system to
23 track and record Plaintiff's and class members' hours worked. Defendants' timekeeping
24 software often malfunctioned, had connectivity issues, or would undergo maintenance for long
25 periods of time, which impeded Plaintiff and other class members from accurately recording
26 their hours worked. When Defendants' timekeeping system malfunctioned, had connectivity
27 issues, or underwent maintenance, Defendants' policy and/or practice was to have
28 Defendants' management record Plaintiff's and class members' hours worked. Upon

1 information and belief, Defendants' management often interlineated, altered, falsified, and/or
2 otherwise failed to accurately record Plaintiff's and class members' clock-in and clock-out
3 times. Essentially, due to the limitations of the timekeeping system, Defendants' management
4 maintained control and/or discretion over employees' clock-in and/or clock-out times. Thus,
5 Defendants failed to track time spent working before and after shifts, and Plaintiff and class
6 members received no compensation for this time. To the extent Defendants' timekeeping
7 policies have taken away time worked that was eligible for overtime, Plaintiff and class
8 members have been denied overtime pay for all hours worked.

9 65. Because Defendants discouraged overtime accrual by, among other things,
10 altering and/or falsifying timesheets, Plaintiff and class members were required to complete
11 assigned tasks outside of their scheduled shifts without being compensated for the time they
12 worked. This policy of limiting overtime, coupled with Defendants' understaffing and
13 assignment of heavy workloads, including pressure to meet productivity expectations (*see*
14 *infra*), led Plaintiff and class members to work off-the-clock before and after their scheduled
15 shift times. For example, Plaintiff spent time preparing for calls and/or waiting for his
16 computer to update so that he could begin taking calls, time that Defendants' management did
17 not record. As a further example, after he had clocked out, Plaintiff sometimes received calls
18 from management and had to log back in to his computer to take notes, time for which he was
19 not paid. When Plaintiff attempted to record this time spent working, on information and
20 belief, Defendants' management would subsequently alter his timesheets and shave off the
21 time spent working after his shift to avoid payment of additional wages to Plaintiff. This off-
22 the-clock work could have been recorded by Defendants, but they refused to do so to avoid
23 payment of additional wages to Plaintiff and class members.

24 66. Second, as stated, during the relevant time period, Defendants had, and
25 continue to have, a company-wide policy and/or practice of understaffing their worksites
26 while assigning heavy workloads, including pressuring employees to meet deadlines and
27 productivity requirements. Defendants' policies and/or practices resulted in a failure to
28 provide Plaintiff and class members with adequate meal period coverage, and thus, Plaintiff

1 and class members were not always afforded uninterrupted 30-minute meal periods during
2 shifts when they were entitled to receive a meal period. Defendants also had a practice of
3 failing to schedule meal periods and/or adhere to a schedule for meal periods, which further
4 caused Plaintiff and class members to not be relieved of their duties for compliant meal
5 periods. For example, Plaintiff regularly missed his meal periods due to the call volume and
6 pressure to meet the expectation of completing 85-100 calls per day. Additionally, Plaintiff's
7 meal periods were sometimes interrupted and/or cut short due to the lack of coverage. Thus,
8 Plaintiff and class members missed meal periods and/or had meal periods interrupted in order
9 to complete their assigned workloads and meet productivity expectations. Defendants did not
10 compensate Plaintiff and class members for the time they spent working off the clock during
11 meal periods.

12 67. Third, during the relevant time period, on information and belief, Defendants
13 implemented a company-wide policy and/or practice of automatically deducting meal periods
14 from Plaintiff's and class members' time records, instead of allowing employees to clock in
15 and out for meal periods. As a result of this policy, Defendants falsified and deducted meal
16 periods from Plaintiff's and class members' time records even when meal periods were
17 missed, short, and/or interrupted. Alternatively, because Defendants frowned upon employees
18 accruing meal period penalties, Defendants' managers pressured Plaintiff and class members
19 to clock out for meal periods to reflect compliant meal periods, upon threat of discipline,
20 regardless of whether they had received a compliant meal period or not, in order to strictly
21 limit meal penalties that Defendants would otherwise owe.

22 68. Moreover, Defendants' company-wide timekeeping system prevented Plaintiff
23 and class members from recording all hours worked when their meal periods were shortened
24 or interrupted, because the system locked out Plaintiff and class members once they clocked
25 out for a meal period, and would not permit them to clock back in from a meal period before
26 30 minutes had elapsed. Thus, Defendants did not record all hours worked during meal
27 periods and Plaintiff and class members performed work during meal periods for which they
28 were not paid.

1 69. Defendants knew or should have known that as a result of these company-wide
2 practices and/or policies, Plaintiff and class members were performing their assigned duties
3 off-the-clock before and after their shifts and during meal periods, and were suffered or
4 permitted to perform work for which they were not paid. Because Plaintiff and class members
5 worked shifts of eight (8) hours or more a day, or forty (40) hours a week or more, some of
6 this off-the-clock work qualified for overtime premium pay. Therefore, Plaintiff and class
7 members were not paid overtime wages for all of the overtime hours they actually worked.

8 70. Moreover, Defendants did not pay Plaintiff and class members the correct
9 overtime rate for the recorded overtime hours that they generated. In addition to an hourly
10 wage, Defendants paid Plaintiff and class members incentive pay, nondiscretionary bonuses,
11 and/or other forms of remuneration. However, in violation of the California Labor Code,
12 Defendants failed to incorporate all compensation, including incentive pay, nondiscretionary
13 bonuses, and/or other forms of remuneration, into the calculation of the regular rate of pay for
14 purposes of calculating the overtime wage rate. Therefore, during times when Plaintiff and
15 class members worked overtime and received these other forms of pay, Defendants failed to
16 pay all overtime wages by paying a lower overtime rate than required.

17 71. For example, Defendants paid Plaintiff and class members incentive pay and/or
18 nondiscretionary bonuses which were listed on Plaintiff's and class members' wage
19 statements as "Spot Bonus." During pay periods that Plaintiff and class members were paid
20 overtime wages, Defendants did not incorporate the incentive pay and/or nondiscretionary
21 bonuses into Plaintiff's and class members' regular rate of pay and, as a result, paid them at
22 incorrect and lower rates of pay for overtime hours worked. Specifically, Defendants paid
23 Plaintiff and class members 1.5 times their hourly rate of pay instead of 1.5 times their regular
24 rate of pay. Defendants' failure to properly calculate the overtime rates of pay based on all
25 remuneration paid has resulted in an underpayment of overtime wages to Plaintiff and class
26 members on a company-wide basis.

27 72. Defendants' failure to pay Plaintiff and class members the balance of overtime
28 compensation as required by California law, violates the provisions of California Labor Code

1 sections 510 and 1198. Pursuant to California Labor Code section 1194, Plaintiff and class
2 members are entitled to recover from Defendants their unpaid overtime compensation, as well
3 as interest, costs, and attorneys' fees.

4 **SECOND CAUSE OF ACTION**

5 **Violation of California Labor Code §§ 1182.12, 1194, 1197, 1197.1, and 1198—Unpaid** 6 **Minimum Wages** 7 **(Against all Defendants)**

8 73. Plaintiff incorporates by reference and re-alleges as if fully stated herein each
9 and every allegation set forth above.

10 74. At all relevant times, California Labor Code sections 1182.12, 1194, 1197,
11 1197.1, and 1198 provide that the minimum wage for employees fixed by the IWC is the
12 minimum wage to be paid to employees, and the payment of a wage less than the minimum so
13 fixed is unlawful. Compensable work time is defined in IWC Wage Order No. 4-2001 as "the
14 time during which an employee is subject to the control of an employer, and includes all the
15 time the employee is suffered or permitted to work, whether or not required to do so." Cal.
16 Code Regs. Tit. 8, § 11040(2)(K) (defining "Hours Worked").

17 75. First, as set forth above, due to Defendants' restrictions on overtime accrual,
18 Defendants systematically failed to pay Plaintiff and class members for actual hours worked
19 before and after their scheduled shifts, because these hours were not accurately recorded. As
20 stated, because Defendants discouraged and impeded Plaintiff and class members from
21 recording hours worked that were outside of their scheduled shifts, Plaintiff and class
22 members were required to work off-the-clock before and after their scheduled shift start and
23 end times preparing to take calls, waiting for their computer to finish updating, and taking
24 calls from management. As also set forth above, Defendants' timekeeping system restricted
25 Plaintiff and class members from accurately recording their hours worked due to frequent
26 malfunctions and maintenance outages. Instead, on information and belief, Plaintiff and class
27 members were subject to Defendants' management altering their time records and/or failing to
28 accurately record their hours worked.

1 76. Second, as also stated above, due to Defendants' policies and/or practices of
2 understaffing their worksites, assigning heavy workloads/productivity expectations, and
3 failing to schedule meal periods and/or failing to adhere to a schedule of meal periods,
4 Plaintiff and class members were impeded from taking all uninterrupted meal periods to which
5 they were entitled and were required to work off-the-clock during meal periods. Moreover, as
6 stated above, on information and belief, Defendants implemented a company-wide policy
7 and/or practice of automatically deducting meal periods from Plaintiff's and class members'
8 time records, even when meal periods were missed, short, and/or interrupted. Alternatively,
9 as stated, because Defendants frowned upon employees accruing meal period penalties,
10 Defendants' managers pressured employees to clock out for meal periods, on threat of
11 discipline, so that their time records would reflect compliant meal periods, even when they did
12 not receive a compliant meal period.

13 77. Also, as set forth above, during the relevant time period, Defendants
14 systematically failed to pay Plaintiff and class members for actual hours worked during unpaid
15 meal periods, because Defendants' timekeeping system locked out Plaintiff and class members
16 for 30 minutes when they clocked out for a meal period. Thus, Defendants systematically
17 failed to pay Plaintiff and class members for actual hours worked during unpaid meal periods
18 because these hours were not always correctly recorded.

19 78. Defendants did not pay minimum wages for all hours worked by Plaintiff and
20 class members. To the extent that these off-the-clock hours did not qualify for overtime
21 premium payment, Defendants did not pay at least minimum wages for those hours worked
22 off-the-clock in violation of California Labor Code sections 1182.12, 1194, 1197, 1197.1, and
23 1198.

24 79. Defendants' failure to pay Plaintiff and class members minimum wages violates
25 California Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198. Pursuant to
26 California Labor Code section 1194.2, Plaintiff and class members are entitled to recover from
27 Defendants liquidated damages in an amount equal to the wages unlawfully unpaid and
28 interest thereon.

1 **THIRD CAUSE OF ACTION**

2 **Violation of California Labor Code §§ 226.7, 512(a), 516, and 1198—Meal Period**

3 **Violations**

4 **(Against all Defendants)**

5 80. Plaintiff incorporates by reference and re-alleges as if fully stated herein each
6 and every allegation set forth above.

7 81. At all relevant times herein set forth, California Labor Code section 512(a)
8 provides that an employer may not require, cause, or permit an employee to work for a period
9 of more than five (5) hours per day without providing the employee with a meal period of not
10 less than thirty (30) minutes, except that if the total work period per day of the employee is
11 not more than six (6) hours, the meal period may be waived by mutual consent of both the
12 employer and the employee. Under California law, first meal periods must start after no more
13 than five hours. *Brinker Rest. Corp. v. Superior Court*, 53 Cal. 4th 1004, 1041-1042 (2012).

14 82. At all relevant times herein set forth, California Labor Code sections 226.7,
15 512(a), 516, and 1198 provide that no employer shall require an employee to work during any
16 meal period mandated by an applicable order of the IWC.

17 83. At all relevant times herein set forth, Labor Code sections 226.7 and 512(a),
18 and the applicable IWC Wage Order also require employers to provide a second meal period
19 of not less than thirty (30) minutes if an employee works over ten (10) hours per day or to pay
20 an employee one (1) additional hour of pay at the employee's regular rate, except that if the
21 total hours worked is no more than twelve (12) hours, the second meal period may be waived
22 by mutual consent of the employer and the employee only if the first meal period was not
23 waived.

24 84. First, during the relevant time period, as stated, Defendants had, and continue
25 to have, company-wide policies and/or practices of understaffing while assigning heavy
26 workloads, including pressure to meet productivity requirements, which has resulted in a lack
27 of meal period coverage. Further, Defendants' company-wide practice of failing to schedule
28 meal periods and/or adhering to a schedule for meal periods, which further prevented Plaintiff

1 and class members from taking all timely, uninterrupted meal periods to which they were
2 entitled. As a result, Plaintiff and class members were forced to work in excess of five (5)
3 hours before taking a meal period, had their meal periods interrupted, and/or had to forgo their
4 meal periods altogether. For example, Plaintiff regularly missed his meal periods and/or had
5 to take his meal periods late, after having worked in excess of five (5) hours into his shift, due
6 to the call volume and pressure to meet productivity expectations. Additionally, Plaintiff's
7 meal periods were sometimes interrupted and/or cut short due to the lack of coverage.

8 85. Second, as stated above, on information and belief, Defendants implemented a
9 company-wide policy and/or practice of automatically deducting meal periods from Plaintiff's
10 and class members' time records, instead of allowing employees to clock in and out for meal
11 periods. As a result of this policy, Defendants deducted 30 minutes from Plaintiff's and class
12 members' time records even when meal periods were missed, short, interrupted, and/or late,
13 instead of allowing employees to clock in and out for meal periods. Alternatively, as stated,
14 because Defendants frowned upon employees accruing meal period penalties, Defendants'
15 managers pressured employees to clock out for meal periods to reflect compliant meal
16 periods, upon threat of discipline, even when they did not receive a compliant meal period.
17 For example, Plaintiff's supervisors told him to always clock out at a compliant time for meal
18 periods, even when he could not take them at that time, so that Defendants could avoid paying
19 a penalty. Thus, Defendants systematically failed to correctly record meal periods.

20 86. Additionally, as stated, Defendants' company-wide timekeeping system
21 prevented Plaintiff and class members from recording when their meal periods were shortened
22 or interrupted, because the system locked out Plaintiff and class members once they clocked
23 out for a meal period, and would not permit them to clock back in from a meal period before
24 30 minutes had elapsed.

25 87. Third, Defendants did not provide Plaintiff and class members with second 30-
26 minute meal periods on days that they worked in excess of 10 hours in one day. During his
27 employment, Plaintiff often worked shifts in excess of ten (10) or more hours per day but was
28 not provided a second 30-minute meal period. Plaintiff and class members did not sign valid

1 meal period waivers on days that they were entitled to meal periods and were not relieved of
2 all duties.

3 88. Moreover, Defendants had a company-wide policy of requiring all newly hired
4 employees to sign blanket meal period waivers at or near their time of hire. Defendants took
5 the position that non-exempt, hourly paid employees had waived their rights to first and/or
6 second meal periods for the entirety of their employment and, on that basis, did not provide
7 them with all meal periods to which they were entitled. Further, Defendants' "California
8 Waiver of First Meal Period" and "California Waiver of Second Meal Period" forms require
9 employees to provide advance written notice should they wish to revoke the waiver.
10 Defendants' presumption that meal periods would not be provided for shifts in excess of five
11 (5) hours but less than six (6) hours and/or for shifts in excess of ten (10) hours but less than
12 twelve (12) hours, due to blanket meal period waivers signed at or near the time of hire, and
13 imposition on employees to revoke the waivers in advance and in writing, discouraged and
14 impeded Plaintiff and class members from taking all meal periods to which they were entitled.

15 89. Furthermore, an employer's obligation to provide a meal period is only
16 "triggered" when the employer "employs an employee for a work period of more than five
17 hours per day." *Brinker*, 53 Cal. 4th at 1039 ("If an employer engages, suffers, or permits
18 anyone to work for a full five hours, its meal break obligation is triggered.").

19 [A]fter the meal break obligation is triggered . . . an employer is put to a
20 choice: it must (1) afford an off-duty meal period; (2) consent to a
21 mutually agreed-upon waiver if one hour or less will end the shift; or (3)
22 obtain written agreement to an on-duty meal period if circumstances
permit. Failure to do one of these will render the employer liable for
premium pay.

23 *Id.* (citing Cal. Labor Code § 226.7; Wage Order No. 5, subd. 11(A), (B)). That Defendants
24 required Plaintiff and class members to sign meal period waivers simultaneously at or near
25 their time of hire (as opposed to on a specific work day) renders them invalid and
26 unenforceable, because Defendants' obligation to provide Plaintiff and class members with
27 meal periods did not arise until Defendants had employed them for a full five (5) hours.

28 90. At all times mentioned herein, Defendants knew or should have known that as a

1 result of their policies, Plaintiff and class members were prevented from being relieved of all
2 duties and required to perform some of their assigned duties during meal periods. Defendants
3 further knew or should have known that they did not pay Plaintiff and class members all meal
4 period premiums when meal periods were late, interrupted, shortened, and/or missed.

5 91. Furthermore, Defendants engaged in a company-wide practice and/or policy of
6 not paying meal period premiums owed when compliant meal periods are not provided.
7 Because of this practice and/or policy, Plaintiff and class members have not received premium
8 pay for all missed, late, and interrupted meal periods. Alternatively, to the extent that
9 Defendants did pay Plaintiff and class members premium pay for missed, late, and interrupted
10 meal periods, Defendants did not pay Plaintiff and class members at the correct rate of pay for
11 premiums because Defendants systematically failed to include all forms of compensation,
12 such as incentive pay, nondiscretionary bonuses, and/or other forms of remuneration, in the
13 regular rate of pay. As a result, Defendants failed to provide Plaintiff and class members
14 compliant meal periods in violation of California Labor Code sections 226.7, 512(a), and 516
15 and failed to pay the full meal period premiums due.

16 92. Defendants' conduct violates the applicable IWC Wage Order, and California
17 Labor Code sections 226.7, 512(a), 516, and 1198. Plaintiff and class members are therefore
18 entitled to recover from Defendants one (1) additional hour of pay at the employee's regular
19 rate of compensation for each work day that the meal period was not provided.

20 **FOURTH CAUSE OF ACTION**

21 **Violation of California Labor Code §§ 226.7, 516, and 1198—Rest Period Violations** 22 **(Against all Defendants)**

23 93. Plaintiff incorporates by reference and re-alleges as if fully stated herein each
24 and every allegation set forth above.

25 94. At all relevant times herein set forth, the applicable IWC Wage Order and
26 California Labor Code sections 226.7, 516, and 1198 were applicable to Plaintiff's and class
27 members' employment by Defendants.

28 95. At all relevant times, the applicable IWC Wage Order provides that "[e]very

1 employer shall authorize and permit all employees to take rest periods, which insofar as
2 practicable shall be in the middle of each work period” and that the “rest period time shall be
3 based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4)
4 hours or major fraction thereof” unless the total daily work time is less than three and one-half
5 (3 ½) hours.

6 96. At all relevant times, California Labor Code section 226.7 provides that no
7 employer shall require an employee to work during any rest period mandated by an applicable
8 order of the California IWC. To comply with its obligation to authorize and permit rest
9 periods under California Labor Code section 226.7 and the applicable IWC Wage Order, an
10 employer must “relinquish any control over how employees spend their break time, and
11 relieve their employees of all duties—including the obligation that an employee remain on
12 call. A rest period, in short, must be a period of rest.” *Augustus v. ABM Security Services,*
13 *Inc.*, 2 Cal. 5th 257, 273 (2016). Pursuant to the applicable IWC Wage Order and California
14 Labor Code section 226.7(c), Plaintiff and class members are entitled to recover from
15 Defendants one (1) additional hour of pay at their regular rates of pay for each work day that a
16 required rest period was not authorized and permitted.

17 97. During the relevant time period, Defendants regularly failed to authorize and
18 permit Plaintiff and class members to take a ten (10) minute rest period per each four (4) hour
19 period worked or major fraction thereof. As with meal periods, Defendants’ company-wide
20 use of understaffing while assigning heavy workloads, including pressure to meet productivity
21 requirements, resulted in a lack of rest period coverage and prevented Plaintiff and class
22 members from being relieved of all duty in order to take their rest periods. Defendants also
23 failed to schedule and/or adhere to a schedule for rest periods, which, coupled with
24 Defendants’ failure to provide adequate rest period coverage, further led to Plaintiff and class
25 members not being authorized and permitted to take compliant rest periods.

26 98. Furthermore, Defendants maintained and implemented a company-wide on-
27 premises rest period policy, which mandated that Plaintiff and class members remain on the
28 work premises during their rest periods. Because Plaintiff and class members were restricted

1 from leaving the work premises during rest periods, they were denied the ability to use their
2 rest periods freely for their own purposes, such as completing personal errands. Thus,
3 Defendants maintained control over Plaintiff and class members during rest periods.

4 99. As a result of Defendants' practices and policies, Plaintiff and class members
5 worked shifts in excess of 3.5 hours, in excess of 6 hours, and/or in excess of 10 hours without
6 receiving all uninterrupted rest periods to which they were entitled. For example, Plaintiff
7 regularly had to forgo some of his rest periods in a given week due to the heavy workload and
8 the lack of coverage.

9 100. Defendants have also engaged in a systematic, company-wide practice and/or
10 policy of not paying rest period premiums owed when rest periods are not authorized and
11 permitted. Because of this practice and/or policy, Plaintiff and class members have not
12 received premium pay for all missed rest periods. Alternatively, to the extent that Defendants
13 did pay Plaintiff and class members one (1) additional hour of premium pay for missed rest
14 periods, Defendants did not pay Plaintiff and class members at the correct rate of pay for
15 premium wages because Defendants failed to include all forms of compensation, such as
16 incentive pay, nondiscretionary bonuses, and/or other forms of compensation, in the regular
17 rate of pay. As a result, Defendants denied Plaintiff and class members rest periods and failed
18 to pay them rest period premiums due, in violation of Labor Code sections 226.7 and 516, and
19 the applicable IWC Wage Order.

20 101. Defendants' conduct violates the applicable IWC Wage Order and California
21 Labor Code sections 226.7, 516, and 1198. Plaintiff and class members are therefore entitled
22 to recover from Defendants one (1) additional hour of pay at the employee's regular rate of
23 compensation for each work day that a compliant rest period was not authorized and
24 permitted.

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1 **FIFTH CAUSE OF ACTION**

2 **Violation of California Labor Code §§ 226(a), 1174(d), and 1198—Non-Compliant Wage**
3 **Statements and Failure to Maintain Accurate Payroll Records**
4 **(Against all Defendants)**

5 102. Plaintiff incorporates by reference and re-alleges as if fully stated herein each
6 and every allegation set forth above.

7 103. At all relevant times herein set forth, California Labor Code section 226(a)
8 provides that every employer shall furnish each of his or her employees an accurate and
9 complete itemized wage statement in writing, including, but not limited to, the name and
10 address of the legal entity that is the employer, the inclusive dates of the pay period, total
11 hours worked, and all applicable rates of pay.

12 104. At all relevant times, Defendants have knowingly and intentionally provided
13 Plaintiff and Subclass members with uniform, incomplete, and inaccurate wage statements.
14 For example, Defendants issued uniform wage statements to Plaintiff and Subclass members
15 that fail to correctly list: gross wages earned; total hours worked; net wages earned; the
16 address of the legal entity that is the employer; and all applicable hourly rates in effect during
17 the pay period, including rates of pay for overtime wages and/or meal and rest period
18 premiums, and the corresponding number of hours worked at each hourly rate. Specifically,
19 Defendants violated sections 226(a)(1), 226(a)(2), 226(a)(5), 226(a)(8), and 226(a)(9).

20 105. Because Defendants did not record the time Plaintiff and Subclass members
21 spent working off the clock and deducted time from their records for meal periods that were
22 interrupted and/or missed (and therefore time for which they should have been paid),
23 Defendants did not list the correct amount of gross wages and net wages earned by Plaintiff
24 and Subclass members in compliance with sections 226(a)(1) and 226(a)(5). For the same
25 reason, Defendants failed to accurately list the total number of hours worked by Plaintiff and
26 Subclass members, in violation of section 226(a)(2), and failed to list the applicable hourly
27 rates of pay in effect during the pay period and the corresponding accurate number of hours
28 worked at each hourly rate, in violation of section 226(a)(9).

106. Moreover, because Defendants did not calculate Plaintiff's and Subclass members' regular rate of pay correctly for purposes of paying overtime wages and/or meal and rest period premiums, Defendants did not list the correct amount of gross wages in compliance with section 226(a)(1). For the same reason, Defendants failed to list the correct amount of net wages in violation of section 226(a)(5). Defendants also failed to correctly list all applicable hourly rates in effect during the pay period, namely, correct rates of pay for overtime wages and/or meal and rest period premiums, in violation of section 226(a)(9).

107. In addition, and separate from these violations, Defendants issued uniform wage statements to Plaintiff and Subclass members that fail to list the correct address of the legal entity of the actual employer in violation of Labor Code section 226(a)(8). The purpose of section 226(a)(8) is to provide California employees with transparency as to the true identity of their employer, to allow the employee to contact their employer during employment or in the future for various reasons, including filing an administrative claim, judicial claim, or other action to seek relief against their employer, obtain unemployment benefits, etc. During the relevant time period, Defendants systematically, and on a company-wide basis, issued wage statements to Plaintiff and Subclass members that fail to list the employing entity's correct address. Plaintiff's and Subclass members' wage statements incorrectly list the employer's address as "TWO WESTBROOK CORPORATE CENTER, 10TH FLOOR, WESTCHESTER, IL 60154" but, according to the California Secretary of State's website, the correct address is "TWO WESTBROOK CORPORATE CENTER, **SUITE 500**, WESTCHESTER, IL 60154" (emphases added).

108. The wage statement deficiencies also include, among other things, failing to list the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis; failing to list all deductions; failing to list the inclusive dates of the period for which employees were paid; failing to list 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; failing to list the name of the legal entity that is the employer; and/or failing to state all hours worked as a result of not recording or stating hours worked off-the-

1 clock.

2 109. California Labor Code section 1174(d) provides that “[e]very person employing
3 labor in this state shall . . . [k]eep a record showing the names and addresses of all employees
4 employed and the ages of all minors” and “[k]eep, at a central location in the state or at the
5 plants or establishments at which employees are employed, payroll records showing the hours
6 worked daily by and the wages paid to, and the number of piece-rate units earned by and any
7 applicable piece rate paid to, employees employed at the respective plants or
8 establishments” At all relevant times, and in violation of Labor Code section 1174(d),
9 Defendants willfully failed to maintain accurate payroll records for Plaintiff and Subclass
10 members showing the daily hours they worked and the wages paid thereto as a result of failing
11 to record the off-the-clock hours that they worked.

12 110. California Labor Code section 1198 provides that the maximum hours of work
13 and the standard conditions of labor shall be those fixed by the Labor Commissioner and as
14 set forth in the applicable IWC Wage Order. Section 1198 further provides that “[t]he
15 employment of any employees for longer hours than those fixed by the order or under
16 conditions of labor prohibited by the order is unlawful.” Pursuant to the applicable IWC
17 Wage Order, employers are required to keep accurate time records showing when the
18 employee begins and ends each work period and meal period. As stated, Defendants engaged
19 in a company-wide practice and/or policy of falsifying Plaintiff’s and Subclass members’ time
20 records by recording that compliant meal periods were taken regardless of if or when meal
21 periods were actually taken, and thereby failed to keep accurate records of work period and
22 meal period start and end times for Plaintiff and Subclass members, in violation of section
23 1198. Also, in light of Defendants’ failure to provide Plaintiff and Subclass members with
24 second 30-minute meal periods to which they were entitled, Defendants kept no records of
25 meal start and end times for second meal periods.

26 111. Plaintiff and Subclass members are entitled to recover from Defendants the
27 greater of their actual damages caused by Defendants’ failure to comply with California Labor
28 Code section 226(a), or an aggregate penalty not exceeding four thousand dollars (\$4,000) per

employee.

SIXTH CAUSE OF ACTION

Violation of California Labor Code §§ 201 and 202—Wages Not Timely Paid Upon Termination (Against all Defendants)

112. Plaintiff incorporates by reference and re-alleges as if fully stated herein each and every allegation set forth above.

113. At all times relevant herein set forth, Labor Code sections 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

114. On information and belief, Defendants have a company-wide practice and/or policy of paying departing employees their final wages late, instead of adhering to the time requirements set forth in Labor Code sections 201 and 202. For example, Defendants terminated Plaintiff on or about February 16, 2024; however, Defendants did not provide Plaintiff with his final wages until on or about February 20, 2024. Thus, Defendants failed to pay Plaintiff his final wages immediately, in violation of California Labor Code section 201.

115. Additionally, Defendants willfully failed to pay Plaintiff and class members who are no longer employed by Defendants the earned and unpaid wages set forth above, including but not limited to, overtime wages, minimum wages, meal and rest period premiums, and/or reporting time pay, either at the time of discharge, or within seventy-two (72) hours of their leaving Defendants' employ.

116. Defendants' failure to pay Plaintiff and class members who are no longer employed by Defendants their wages earned and unpaid at the time of discharge, or within seventy-two (72) hours of their leaving Defendants' employ, violates Labor Code sections 201

1 and 202. Plaintiff and class members are therefore entitled to recover from Defendants the
2 statutory penalty wages for each day they were not paid, at their regular rate of pay, up to a
3 thirty (30) day maximum pursuant to California Labor Code section 203.

4 **SEVENTH CAUSE OF ACTION**

5 **Violation of California Labor Code § 204—Failure to Timely Pay Wages During** 6 **Employment**

7 **(Against all Defendants)**

8 117. Plaintiff incorporates by reference and re-alleges as if fully stated herein each
9 and every allegation set forth above.

10 118. This cause of action is dependent upon, and wholly derivative of, the overtime
11 wages, minimum wages, meal and rest period premiums, and/or reporting time pay that were
12 not timely paid to Plaintiff and class members during their employment.

13 119. At all times relevant herein set forth, Labor Code section 204 provides that all
14 wages earned by any person in any employment between the first (1st) and the fifteenth (15th)
15 days, inclusive, of any calendar month, other than those wages due upon termination of an
16 employee, are due and payable between the sixteenth (16th) and the twenty-sixth (26th) day of
17 the month during which the labor was performed.

18 120. At all times relevant herein, Labor Code section 204 provides that all wages
19 earned by any person in any employment between the sixteenth (16th) and the last day,
20 inclusive, of any calendar month, other than those wages due upon termination of an
21 employee, are due and payable between the first (1st) and the tenth (10th) day of the following
22 month.

23 121. At all times relevant herein, Labor Code section 204 provides that all wages
24 earned for labor in excess of the normal work period shall be paid no later than the payday for
25 the next regular payroll period. Alternatively, at all times relevant herein, Labor Code section
26 204 provides that the requirements of this section are deemed satisfied by the payment of
27 wages for weekly, biweekly, or semimonthly payroll if the wages are paid not more than
28 seven (7) calendar days following the close of the payroll period.

122. During the relevant time period, Defendants willfully failed to pay Plaintiff and class members all wages due including, but not limited to, overtime wages, minimum wages, meal and rest period premiums, and/or reporting time pay, within the time periods specified by California Labor Code section 204.

123. Defendants' failure to pay Plaintiff and class members all wages due violates Labor Code section 204. Plaintiff and class members are therefore entitled to recover from Defendants the statutory penalty wages pursuant to California Labor Code section 210.

EIGHTH CAUSE OF ACTION

Violation of Labor Code § 1198 and California Code of Regulations Title 8, Section 11040 Subdivision 5(A)—Failure to Provide Reporting Time Pay (Against all Defendants)

124. Plaintiff incorporates by reference and re-alleges as if fully stated herein each and every allegation set forth above.

125. California Labor Code section 1198 dictates that no employer may employ an employee under conditions of labor that are prohibited by the applicable IWC wage order. California Labor Code section 1198 further requires that “. . . the standard conditions of labor fixed by the commission shall be the . . . standard conditions of labor for employees. The employment of any employee . . . under conditions of labor prohibited by the order is unlawful.”

126. The applicable IWC Wage Order, California Code of Regulations, Title 8, section 11040(5)(A), provides that “[e]ach workday an employee is required to report for work and does report, but is not put to work or is furnished less than half said employee’s usual or scheduled day’s work, the employee shall be paid for half the usual or scheduled day’s work, but in no event for less than two (2) hours nor more than four (4) hours, at the employee’s regular rate of pay, which shall not be less than the minimum wage.” The “primary purpose of the reporting time regulation” is “to guarantee at least partial compensation for employees who report to work expecting to work a specified number of hours, and who are deprived of that amount because of inadequate scheduling or lack of

proper notice by the employer.” *Aleman v. AirTouch Cellular*, 209 Cal. App. 4th 556 (2012).

127. During the relevant time period, Defendants violated California Labor Code section 1198 and California Code of Regulations, Title 8, section 11040(5)(A), because Defendants failed to pay Plaintiff and class members reporting time pay when they reported to work for their usual or scheduled shift but were put to work for less than half of their usual or scheduled day’s work.

128. Defendants had a company-wide practice of sending Plaintiff and class members home early from their shifts, including before they had worked at least half of their usual or scheduled shift, but would not pay Plaintiff and class members for half of their usual or scheduled shift. For example, when scheduled to work an eight (8) hour shift, Defendants’ managers sent Plaintiff home about two (2) hours after the start of his shift. Although Plaintiff and class members reported to work based on the schedule that was provided to them, Defendants would send them home before they worked at least half of their usual or scheduled shifts. When this occurred, Defendants did not pay Plaintiff and class members for at least half of their scheduled day’s work or the minimum reporting time pay.

129. Accordingly, Plaintiff and class members were not properly compensated with reporting time pay in violation of California Labor Code section 1198 and California Code of Regulations, Title 8, section 11040(5)(A). Plaintiff and class members are therefore entitled to recover from Defendants unpaid wages and interest.

NINTH CAUSE OF ACTION

Violation of California Labor Code § 2802—Unpaid Business-Related Expenses (Against all Defendants)

130. Plaintiff incorporates by reference and re-alleges as if fully stated herein each and every allegation set forth above.

131. At all times herein set forth, California Labor Code section 2802 provides that an employer must reimburse employees for all necessary expenditures and losses incurred by the employee in the performance of his or her job. The purpose of Labor Code section 2802 is to prevent employers from passing off their cost of doing business and operating expenses on

1 to their employees. *Cochran v. Schwan's Home Service, Inc.*, 228 Cal. App. 4th 1137, 1144
2 (2014). The applicable wage order, IWC Wage Order No. 4-2001, provides that: “[w]hen
3 tools or equipment are required by the employer or are necessary to the performance of a job,
4 such tools and equipment shall be provided and maintained by the employer, except that an
5 employee whose wages are at least two (2) times the minimum wage provided herein may be
6 required to provide and maintain hand tools and equipment customarily required by the
7 particular trade or craft.”

8 132. During the relevant time period, Defendants, on a company-wide basis,
9 required that Plaintiff and class members use their own personal mobile devices, including,
10 but not limited to, cellular phones, and/or mobile data to carry out their job duties but failed to
11 reimburse them for the costs of their work-related mobile device expenses. For example,
12 managers contacted Plaintiff on his personal mobile device to discuss work-related matters.
13 Further, Plaintiff and class members used their personal cellular phones as WiFi hotspots
14 when the internet in Defendants’ office was down so they could continue to perform their
15 work duties. Although Defendants required Plaintiff and class members to utilize their
16 personal mobile devices to carry out their work-related responsibilities, Defendants failed to
17 reimburse them for this cost.

18 133. Defendants could have provided Plaintiff and class members with the actual
19 equipment for use on the job, such as company mobile devices, or Defendants could have
20 reimbursed employees for the costs of their mobile device usage. Instead, Defendants passed
21 these operating costs off onto Plaintiff and class members. At all relevant times, Plaintiff did
22 not earn at least two (2) times the minimum wage.

23 134. Defendants’ company-wide policy and/or practice of not reimbursing
24 employees for expenses necessarily incurred and passing on their operating costs to Plaintiff
25 and class members violates California Labor Code section 2802. Defendants have
26 intentionally and willfully failed to reimburse Plaintiff and class members for necessary
27 business-related expenses and costs.

28 135. Plaintiff and class members are entitled to recover from Defendants their

business-related expenses incurred during the course and scope of their employment, plus interest.

TENTH CAUSE OF ACTION

For Civil Penalties Pursuant to California Labor Code §§ 2698, *et seq.*

(Against all Defendants)

136. Plaintiff incorporates by reference and re-alleges as if fully stated herein each and every allegation set forth above.

137. California Labor Code §§ 2698, *et seq.* (“PAGA”) permits Plaintiff to recover civil penalties for the violation(s) of the Labor Code sections enumerated in Labor Code section 2699.5. Section 2699.5 enumerates Labor Code sections 201, 202, 204, 1174(d), and 1198. Labor Code section 2699.3(c) permits aggrieved employees, including Plaintiff, to recover civil penalties for violations of those Labor Code sections not found in section 2699.5, including sections 226(a), 226.7, 510, 512(a), 516, 1182.12, 1194, 1197, 1197.1, and 2802.

138. Defendants’ conduct, as alleged herein, violates numerous sections of the California Labor Code, including, but not limited to, the following:

- (a) Violation of Labor Code sections 510 and 1198, and the applicable IWC Wage Order for Defendants’ failure to compensate Plaintiff and other aggrieved employees with all required overtime pay, as alleged herein;
- (b) Violation of Labor Code sections 226.7, 510, and 1198, and the applicable IWC Wage Order for Defendants’ failure to include all forms of remuneration in the regular rate of pay as required by law for purposes of paying overtime wages and/or meal and rest period premiums to Plaintiff and other aggrieved employees, as alleged herein;
- (c) Violation of Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198, and the applicable IWC Wage Order for Defendants’ failure to compensate Plaintiff and other aggrieved employees with at least minimum wages for all hours worked, as alleged herein;
- (d) Violation of Labor Code sections 226.7, 512(a), 516, and 1198, and the

- 1 applicable IWC Wage Order for Defendants' failure to provide Plaintiff
2 and other aggrieved employees with meal periods, as alleged herein;
- 3 (e) Violation of Labor Code sections 226.7, 516, and 1198, and the
4 applicable IWC Wage Order for Defendants' failure to authorize and
5 permit Plaintiff and other aggrieved employees to take rest periods, as
6 alleged herein;
- 7 (f) Violation of Labor Code sections 226(a) and 1198, and the applicable
8 IWC Wage Order for failure to provide accurate and complete wage
9 statements to Plaintiff and other aggrieved employees, as alleged herein;
- 10 (g) Violation of Labor Code sections 1174(d) and 1198, and the applicable
11 IWC Wage Order for failure to maintain payroll records, as alleged
12 herein;
- 13 (h) Violation of Labor Code sections 201 and 202 for failure to pay all
14 earned wages upon termination, as alleged herein;
- 15 (i) Violation of Labor Code section 204 for failure to pay all earned wages
16 during employment, as alleged herein;
- 17 (j) Violation of Labor Code section 1198 and the applicable IWC Wage
18 Order for failure to pay reporting time pay when Plaintiff and other
19 aggrieved employees were put to work for less than half of their usual or
20 scheduled shifts, as alleged herein; and
- 21 (k) Violation of Labor Code section 2802 for failure to reimburse Plaintiff
22 and other aggrieved employees for all business expenses necessarily
23 incurred, as alleged herein.

24 139. Therefore, Plaintiff and other aggrieved employees are entitled to recover civil
25 penalties pursuant to Labor Code sections 2699(a), (f), and (k).

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1 **ELEVENTH CAUSE OF ACTION**

2 **Violation of California Business & Professions Code §§ 17200, *et seq.* –**

3 **Unlawful Business Practices**

4 **(Against all Defendants)**

5 140. Plaintiff incorporates by reference and re-alleges as if fully stated herein each
6 and every allegation set forth above.

7 141. Defendants are “persons” as defined by California Business & Professions
8 Code section 17201, as they are corporations, firms, partnerships, joint stock companies,
9 and/or associations.

10 142. Defendants’ conduct, as alleged herein, has been, and continues to be, unfair,
11 unlawful and harmful to Plaintiff, class members, and to the general public. Plaintiff has
12 suffered injury in fact and has lost money as a result of Defendants’ unlawful business
13 practices. Plaintiff seeks to enforce important rights affecting the public interest within the
14 meaning of Code of Civil Procedure section 1021.5.

15 143. Defendants’ activities, as alleged herein, are violations of California law, and
16 constitute unlawful business acts and practices in violation of California Business &
17 Professions Code sections 17200, *et seq.*

18 144. A violation of California Business & Professions Code sections 17200, *et seq.*
19 may be predicated on the violation of any state or federal law. In the instant case, Defendants’
20 policies and practices have violated state law in at least the following respects:

- 21 (a) Requiring non-exempt, hourly paid employees, including Plaintiff and
22 class members, to work overtime without paying them proper
23 compensation in violation of California Labor Code sections 510 and
24 1198, and the applicable IWC Wage Order, as alleged herein;
- 25 (b) Failing to include all forms of remuneration in the regular rate of pay as
26 required by law for purposes of paying overtime wages and/or meal and
27 rest period premiums to Plaintiff and class members, in violation of
28 California Labor Code sections 226.7, 510, and 1198, and the applicable

IWC Wage Order, as alleged herein;

- (c) Failing to pay at least minimum wage to Plaintiff and class members in violation of California Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198, and the applicable IWC Wage Order, as alleged herein;
- (d) Failing to provide all meal periods to Plaintiff and class members in violation of California Labor Code sections 226.7, 512(a), 516, and 1198, and the applicable IWC Wage Order, as alleged herein;
- (e) Failing to authorize and permit Plaintiff and class members to take all rest periods in violation of California Labor Code sections 226.7, 516, and 1198, and the applicable IWC Wage Order, as alleged herein;
- (f) Failing to provide Plaintiff and class members with accurate wage statements and failing to maintain accurate payroll records in violation of California Labor Code sections 226(a), 1174(d), and 1198, and the applicable IWC Wage Order, as alleged herein;
- (g) Failing timely to pay all earned wages to Plaintiff and class members in violation of California Labor Code section 204, as alleged herein;
- (h) Failing to pay reporting time pay in violation of California Labor Code section 1198 and the applicable IWC Wage Order, as alleged herein; and
- (i) Failing to reimburse Plaintiff and class members for all business expenses necessarily incurred in violation of California Labor Code section 2802, as alleged herein.

145. As a result of the violations of California law herein described, Defendants unlawfully gained an unfair advantage over other businesses. Plaintiff and class members have suffered pecuniary loss by Defendants' unlawful business acts and practices alleged herein.

146. Pursuant to California Business & Professions Code sections 17200, *et seq.*,

1 Plaintiff and class members are entitled to restitution of the wages withheld and retained by
2 Defendants during a period that commences four years prior to the filing of the initial
3 complaint; a permanent injunction requiring Defendants to pay all outstanding wages due to
4 Plaintiff and class members; and an award of attorneys' fees pursuant to California Code of
5 Civil Procedure section 1021.5 and other applicable laws; and an award of costs.

6 **ELEVENTH CAUSE OF ACTION**

7 **Violation of California Business & Professions Code §§ 17200, *et seq.* –**

8 **Unfair Business Practices**

9 **(Against all Defendants)**

10 147. Plaintiff incorporates by reference and re-alleges as if fully stated herein each
11 and every allegation set forth above.

12 148. Defendants are "persons" as defined by California Business & Professions
13 Code section 17201, as they are corporations, firms, partnerships, joint stock companies,
14 and/or associations.

15 149. Defendants' conduct, as alleged herein, has been, and continues to be, unfair,
16 and harmful to Plaintiff, class members, and to the general public. Plaintiff has suffered
17 injury in fact and has lost money as a result of Defendants' unfair business practices. Plaintiff
18 seeks to enforce important rights affecting the public interest within the meaning of Code of
19 Civil Procedure section 1021.5.

20 150. Defendants' activities, namely Defendants' company-wide practice and/or
21 policy of not paying Plaintiff and class members all meal and rest period premiums due to
22 them under Labor Code section 226.7, deprived Plaintiff and class members of the
23 compensation guarantee and enhanced enforcement implemented by section 226.7. The
24 statutory remedy provided by section 226.7 is a "'dual-purpose' remedy intended primarily to
25 compensate employees, and secondarily to shape employer conduct." *Safeway, Inc. v.*
26 *Superior Court*, 238 Cal. App. 4th 1138, 1149 (2015). The statutory benefits of section 226.7
27 were guaranteed to Plaintiff and class members as part of their employment with Defendants,
28 and thus Defendants' practice and/or policy of denying these statutory benefits constitutes an

unfair business practice in violation of California Business & Professions Code sections 17200, *et seq.* (*Id.*)

151. A violation of California Business & Professions Code sections 17200, *et seq.* may be predicated on any unfair business practice. In the instant case, Defendants' policies and practices have violated the spirit of California's meal and rest period laws and constitute acts against the public policy behind these laws.

152. Pursuant to California Business & Professions Code sections 17200, *et seq.*, Plaintiff and class members are entitled to restitution for the class-wide loss of the statutory benefits implemented by section 226.7 withheld and retained by Defendants during a period that commences four years prior to the filing of the initial complaint; a permanent injunction requiring Defendants to pay all statutory benefits implemented by section 226.7 due to Plaintiff and class members; an award of attorneys' fees pursuant to California Code of Civil Procedure section 1021.5 and other applicable laws; and an award of costs.

REQUEST FOR JURY TRIAL

Plaintiff requests a trial by jury.

PRAYER FOR RELIEF

Plaintiff, on behalf of all others similarly situated, prays for relief and judgment against Defendants, jointly and severally, as follows:

1. For damages, unpaid wages, penalties, injunctive relief, and attorneys' fees in excess of twenty-five thousand dollars (\$25,000), exclusive of interest and costs. Plaintiff reserves the right to amend his prayer for relief to seek a different amount.

Class Certification

2. That this case be certified as a class action;
3. That Plaintiff be appointed as the representative of the Class and Subclass;
4. That counsel for Plaintiff be appointed as class counsel.

As to the First Cause of Action

5. That the Court declare, adjudge, and decree that Defendants violated California Labor Code sections 510 and 1198, and the applicable IWC Wage Order by willfully failing to

1 pay all overtime wages due to Plaintiff and class members;

2 6. For general unpaid wages at overtime wage rates and such general and special
3 damages as may be appropriate;

4 7. For pre-judgment interest on any unpaid overtime compensation commencing
5 from the date such amounts were due, or as otherwise provided by law;

6 8. For reasonable attorneys' fees and for costs of suit incurred herein pursuant to
7 California Labor Code section 1194(a); and

8 9. For such other and further relief as the Court may deem equitable and
9 appropriate.

10 **As to the Second Cause of Action**

11 10. That the Court declare, adjudge and decree that Defendants violated California
12 Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198, and the applicable IWC Wage
13 Order by willfully failing to pay minimum wages to Plaintiff and class members;

14 11. For general unpaid wages and such general and special damages as may be
15 appropriate;

16 12. For pre-judgment interest on any unpaid compensation from the date such
17 amounts were due, or as otherwise provided by law;

18 13. For reasonable attorneys' fees and for costs of suit incurred herein pursuant to
19 California Labor Code section 1194(a);

20 14. For liquidated damages pursuant to California Labor Code section 1194.2; and

21 15. For such other and further relief as the Court may deem equitable and
22 appropriate.

23 **As to the Third Cause of Action**

24 16. That the Court declare, adjudge, and decree that Defendants violated California
25 Labor Code sections 226.7, 512(a), 516, and 1198, and the applicable IWC Wage Order by
26 willfully failing to provide all meal periods to Plaintiff and class members;

27 17. That the Court make an award to the Plaintiff and class members of one (1)
28 hour of pay at each employee's regular rate of pay for each workday that a meal period was

1 not provided;

2 18. For all actual, consequential, and incidental losses and damages, according to
3 proof;

4 19. For premiums pursuant to California Labor Code section 226.7(c);

5 20. For pre-judgment interest on any unpaid meal period premiums from the date
6 such amounts were due, or as otherwise provided by law;

7 21. For attorneys' fees pursuant to California Code of Civil Procedure section
8 1021.5, or as otherwise provided by law; and

9 22. For such other and further relief as the Court may deem equitable and
10 appropriate.

11 **As to the Fourth Cause of Action**

12 23. That the Court declare, adjudge and decree that Defendants violated California
13 Labor Code sections 226.7, 516, and 1198, and the applicable IWC Wage Order by willfully
14 failing to authorize and permit Plaintiff and class members to take all rest periods;

15 24. That the Court make an award to the Plaintiff and class members of one (1) hour
16 of pay at each employee's regular rate of pay for each workday that a rest period was not
17 authorized and permitted;

18 25. For all actual, consequential, and incidental losses and damages, according to
19 proof;

20 26. For premiums pursuant to California Labor Code section 226.7(c);

21 27. For pre-judgment interest on any unpaid rest period premiums from the date
22 such amounts were due, or as otherwise provided by law;

23 28. For attorneys' fees pursuant to California Code of Civil Procedure section
24 1021.5, or as otherwise provided by law; and

25 29. For such other and further relief as the Court may deem equitable and
26 appropriate.

27 **As to the Fifth Cause of Action**

28 30. That the Court declare, adjudge and decree that Defendants violated the

recordkeeping provisions of California Labor Code section 226(a) and the applicable IWC Wage Order as to Plaintiff and Subclass members, and willfully failed to provide accurate itemized wage statements thereto;

31. For all actual, consequential, and incidental losses and damages, according to proof;

32. For injunctive relief pursuant to California Labor Code section 226(h);

33. For statutory penalties pursuant to California Labor Code section 226(e);

34. For attorneys' fees and costs pursuant to California Labor Code section 226(e)(1); and

35. For such other and further relief as the Court may deem equitable and appropriate.

As to the Sixth Cause of Action

36. That the Court declare, adjudge and decree that Defendants violated California Labor Code sections 201 and 202 by willfully failing to pay overtime wages, minimum wages, meal and rest period premiums, and/or reporting time pay owed at the time of termination of the employment of Plaintiff and other terminated class members;

37. For all actual, consequential and incidental losses and damages, according to proof;

38. For waiting time penalties according to proof pursuant to California Labor Code section 203 for all employees who have left Defendants' employ;

39. For pre-judgment interest on any unpaid wages from the date such amounts were due, or as otherwise provided by law;

40. For attorneys' fees pursuant to California Code of Civil Procedure section 1021.5, or as otherwise provided by law; and

41. For such other and further relief as the Court may deem equitable and appropriate.

As to the Seventh Cause of Action

42. That the Court declare, adjudge and decree that Defendants violated California

1 Labor Code section 204 by willfully failing to timely pay Plaintiff and class members
2 overtime wages, minimum wages, meal and rest period premiums, and/or reporting time pay
3 during their employment;

4 43. For all actual, consequential and incidental losses and damages, according to
5 proof;

6 44. For statutory penalties according to proof pursuant to California Labor Code
7 section 210;

8 45. For pre-judgment interest on any unpaid wages from the date such amounts
9 were due, or as otherwise provided by law;

10 46. For attorneys' fees pursuant to California Code of Civil Procedure section
11 1021.5, or as otherwise provided by law; and

12 47. For such other and further relief as the Court may deem equitable and
13 appropriate.

14 **As to the Eighth Cause of Action**

15 48. That the Court declare, adjudge and decree that Defendants violated California
16 Labor Code section 1198 and California Code of Regulations, Title 8, section 11040(5)(A) by
17 failing to provide Plaintiff and class members with reporting time pay;

18 49. For all actual, consequential and incidental losses and damages, according to
19 proof;

20 50. For pre-judgment interest on any unpaid wages from the date such amounts
21 were due, or as otherwise provided by law; and

22 51. For such other and further relief as the Court may deem equitable and
23 appropriate.

24 **As to the Ninth Cause of Action**

25 52. That the Court declare, adjudge and decree that Defendants violated California
26 Labor Code section 2802 by willfully failing to reimburse and/or indemnify all business-
27 related expenses and costs incurred by Plaintiff and class members;

28 53. For unpaid business-related expenses and such general and special damages as

1 may be appropriate;

2 54. For pre-judgment interest on any unpaid business-related expenses from the
3 date such amounts were due, or as otherwise provided by law;

4 55. For all actual, consequential, and incidental losses and damages, according to
5 proof;

6 56. For attorneys' fees and costs pursuant to California Labor Code section
7 2802(c), or as otherwise provided by law; and

8 57. For such other and further relief as the Court may deem equitable and
9 appropriate.

10 **As to the Tenth Cause of Action**

11 58. That the Court declare, adjudge and decree that Defendants violated the
12 following California Labor Code provisions as to Plaintiff and other aggrieved employees:
13 510 and 1198 (by failing to pay all overtime compensation); 226.7, 510, and 1198 (by failing
14 to include all forms of remuneration in the regular rate of pay for purposes of paying overtime
15 wages and/or meal and rest period premiums); 1182.12, 1194, 1197, 1197.1, and 1198 (by
16 failing to pay at least minimum wages for all hours worked); 226.7, 512(a), 516, and 1198 (by
17 failing to provide all meal periods); 226.7, 516, and 1198 (by failing to authorize and permit
18 all rest periods); 226(a), 1174(d), and 1198 (by failing to provide accurate wage statements
19 and maintain accurate payroll records); 201 and 202 (by failing to timely pay all earned wages
20 upon termination); 204 (by failing to timely pay all earned wages during employment); 1198
21 and the applicable IWC Wage Order (by failing to provide reporting time pay); and 2802 (by
22 failing to reimburse business expenses);

23 59. For civil penalties pursuant to the California Labor Code, including sections
24 210, 226.3, 256, 558, 1174.5, 2699(a), (f), and (k), for violations of California Labor Code
25 sections 201, 202, 204, 226(a), 226.7, 510, 512(a), 516, 1174(d), 1182.12, 1194, 1197, 1197.1,
26 1198, and 2802;

27 60. For injunctive relief pursuant to California Labor Code sections 1194.5 and/or
28 2699(k) to bring Defendants into compliance with the requirements of California Labor Code

sections 201, 202, 204, 226(a), 226.7, 510, 512(a), 516, 1174(d), 1182.12, 1194, 1197, 1197.1, 1198, and 2802;

61. For attorneys' fees and costs pursuant to California Labor Code section 2699(k)(1), and any and all other relevant statutes, for Defendants' violations of California Labor Code sections 201, 202, 204, 226(a), 226.7, 510, 512(a), 516, 1174(d), 1182.12, 1194, 1197, 1197.1, 1198, and 2802;

62. For pre-judgment and post-judgment interest as provided by law; and

63. For such other and further relief as the Court may deem equitable and appropriate.

As to the Eleventh Cause of Action

64. That the Court declare, adjudge and decree that Defendants' conduct of failing to provide Plaintiff and class members all overtime wages due to them, failing to include all forms of remuneration in the regular rate of pay for purposes of paying overtime wages and/or meal and rest period premiums to Plaintiff and class members, failing to provide Plaintiff and class members all minimum wages due to them, failing to provide Plaintiff and class members all meal periods, failing to authorize and permit Plaintiff and class members to take all rest periods, failing to provide Plaintiff and class members accurate and complete wage statements, failing to maintain accurate payroll records for Plaintiff and class members, failing to timely pay Plaintiff and class members all earned wages during employment, failing to pay Plaintiff and class members reporting time pay, and failing to reimburse Plaintiff and class members for business-related expenses, constitutes an unlawful business practice in violation of California Business and Professions Code sections 17200, *et seq.*;

65. For restitution of unpaid wages to Plaintiff and all class members and prejudgment interest from the day such amounts were due and payable;

66. For the appointment of a receiver to receive, manage, and distribute any and all funds disgorged from Defendants and determined to have been wrongfully acquired by Defendants as a result of violations of California Business & Professions Code sections 17200, *et seq.*;

1 67. For reasonable attorneys' fees and costs of suit incurred herein pursuant to
2 California Code of Civil Procedure section 1021.5; and

3 68. For such other and further relief as the Court may deem equitable and
4 appropriate.

5 **As to the Twelfth Cause of Action**

6 69. That the Court declare, adjudge and decree that Defendants' conduct of denying
7 Plaintiff and class members the statutory benefits guaranteed under section 226.7 constitutes
8 an unfair business practice in violation of California Business and Professions Code sections
9 17200, *et seq.*;

10 70. For restitution of the statutory benefits under section 226.7 unfairly withheld
11 from Plaintiff and class members and prejudgment interest from the day such amounts were
12 due and payable;

13 71. For the appointment of a receiver to receive, manage, and distribute any and all
14 funds disgorged from Defendants and determined to have been wrongfully acquired by
15 Defendants as a result of violations of California Business & Professions Code sections
16 17200, *et seq.*;

17 72. For reasonable attorneys' fees and costs of suit incurred herein pursuant to
18 California Code of Civil Procedure section 1021.5;

19 73. For pre-judgment and post-judgment interest as provided by law; and

20 74. For such other and further relief as the Court may deem equitable and
21 appropriate.
22

23 Dated: October 16, 2024

Respectfully submitted,

Capstone Law APC

25
26 By: 

Robert Drexler
Jonathan Lee

Attorneys for Plaintiff Joshua Knudson

EXHIBIT “1”



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August 09, 2024

VIA ONLINE SUBMISSION

California Labor & Workforce Development Agency
ATTN: PAGA Administrator
(<https://dir.govfa.net/308>)

Subject: *Joshua Knudson v. Automotive Recovery Services, Inc., et al.*

Dear PAGA Administrator:

This office represents Joshua Knudson in connection with his claims under the California Labor Code. Mr. Knudson was an employee of AUTOMOTIVE RECOVERY SERVICES, INC.; IAA SERVICES, INC.; and/or INSURANCE AUTO AUCTIONS, INC. For the purpose of this letter, Mr. Knudson collectively refers to these entities as ("IAA").

The employer may be contacted directly at the addresses below:

AUTOMOTIVE RECOVERY SERVICES, INC.
TWO WESTBROOK CORPORATE CENTER
SUITE 500
WESTCHESTER, IL 60154

IAA SERVICES, INC.
TWO WESTBROOK CORPORATE CENTER
STE 500
WESTCHESTER, IL 60154

INSURANCE AUTO AUCTIONS, INC.
TWO WESTBROOK CORPORATE CENTER
SUITE 500
WESTCHESTER, IL 60154

Mr. Knudson intends to seek civil penalties, attorneys' fees, costs, and other available relief for violations of the California Labor Code, which are recoverable under sections 2698, *et seq.*, the Labor Code Private Attorneys General Act of 2004 ("PAGA"). Mr. Knudson seeks relief on behalf of himself, the State of California, and other persons who are or were employed by IAA in California as a non-exempt, hourly paid employee and who received at least one wage statement ("aggrieved employees"). This letter is sent in compliance with the notice and reporting requirements of California Labor Code section 2699.3.

IAA employed Mr. Knudson as a non-exempt employee from approximately April 2021 to February 2024. Mr. Knudson worked for IAA as a Consumer Support Specialist I. During his employment, Mr. Knudson typically worked eight (8) hours to eleven (11) hours or more per day and five (5) days or more per week. By the end of his employment, Mr. Knudson was compensated approximately

\$18.00 per hour. Mr. Knudson's job duties included, without limitation, responding to and resolving issues from customer service calls.

IAA has committed each of the following Labor Code violations against Mr. Knudson, the facts and theories of which follow, making him an "aggrieved employee" pursuant to California Labor Code section 2699(c)(1):¹

IAA's Company-Wide and Uniform Payroll and HR Practices

AUTOMOTIVE RECOVERY SERVICES, INC. is an Indiana corporation. IAA SERVICES, INC.; and INSURANCE AUTO AUCTIONS, INC. are Illinois corporations. IAA facilitates the marketing and sale of total loss, damaged and low-value vehicles for a full spectrum of sellers, including insurance companies, dealerships, fleet lease and rental car companies, and charitable organizations. Upon information and belief, IAA maintains a single, centralized Human Resources (HR) department at its corporate headquarters in Westchester, Illinois, for all non-exempt, hourly paid employees working for IAA in California, including Mr. Knudson and other aggrieved employees. At all relevant times, IAA issued and maintained uniform, standardized scheduling and timekeeping practices and procedures for all non-exempt, hourly paid employees in California, including Mr. Knudson and other aggrieved employees, regardless of their location or position.

Upon information and belief, IAA maintains a centralized Payroll department at its corporate headquarters in Westchester, Illinois, which processes payroll for all non-exempt, hourly paid employees working for IAA in California, including Mr. Knudson and other aggrieved employees. Further, IAA issues the same formatted wage statements in the same manner for all non-exempt, hourly paid employees working in California, including Mr. Knudson and other aggrieved employees, irrespective of their location, position, or manner in which each employee's employment ended. In other words, IAA utilized the same methods and formulas when calculating wages due to Mr. Knudson and other aggrieved employees in California.

Violation of California Labor Code §§ 510 and 1198 – Unpaid Overtime

California Labor Code sections 510 and 1198 and the applicable Industrial Welfare Commission ("IWC") Wage Order require employers to pay employees working more than eight (8) hours in a day or more than forty (40) hours in a workweek at the rate of time-and-one-half (1 ½) times the regular rate of pay for all hours worked in excess of eight (8) hours in a day or more than forty (40) hours in a workweek. The applicable IWC Wage Order further provides that employers are required to pay employees working more than twelve (12) hours in a day overtime compensation at a rate of two (2) times their regular rate of pay. An employee's regular rate of pay includes all remuneration for employment paid to, or on behalf of, the employee, including nondiscretionary bonuses and incentive pay.

¹ These facts, theories, and claims are based on Mr. Knudson's experience and counsel's review of those records currently available relating to Mr. Knudson's employment. Discovery conducted in litigation of wage and hour claims such as these often reveals additional claims that the aggrieved employee was not initially aware of (because the aggrieved employee was not aware of the law's requirements, the employer misinformed its employee of the law's requirements, or because the employer effectively hid the violations). Thus, Mr. Knudson reserves the right to supplement this letter with additional facts, theories, and claims if he becomes aware of them subsequent to the submission of this letter.

IAA willfully failed to pay all overtime wages owed to Mr. Knudson and other aggrieved employees. During the relevant time period, Mr. Knudson and other aggrieved employees were not paid overtime premiums for all of the hours they worked in excess of eight (8) hours in a day, in excess of twelve (12) hours in a day, and/or in excess of forty (40) hours in a week, because all hours that they worked were not recorded.

First, during the relevant time period, IAA had a company-wide policy and/or practice of discouraging and impeding Mr. Knudson and other aggrieved employees from recording hours worked that were outside of their scheduled shifts in order to limit the amount of overtime employees could accrue. In doing so, IAA failed to implement a reliable timekeeping system to track and record Mr. Knudson's and other aggrieved employees' hours worked. IAA's timekeeping software often malfunctioned, had connectivity issues, or would undergo maintenance for long periods of time, which impeded Mr. Knudson and other class members from accurately recording their hours worked. When IAA's timekeeping system malfunctioned, had connectivity issues, or underwent maintenance, IAA's policy and/or practice was to have IAA's management record Mr. Knudson's and other aggrieved employees' hours worked. Upon information and belief, IAA's management often interlineated, altered, falsified, and/or otherwise failed to accurately record Mr. Knudson's and other aggrieved employees' clock-in and clock-out times. Essentially, due to the limitations of the timekeeping system, IAA's management maintained control and/or discretion over employees' clock-in and/or clock-out times. Thus, IAA failed to track time spent working before and after shifts, and Mr. Knudson and other aggrieved employees received no compensation for this time. To the extent IAA's timekeeping policies have taken away time worked that was eligible for overtime, Mr. Knudson and other aggrieved employees have been denied overtime pay for all hours worked.

Because IAA discouraged overtime accrual by, among other things, altering and/or falsifying timesheets, Mr. Knudson and other aggrieved employees were required to complete assigned tasks outside of their scheduled shifts without being compensated for the time they worked. This policy of limiting overtime, coupled with IAA's understaffing and assignment of heavy workloads, including pressure to meet productivity expectations (*see infra*), led Mr. Knudson and other aggrieved employees to work off-the-clock before and after their scheduled shift times. For example, Mr. Knudson regularly spent 5 minutes to 1.5 hours preparing for calls and/or waiting for his computer to update so that he could begin taking calls, time that IAA's management did not record. As a further example, for about 30 minutes per week, Mr. Knudson sometimes received calls from management after he had clocked out, and had to log back in to his computer to take notes, time for which he was not paid. When Mr. Knudson attempted to record this time spent working, on information and belief, IAA's management would subsequently alter his timesheets and shave off the time spent working after his shift to avoid payment of additional wages to Mr. Knudson. This off-the-clock work could have been recorded by IAA, but it refused to do so to avoid payment of additional wages to Mr. Knudson and other aggrieved employees.

Second, as stated, IAA had, and continues to have, company-wide policies and/or practices of understaffing its worksites while assigning heavy workloads, including pressuring employees to meet deadlines and productivity requirements. IAA's policies and/or practices resulted in a failure to provide Mr. Knudson and other aggrieved employees with adequate meal period coverage, and thus, Mr. Knudson and other aggrieved employees were not always afforded uninterrupted 30-minute meal periods during shifts when they were entitled to receive a meal period. IAA also had a practice of failing to schedule meal periods and/or adhere to a schedule for meal periods, which further caused Mr. Knudson and other aggrieved employees to not be relieved of their duties for compliant meal periods. For example, Mr. Knudson regularly missed his meal periods due to the call volume and pressure to meet the expectation of completing 85-100 calls per day. Additionally, Mr. Knudson's

meal periods were sometimes interrupted and/or cut short due to the lack of coverage. Thus, Mr. Knudson and other aggrieved employees missed meal periods and/or had meal periods interrupted in order to complete their assigned workloads and meet productivity expectations. IAA did not compensate Mr. Knudson and other aggrieved employees for the time they spent working off the clock during unpaid meal periods.

Third, during the relevant time period, on information and belief, IAA implemented a company-wide policy and/or practice of automatically deducting meal periods from Mr. Knudson's and other aggrieved employees' time records, instead of allowing employees to clock in and out for meal periods. As a result of this policy, IAA falsified and deducted meal periods from Mr. Knudson's and other aggrieved employees' time records even when meal periods were missed, short, and/or interrupted. Alternatively, because IAA frowned upon employees accruing meal period penalties, IAA's managers pressured Mr. Knudson and other aggrieved employees to clock out for meal periods to reflect compliant meal periods, upon threat of discipline, regardless of whether they had received a compliant meal period or not, in order to strictly limit meal penalties that IAA would otherwise owe.

Moreover, IAA's company-wide timekeeping system prevented Mr. Knudson and other aggrieved employees from recording all hours worked when their meal periods were shortened or interrupted, because the system locked out Mr. Knudson and other aggrieved employees once they clocked out for a meal period, and would not permit them to clock back in from a meal period before 30 minutes had elapsed. Thus, IAA did not record all hours worked during meal periods, and Mr. Knudson and other aggrieved employees performed work during meal periods for which they were not paid.

IAA knew or should have known that as a result of these company-wide practices and/or policies, Mr. Knudson and other aggrieved employees were performing their assigned duties off-the-clock before and after their shifts and during meal periods, and were suffered or permitted to perform work for which they were not paid. Because Mr. Knudson and other aggrieved employees worked shifts of eight (8) hours or more a day, or forty (40) hours a week or more, some of this off-the-clock work qualified for overtime premium pay. Therefore, Mr. Knudson and other aggrieved employees were not paid overtime wages for all of the overtime hours they actually worked.

Moreover, IAA did not pay Mr. Knudson and other aggrieved employees the correct overtime rates for the recorded overtime hours that they generated. In addition to an hourly wage, IAA paid Mr. Knudson and other aggrieved employees incentive pay, nondiscretionary bonuses, and/or other forms of remuneration. However, in violation of the California Labor Code, IAA failed to incorporate all compensation, including incentive pay, nondiscretionary bonuses, and/or other forms of remuneration, into the calculation of the regular rate of pay for purposes of calculating the overtime wage rate. Therefore, during times when Mr. Knudson and other aggrieved employees worked overtime and received these other forms of pay, IAA failed to pay all overtime wages by paying a lower overtime rate than required.

For example, IAA paid Mr. Knudson and other aggrieved employees incentive pay and/or nondiscretionary bonuses which were listed on Mr. Knudson's and other aggrieved employees' wage statements as "Spot Bonus." During pay periods that Mr. Knudson and other aggrieved employees were paid overtime wages, IAA did not incorporate the incentive pay and/or nondiscretionary bonuses into Mr. Knudson's and/or other aggrieved employees' regular rate of pay and, as a result, paid them at incorrect and lower rates of pay for overtime hours worked. Specifically, IAA paid Mr. Knudson and other aggrieved employees 1.5 times their hourly rate of pay instead of 1.5 times their regular rate of pay. IAA's failure to properly calculate the overtime rates of pay based on all

remuneration paid has resulted in an underpayment of overtime wages to Mr. Knudson and other aggrieved employees on a company-wide basis.

IAA's failure to pay Mr. Knudson and other aggrieved employees the balance of overtime compensation, as required by California law, violates the provisions of California Labor Code sections 510 and 1198. Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code sections 558 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 1182.12, 1194, 1197, 1197.1, and 1198 – Unpaid Minimum Wages

California Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198 require employers to pay employees the minimum wage fixed by the IWC. The payment of a lesser wage than the minimum so fixed is unlawful. Compensable work time is defined in IWC Wage Order No. 4-2001 as "the time during which an employee is subject to the control of an employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so." Cal. Code Regs. tit. 8, § 11040(2)(K) (defining "Hours Worked").

First, as stated above, due to IAA's restrictions on overtime accrual, IAA systematically failed to pay Mr. Knudson and other aggrieved employees for actual hours worked before and after their scheduled shifts, because these hours were not accurately recorded. As stated, because IAA discouraged and impeded Mr. Knudson and other aggrieved employees from recording hours worked that were outside of their scheduled shifts, Mr. Knudson and other aggrieved employees were required to work off-the-clock before and after their scheduled shift start and end times preparing to take calls, waiting for their computer to finish updating, and taking calls from management. As also set forth above, IAA's timekeeping system restricted Mr. Knudson and other aggrieved employees from accurately recording their hours worked due to frequent malfunctions and maintenance outages. Instead, on information and belief, Mr. Knudson and other aggrieved employees were subject to IAA's management altering their time records and/or failing to accurately record their hours worked.

Second, as also stated, due to IAA's policies and/or practices of understaffing its worksites while assigning heavy workloads/productivity expectations, and failing to schedule meal periods and/or failing to adhere to a schedule of meal periods, Mr. Knudson and other aggrieved employees were impeded from taking all uninterrupted meal periods to which they were entitled and were required to work off-the-clock during meal periods. Moreover, as stated above, on information and belief, IAA implemented a company-wide policy and/or practice of automatically deducting meal periods from Mr. Knudson's and other aggrieved employees' time records, even when meal periods were missed, short, and/or interrupted. Alternatively, as stated, because IAA frowned upon employees accruing meal period penalties, IAA's managers pressured employees to clock out for meal periods, on threat of discipline, so that their time records would reflect compliant meal periods, even when they did not receive a compliant meal period.

Also, as set forth above, during the relevant time period, IAA systematically failed to pay Mr. Knudson and other aggrieved employees for actual hours worked during unpaid meal periods, because IAA's timekeeping system locked out Mr. Knudson and other aggrieved employees for 30 minutes when they clocked out for a meal period. Thus, IAA systematically failed to pay Mr. Knudson and other aggrieved employees for actual hours worked during unpaid meal periods because these hours were not always correctly recorded.

Thus, IAA did not pay minimum wages for all hours worked by Mr. Knudson and other aggrieved employees. To the extent that these off-the-clock hours did not qualify for overtime premium payment, IAA did not pay at least minimum wages for those hours worked off-the-clock in violation of California Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198.

Accordingly, IAA regularly failed to pay at least minimum wages to Mr. Knudson and other aggrieved employees for all of the hours they worked in violation of California Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198. Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code sections 1197.1 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 226.7, 512(a), 516, and 1198 – Failure to Provide Meal Periods

California Labor Code sections 226.7, 512(a), 516, and 1198 and the applicable IWC Wage Order require employers to provide meal periods and to pay an employee one (1) additional hour of pay at the employee's regular rate for each work day that a meal or rest period is not provided. Pursuant to Labor Code sections 226.7 and 512(a) and the applicable IWC Wage Order, an employer may not require, cause or permit an employee to work for a period of more than five (5) hours per day without providing the employee with an uninterrupted meal period of not less than thirty (30) minutes, except that if the total work period per day of the employee is not more than six (6) hours, the meal period may be waived by mutual consent of both the employer and the employee. Under California law, first meal periods must start after no more than five hours. *Brinker Rest. Corp. v. Superior Court*, 53 Cal. 4th 1004, 1041-1042 (2012). Labor Code sections 226.7 and 512(a) and the applicable IWC Wage Order also require employers to provide a second meal period of not less than thirty (30) minutes if an employee works over ten (10) hours per day or to pay an employee one (1) additional hour of pay at the employee's regular rate, except that if the total hours worked is no more than twelve (12) hours, the second meal period may be waived by mutual consent of the employer and the employee only if the first meal period was not waived.

First, as stated, IAA had, and continues to have, company-wide policies and/or practices of understaffing while assigning heavy workloads, including pressure to meet productivity requirements, which has resulted in a lack of meal period coverage and prevented Mr. Knudson and other aggrieved employees from taking all timely, uninterrupted meal periods to which they were entitled. Further, IAA's company-wide practice of failing to schedule meal periods and/or adhering to a schedule for meal periods further caused Mr. Knudson and other aggrieved employees to not be relieved of their duties for compliant meal periods. As a result, Mr. Knudson and other aggrieved employees had to work through all or part of their meal periods, had their meal periods interrupted, and/or had to wait extended periods of time before taking meal periods. For example, at least 20-30 times, Mr. Knudson missed his meal periods and/or had to take his meal periods late, after having worked in excess of five (5) hours into his shift, due to the call volume and pressure to meet productivity expectations. Additionally, Mr. Knudson's meal periods were sometimes interrupted and/or cut short due to the lack of coverage.

Second, as stated, on information and belief, IAA implemented a company-wide policy and/or practice of automatically deducting meal periods from Mr. Knudson's and other aggrieved employees' time records, instead of allowing employees to clock in and out for meal periods. As a result of this policy, IAA deducted 30 minutes from Mr. Knudson's and other aggrieved employees' time records even when meal periods were missed, short, interrupted, and/or late, instead of allowing employees to clock in and out for meal periods. Alternatively, as stated, because IAA frowned upon

employees accruing meal period penalties, IAA's managers pressured employees to clock out for meal periods to reflect compliant meal periods, upon threat of discipline, even when they did not receive a compliant meal period. For example, Mr. Knudson's supervisors told him to always clock out at a compliant time for meal periods, even when he could not take them at that time, so that IAA could avoid paying a penalty. Thus, IAA systematically failed to correctly record meal periods.

Additionally, as stated, IAA's company-wide timekeeping system prevented Mr. Knudson and other aggrieved employees from recording when their meal periods were shortened or interrupted, because the system locked out Mr. Knudson and other aggrieved employees once they clocked out for a meal period, and would not permit them to clock back in from a meal period before 30 minutes had elapsed.

Third, IAA did not provide Mr. Knudson and other aggrieved employees with second 30-minute meal periods on days that they worked in excess of 10 hours in one day. During his employment, Mr. Knudson often worked shifts in excess of ten (10) or more hours per day but was not provided a second 30-minute meal period. Mr. Knudson and other aggrieved employees did not sign valid meal period waivers on days that they were entitled to meal periods and were not relieved of all duties.

Moreover, IAA had a company-wide policy of requiring all newly hired employees to sign blanket meal period waivers at or near their time of hire. IAA took the position that non-exempt, hourly paid employees had waived their rights to first and/or second meal periods for the entirety of their employment and, on that basis, did not provide them with all meal periods to which they were entitled. Further, IAA's "California Waiver of First Meal Period" and "California Waiver of Second Meal Period" forms require employees to provide advance written notice should they wish to revoke the waiver. IAA's presumption that meal periods would not be provided for shifts in excess of five (5) hours but less than six (6) hours and/or for shifts in excess of ten (10) hours but less than twelve (12) hours, due to blanket meal period waivers signed at or near the time of hire, and imposition on employees to revoke the waivers in advance and in writing, discouraged and impeded Mr. Knudson and other aggrieved employees from taking all meal periods to which they were entitled.

Furthermore, an employer's obligation to provide a meal period is only "triggered" when the employer "employs an employee for a work period of more than five hours per day." *Brinker*, 53 Cal. 4th at 1039 ("If an employer engages, suffers, or permits anyone to work for a full five hours, its meal break obligation is triggered.").

[A]fter the meal break obligation is triggered . . . an employer is put to a choice: it must (1) afford an off-duty meal period; (2) consent to a mutually agreed-upon waiver if one hour or less will end the shift; or (3) obtain written agreement to an on-duty meal period if circumstances permit. Failure to do one of these will render the employer liable for premium pay.

Id. (citing Cal. Labor Code § 226.7; Wage Order No. 5, subd. 11(A), (B)). That IAA required Mr. Knudson and other aggrieved employees to sign meal period waivers simultaneously at or near their time of hire (as opposed to on a specific work day) renders them invalid and unenforceable, because IAA's obligation to provide Mr. Knudson and other aggrieved employees with meal periods did not arise until IAA had employed them for a full five (5) hours.

At all times mentioned herein, IAA knew or should have known that as a result of its policies, Mr. Knudson and other aggrieved employees were prevented from being relieved of all duties and required to perform some of their assigned duties during meal periods. IAA further knew or should

have known that it did not pay Mr. Knudson and other aggrieved employees all meal period premiums when meal periods were late, interrupted, shortened, and/or missed.

Furthermore, IAA engaged in a company-wide practice and/or policy of not paying meal period premiums owed when compliant meal periods are not provided. Because of this practice and/or policy, Mr. Knudson and other aggrieved employees have not received premium pay for all missed, late, and interrupted meal periods. Alternatively, to the extent that IAA did pay Mr. Knudson and other aggrieved employees premium pay for missed, late, and interrupted meal periods, IAA did not pay Mr. Knudson and other aggrieved employees at the correct rate of pay for premiums because IAA systematically failed to include all forms of compensation, such as incentive pay, nondiscretionary bonuses, and/or other forms of remuneration, in the regular rate of pay.

Accordingly, IAA failed to provide all meal periods in violation of California Labor Code sections 226.7, 512(a), 516, and 1198. Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code sections 558 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 226.7, 516, and 1198 – Failure to Authorize and Permit Rest Periods

California Labor Code sections 226.7, 516, and 1198 and the applicable IWC Wage Order require employers to provide rest periods and to pay an employee one (1) additional hour of pay at the employee's regular rate for each work day that a meal or rest period is not provided. California Labor Code section 226.7 provides that no employer shall require an employee to work during any rest period mandated by an applicable order of the California IWC. The applicable IWC Wage Order provides that "[e]very employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period" and that the "rest period time shall be based on the total hours worked daily at the rate of ten (10) minutes net rest time per four (4) hours or major fraction thereof" unless the total daily work time is less than three and one-half (3 ½) hours.

To comply with its obligation to authorize and permit rest periods under California Labor Code section 226.7 and the applicable IWC Wage Order, an employer must "relinquish any control over how employees spend their break time, and relieve their employees of all duties—including the obligation that an employee remain on call. A rest period, in short, must be a period of rest." *Augustus, et al. v. ABM Security Services, Inc.*, 2 Cal. 5th 257, 273 (2016).

During the relevant time period, IAA regularly failed to authorize and permit Mr. Knudson and other aggrieved employees to take a ten (10) minute rest period per each four (4) hour period worked or major fraction thereof. As with meal periods, IAA's company-wide practices, including understaffing and assigning heavy workloads, including pressure to meet productivity requirements, prevented Mr. Knudson and other aggrieved employees from being relieved of all duty to take rest periods. Additionally, IAA failed to schedule rest periods and/or adhere to a schedule for rest periods, which, coupled with IAA's failure to provide adequate rest period coverage, further led to Mr. Knudson and other aggrieved employees not being authorized and permitted to take rest periods.

Furthermore, during the relevant time period, IAA maintained and implemented a company-wide on-premises rest period policy, which mandated that Mr. Knudson and other aggrieved employees remain on the work premises during their rest periods. Because Mr. Knudson and other aggrieved employees were restricted from leaving the premises during rest periods, they were denied the ability

to use their rest periods freely for their own purposes, such as running personal errands. Thus, IAA maintained control over Mr. Knudson and other aggrieved employees during rest periods.

As a result of IAA's practices and policies, Mr. Knudson and other aggrieved employees worked shifts in excess of 3.5 hours, in excess of 6 hours, and/or in excess of 10 hours without receiving all uninterrupted rest periods to which they were entitled. For example, Mr. Knudson regularly had to forgo most or all of his rest periods in a given week due to the heavy workload and lack of coverage.

IAA has also engaged in a systematic, company-wide practice and/or policy of not paying rest period premiums owed when rest periods are not authorized and permitted. Because of this practice and/or policy, Mr. Knudson and other aggrieved employees have not received premium pay for all missed rest periods. Alternatively, to the extent that IAA did pay Mr. Knudson and other aggrieved employees one (1) additional hour of premium pay for missed rest periods, IAA did not pay Mr. Knudson and other aggrieved employees at the correct rate of pay for premiums because IAA failed to include all forms of compensation, such as incentive pay, nondiscretionary bonuses, and/or other forms of remuneration, in the regular rate of pay.

Accordingly, IAA failed to authorize and permit all rest periods in violation of California Labor Code sections 226.7, 516, and 1198. Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code sections 558 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 226(a), 1174(d), and 1198 – Non-Compliant Wage Statements and Failure to Maintain Accurate Payroll Records

California Labor Code section 226(a) requires employers to make, keep and provide true, accurate, and complete employment records. IAA has not provided Mr. Knudson and other aggrieved employees with properly itemized wage statements. Labor Code section 226(e) provides that if an employer fails to comply with providing an employee with properly itemized wage statements as set forth in 226(a), then the employee is entitled to recover the greater of all actual damages or \$50 for the initial pay period in which a violation occurs and \$100 per employee for each violation in a subsequent pay period, not to exceed \$4,000. Further, Labor Code section 226.3 provides that any employer who violates section 226(a) shall be subject to a civil penalty in the amount of \$250 per employee per violation in an initial citation and \$1,000 per employee for each violation in a subsequent citation, for which the employer fails to provide the employee a wage statement or fails to keep the required records pursuant to Section 226(a).

During the relevant time period, IAA has knowingly and intentionally provided Mr. Knudson and other aggrieved employees with uniform, incomplete, and inaccurate wage statements. For example, IAA issued uniform wage statements to Mr. Knudson and other aggrieved employees that fail to correctly list: gross wages earned; total hours worked; net wages earned; the address of the legal entity that is the employer; and all applicable hourly rates in effect during the pay period, including rates of pay for overtime wages and/or meal and rest period premiums, and the corresponding number of hours worked at each hourly rate. Specifically, IAA violated sections 226(a)(1), 226(a)(2), 226(a)(5), 226(a)(8), and 226(a)(9).

Because IAA did not accurately record the time Mr. Knudson and other aggrieved employees spent working off-the-clock and deducted time from their records for meal periods that were interrupted and/or missed (and therefore time for which they should have been paid), IAA did not list the correct amount of gross wages and net wages earned by Mr. Knudson and other aggrieved employees, in

compliance with section 226(a)(1) and section 226(a)(5), respectively. For the same reason, IAA failed to accurately list the total number of the hours worked by Mr. Knudson and other aggrieved employees, in violation of section 226(a)(2), and failed to list the applicable hourly rates of pay in effect during the pay period and the corresponding accurate number of hours worked at each hourly rate, in violation of section 226(a)(9).

Also, because IAA did not calculate Mr. Knudson's and other aggrieved employees' regular rate of pay correctly for purposes of paying overtime wages and/or meal and rest period premiums, IAA did not list the correct amount of gross wages in compliance with section 226(a)(1) and did not list the correct amount of net wages in violation of section 226(a)(5). IAA also failed to correctly list all applicable hourly rates in effect during the pay period, namely, correct rates of pay for overtime wages and/or meal and rest period premiums, in violation of section 226(a)(9).

Further, and separate from these violations, IAA issued uniform wage statements to Mr. Knudson and other aggrieved employees that failed to list the correct address of the legal entity of the actual employer in violation of 226(a)(8). The purpose of section 226(a)(8) is to provide California employees with transparency as to the true identity of their employer, to allow the employee to contact their employer during employment or in the future for various reasons, including filing an administrative claim, judicial claim, or other action to seek relief against their employer, to obtain unemployment benefits, etc. During the relevant time period, IAA systematically, and on a company-wide basis, issued wage statements to Mr. Knudson and Subclass members that fail to list the employing entity's correct address. Mr. Knudson's and other aggrieved employees' wage statements incorrectly list the employer's address as "TWO WESTBROOK CORPORATE CENTER, 10TH FLOOR, WESTCHESTER, IL 60154" but, according to the California Secretary of State's website, the correct address is "TWO WESTBROOK CORPORATE CENTER, **SUITE 500**, WESTCHESTER, IL 60154" (emphasis added).

The wage statement deficiencies also include, without limitation, failing to list the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis; failing to list all deductions; failing to list the inclusive dates of the period for which aggrieved employees were paid; failing to list 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; failing to list the name of the legal entity that is the employer; and/or failing to state all hours worked as a result of not recording or stating hours worked off-the-clock.

California Labor Code section 1174(d) provides that "[e]very person employing labor in this state shall . . . [k]eep a record showing the names and addresses of all employees employed and the ages of all minors" and "[k]eep, at a central location in the state or at the plants or establishments at which employees are employed, 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" Labor Code section 1174.5 provides that employers are subject to a \$500 civil penalty if they fail to maintain accurate and complete records as required by section 1174(d). During the relevant time period, and in violation of Labor Code section 1174(d), IAA willfully failed to maintain accurate payroll records for Mr. Knudson and other aggrieved employees showing the daily hours they worked and the wages paid thereto as a result of failing to record the off-the-clock hours that they worked.

California Labor Code section 1198 provides that the maximum hours of work and the standard conditions of labor shall be those fixed by the Labor Commissioner and as set forth in the applicable IWC Wage Order. Section 1198 further provides that "[t]he employment of any employees for

longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.” Pursuant to the applicable IWC Wage Order, employers are required to keep accurate time records showing when the employee begins and ends each work period and meal period. As stated, IAA engaged in company-wide practices and/or policies of falsifying Mr. Knudson’s and Subclass members’ time records by recording that compliant meal periods were taken regardless of if or when meal periods were actually taken, and thereby failed to keep accurate records of work period and meal period start and end times for Mr. Knudson and other aggrieved employees, in violation of section 1198. Furthermore, in light of IAA’s failure to provide Mr. Knudson and other aggrieved employees with second 30-minute meal periods to which they were entitled, IAA kept no records of meal start and end times for second meal periods.

Because IAA failed to provide the correct net and gross wages earned, applicable rates of pay, and number of total hours worked on wage statements, Mr. Knudson and other aggrieved employees have been prevented from verifying, solely from information on the wage statements themselves, that they were paid correctly and in full. Instead, Mr. Knudson and other aggrieved employees have had to look to sources outside of the wage statements themselves and reconstruct time records to determine whether in fact they were paid correctly and the extent of underpayment, thereby causing them injury.

Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys’ fees, costs, and interest thereon pursuant to Labor Code sections 226.3, 1174.5, and/or 2699(a), (f), and (k).

Violation of California Labor Code § 204 – Failure to Timely Pay Wages During Employment

California Labor Code section 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following month. California Labor Code section 204 also requires that all wages earned for labor in excess of the normal work period shall be paid no later than the payday for the next regular payroll period. Alternatively, California Labor Code section 204 provides that the requirements of this section are deemed satisfied by the payment of wages for weekly, biweekly, or semimonthly payroll if the wages are paid not more than seven (7) calendar days following the close of the payroll period.

During the relevant time period, IAA failed to pay Mr. Knudson and other aggrieved employees all wages due to them, including, but not limited to, overtime wages, minimum wages, meal and rest period premiums, and/or reporting time pay, within any time period specified by California Labor Code section 204.

Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys’ fees, costs, and interest thereon, pursuant to Labor Code sections 210 and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 201 and 202 – Failure to Timely Pay Final Wages Upon Termination

California Labor Code sections 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an

employee voluntarily leaves his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting.

On information and belief, IAA has a company-wide practice and/or policy of paying departing employees their final wages late, instead of adhering to the time requirements set forth in Labor Code sections 201 and 202. For example, IAA terminated Mr. Knudson on or about February 16, 2024; however, IAA did not provide Mr. Knudson with his final wages until on or about February 20, 2024. Thus, IAA failed to pay Mr. Knudson his final wages immediately, in violation of California Labor Code section 201.

Additionally, IAA willfully failed to pay Mr. Knudson and other aggrieved employees who are no longer employed by IAA the earned and unpaid wages set forth above, including but not limited to, overtime wages, minimum wages, meal and rest period premiums, and/or reporting time pay, either at the time of discharge, or within seventy-two (72) hours of their leaving IAA's employ.

Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code sections 256 and/or 2699(a), (f), and (k).

Violation of California Labor Code § 1198 and California Code of Regulations Title 8, Section 11040 Subdivision 5(A) – Failure to Pay Reporting Time Pay

California Labor Code section 1198 dictates that no employer may employ an employee under conditions of labor that are prohibited by the applicable IWC Wage Order. California Labor Code section 1198 further requires that “. . . the standard conditions of labor fixed by the commission shall be the . . . standard conditions of labor for employees. The employment of any employee . . . under conditions of labor prohibited by the order is unlawful.”

California Code of Regulations, Title 8, section 11040(5)(A) provides that “[e]ach workday an employee is required to report for work and does report, but is not put to work or is furnished less than half said employee's usual or scheduled day's work, the employee shall be paid for half the usual or scheduled day's work, but in no event for less than two (2) hours nor more than four (4) hours, at the employee's regular rate of pay, which shall not be less than the minimum wage.” The “primary purpose of the reporting time regulation” is “to guarantee at least partial compensation for employees who report to work expecting to work a specified number of hours, and who are deprived of that amount because of inadequate scheduling or lack of proper notice by the employer.” *Aleman v. AirTouch Cellular*, 209 Cal. App. 4th 556 (2012).

During the relevant time period, IAA violated California Labor Code section 1198 and California Code of Regulations, Title 8, section 11040(5)(A), because IAA failed to pay Mr. Knudson and other aggrieved employees reporting time pay when they reported to work for their scheduled shift but were put to work for less than half of the usual or scheduled day's work.

IAA had a company-wide practice of sending Mr. Knudson and other aggrieved employees home early from their shifts, including before they had worked at least half of their usual or scheduled shift, but would not pay Mr. Knudson and other aggrieved employees for half of their usual or scheduled shift. For example, when scheduled to work an eight (8) hour shift, IAA's managers sent Mr. Knudson home about two (2) hours after the start of his shift. Although Mr. Knudson and other aggrieved employees reported to work based on the schedule that IAA provided to them, IAA would

send them home before they had worked at least half of their scheduled shifts. When this occurred, IAA did not pay Mr. Knudson and other aggrieved employees for at least half of their scheduled day's work or the minimum reporting time pay.

Accordingly, Mr. Knudson and other aggrieved employees were not properly compensated with reporting time pay in violation of California Labor Code section 1198 and California Code of Regulations, Title 8, section 11040(5)(A).

Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code sections 2699(a), (f), and (k).

Violation of California Labor Code § 1198 and California Code of Regulations Title 8, Section 11040 Subdivision 15 – Failure to Maintain Work Temperature Providing Reasonable Comfort

California Labor Code section 1198 dictates that no employer may employ an employee under conditions of labor that are prohibited by the applicable IWC Wage Order. California Labor Code section 1198 further requires that “. . . the standard conditions of labor fixed by the commission shall be the . . . standard conditions of labor for employees. The employment of any employee . . . under conditions of labor prohibited by the order is unlawful.”

California Code of Regulations, Title 8, sections 11040(15)(A) and (B) provide that “[t]he temperature maintained in each work area shall provide reasonable comfort consistent with industry-wide standards for the nature of the process and the work performed If excessive heat or humidity is created by the work process, the employer shall take all feasible means to reduce such excessive heat or humidity to a degree providing reasonable comfort.” California law requires an employer to endeavor to provide a safe and healthy workplace (Cal. Code Regs. tit. 8, § 3203).

Upon information and belief, IAA violated California Labor Code section 1198 and California Code of Regulations, Title 8, section 11040(15), because IAA failed to maintain a temperature in work areas that provided reasonable comfort consistent with industry-wide standards for the nature of the process and the work performed and failed to take all feasible means to reduce excessive heat or humidity to a degree providing reasonable comfort.

During the relevant time period, Mr. Knudson and other aggrieved employees were subjected to excessive heat and/or humidity resulting in temperatures equaling or exceeding 82 degrees Fahrenheit. IAA failed to provide Mr. Knudson and other aggrieved employees with reasonable comfort by maintaining the indoor temperature within the range of industry standards by providing adequate air conditioning, in violation of California Labor Code section 1198 and IWC Wage Order 4-2001, subdivision 15. For example, Mr. Knudson and other aggrieved employees who were present in IAA's offices were not provided sufficient air conditioning or fans, and would be required to work indoors at 82 degrees Fahrenheit or more. Accordingly, IAA failed to maintain, in its work areas, a temperature providing reasonable comfort for its employees, Mr. Knudson and other aggrieved employees, in violation of California Labor Code section 1198 and California Code of Regulations, Title 8, section 11040(15).

Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code sections 2699(a), (f), and (k).

Violation of California Labor Code § 2802 – Unreimbursed Business Expenses

California Labor Code section 2802 requires employers to pay for all necessary expenditures and losses incurred by the employee in the performance of his or her job. The purpose of Labor Code section 2802 is to prevent employers from passing off their cost of doing business and operating expenses on to their employees. *Cochran v. Schwan's Home Service, Inc.*, 228 Cal. App. 4th 1137, 1144 (2014). The applicable wage order, IWC Wage Order No. 4-2001, provides that: “[w]hen tools or equipment are required by the employer or are necessary to the performance of a job, such tools and equipment shall be provided and maintained by the employer, except that an employee whose wages are at least two (2) times the minimum wage provided herein may be required to provide and maintain hand tools and equipment customarily required by the trade or craft.”

During the relevant time period, IAA, on a company-wide basis, required that Mr. Knudson and other aggrieved employees use their own personal mobile devices, including, but not limited to, cellular phones, and/or mobile data to carry out their job duties but failed to reimburse them for the costs of their work-related mobile device expenses. For example, managers contacted Mr. Knudson on his personal mobile device to discuss work-related matters. Further, Mr. Knudson and other aggrieved employees used their personal cellular phones as WiFi hotspots when the internet in IAA's office was down so they could continue to perform their work duties. Although IAA required Mr. Knudson and other aggrieved employees to utilize their personal mobile devices and/or mobile data to carry out their work-related responsibilities, IAA failed to reimburse them for this cost.

IAA could have provided Mr. Knudson and other aggrieved employees with company mobile devices, or, IAA could have reimbursed employees for the costs of their mobile device usage. Instead, IAA passed these operating costs off onto Mr. Knudson and other aggrieved employees. At all relevant times, Mr. Knudson did not earn at least two (2) times the minimum wage.

Thus, IAA had, and continues to have, a company-wide policy and/or practice of not reimbursing employees for expenses necessarily incurred in violation of California Labor Code section 2802. Mr. Knudson and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, pursuant to Labor Code sections 2699(a), (f), and (k).

California Labor Code § 558(a)

California Labor Code section 558(a) provides “[a]ny employer or other person acting on behalf of an employer who violates, or causes to be violated, a section of this chapter or any provision regulating hours and days of work in any order of the Industrial Welfare Commission shall be subject to a civil penalty as follows: (1) For any initial violation, fifty dollars (\$50) for each underpaid employee for each pay period for which the employee was underpaid . . . (2) For each subsequent violation, one hundred dollars (\$100) for each underpaid employee for each pay period for which the employee was underpaid . . .” Labor Code section 558(c) provides that “[t]he civil penalties provided for in this section are in addition to any other civil or criminal penalty provided by law.” IAA, at all relevant times, was an employer or person acting on behalf of an employer(s) who violated Mr. Knudson's and other aggrieved employees' rights by violating various sections of the California Labor Code.

Accordingly, Mr. Knudson seeks the remedies set forth in Labor Code section 558 for himself, the State of California, and all other aggrieved employees. Specifically, pursuant to PAGA, and in particular California Labor Code sections 2699(a), 2699.3(a) and 2699.3(c), 2699.5, and 558, Mr. Knudson, acting in the public interest as a private attorney general, seeks assessment and collection

of civil penalties for himself, all other aggrieved employees, and the State of California against IAA for violations of California Labor Code sections 201, 202, 204, 226(a), 226.7, 510, 512(a), 516, 1174(d), 1182.12, 1194, 1197, 1197.1, 1198, and 2802.

Therefore, on behalf of all aggrieved employees, Mr. Knudson seeks all applicable penalties related to these violations of the California Labor Code pursuant to PAGA.

Thank you for your attention to this matter. If you have any questions, please contact me at the phone number or address below:

Sairah Budhwani
Capstone Law APC
1875 Century Park East, Suite 1000
Los Angeles, CA 90067
(310) 556-4811

Best Regards,

A handwritten signature in black ink that reads "Sairah Budhwani". The signature is fluid and cursive, with a small dot at the end.

Sairah Budhwani

Copy: AUTOMOTIVE RECOVERY SERVICES, INC. (via U.S. Certified Mail); IAA SERVICES, INC. (via U.S. Certified Mail); INSURANCE AUTO AUCTIONS, INC. (via U.S. Certified Mail)

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TWO WESTBROOK CORPORATE
CENTER STE 500
WESTCHESTER, IL 60154

IAA SERVICES, INC.
TWO WESTBROOK CORPORATE
CENTER STE 500
WESTCHESTER, IL 60154

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CENTER STE 500
WESTCHESTER, IL 60154



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PROOF OF SERVICE

I am employed in the State of California, County of Los Angeles. I am over the age of 18 and not a party to the within suit; my business address is 1875 Century Park East, Suite 1000 Los Angeles, California 90067.

On **October 16, 2024** I served the document described as **FIRST AMENDED CLASS ACTION COMPLAINT & ENFORCEMENT ACTION UNDER THE PRIVATE ATTORNEYS GENERAL ACT, CALIFORNIA LABOR CODE §§ 2698, ET SEQ.** on the interested parties in this action by sending ☐ the original ☒ a true copy thereof ☒ to interested parties as follows ☐ as stated on the attached service list:

CSC – Lawyers Incorporating Service
2710 Gateway Oaks Drive
Sacramento CA 95833

Agents for Defendant
AUTOMOTIVE RECOVERY SERVICES,
INC., IAA SERVICES, INC.,
INSURANCE AUTO AUCTIONS, INC

☒ **BY MAIL (ENCLOSED IN A SEALED ENVELOPE):** I deposited the envelope(s) for mailing in the ordinary course of business at Los Angeles, California. I am “readily familiar” with this firm’s practice of collection and processing correspondence for mailing. Under that practice, sealed envelopes are deposited with the U.S. Postal Service that same day in the ordinary course of business with postage thereon fully prepaid at Los Angeles, California.

☐ **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 or e-mail of record in this action.

☐ **BY ELECTRONIC SERVICE:** I caused the document(s) to be transmitted electronically via OneLegal eService to the individuals listed above, as they exist on that database. This will constitute service of the document(s).

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on **October 16, 2024**, at Los Angeles, California.

Sophia Flores

Type/Print Name



Signature