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December 23, 2024

VIA ONLINE SUBMISSION

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

Subject: *Shamiya Lewis, et al. v. PSMG, Inc.*

Dear PAGA Administrator:

This office represents Shamiya Lewis in connection with her claims under the California Labor Code. Ms. Lewis was an employee of PSMG, INC. ("PSMG").

The employer may be contacted directly at the address below:

PSMG, INC.
3303 HARBOR BLVD, SUITE A103
COSTA MESA, CA 92626

Ms. Lewis 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"). Ms. Lewis seeks relief on behalf of herself, the State of California, and other persons who are or were employed by PSMG as a non-exempt, hourly paid employee in California 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.

PSMG employed Ms. Lewis as an hourly paid, non-exempt employee at one of its client's sites, Amcan Beverages (located at 1201 Commerce Boulevard, American Canyon, California 94503). Ms. Lewis worked as a Security Guard from approximately July 2023 to July 2024. During her employment, Ms. Lewis typically worked eight (8) hours or more per day and five (5) days or more per week. At the time her employment ended, Ms. Lewis was compensated approximately \$21.45 per hour. Her primary job duties included, without limitation, verifying appointment times for deliveries, checking in trucks, and controlling truck entry and exit gates.

PSMG has committed each of the following Labor Code violations against Ms. Lewis, the facts and theories of which follow, making her an “aggrieved employee” pursuant to California Labor Code section 2699(c)(1):¹

PSMG’s Company-Wide and Uniform Payroll and HR Practices

PSMG, INC. is a California corporation. PSMG is a private security company that provides services for industrial, commercial, and residential properties. Upon information and belief, PSMG maintains a single, centralized Human Resources (HR) department at its corporate headquarters in Costa Mesa, California, for all non-exempt, hourly paid employees working for PSMG in California, including Ms. Lewis and other aggrieved employees. At all relevant times, PSMG issued and maintained uniform, standardized scheduling and timekeeping practices and procedures for all non-exempt, hourly paid employees in California, including Ms. Lewis and other aggrieved employees, regardless of their location or position.

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

PSMG willfully failed to pay all overtime wages owed to Ms. Lewis and other aggrieved employees. During the relevant time period, Ms. Lewis 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.

¹ These facts, theories, and claims are based on Ms. Lewis’ experience and counsel’s review of those records currently available relating to Ms. Lewis’ 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, Ms. Lewis reserves the right to supplement this letter with additional facts, theories, and claims if she becomes aware of them subsequent to the submission of this letter.

First, during the relevant time period, PSMG had, and continues to have, a company-wide policy and/or practice of discouraging and impeding Ms. Lewis and other aggrieved employees from recording hours worked that were outside of their scheduled shifts. PSMG's company-wide policy and/or practice is to require employees to fill out handwritten timesheets each day and to submit them to management for review and approval. When completing these handwritten timesheets, PSMG's management instructed Ms. Lewis and other aggrieved employees to record only their scheduled shift start- and end-times, instead of their actual hours worked. Alternatively, on information and belief, PSMG's supervisors rounded clock-in and clock-out times to the nearest hour, half-hour, or quarter-hour to limit the time for which employees were eligible to be compensated. PSMG's rounding policy resulted in the failure to compensate Ms. Lewis and other aggrieved employees fully for all hours worked, causing Ms. Lewis and other aggrieved employees to not be paid overtime wages for all of the overtime hours they actually worked. To the extent PSMG's timekeeping practices took away time worked that was eligible for overtime, Ms. Lewis and other aggrieved employees were denied overtime pay for all hours worked.

For example, Ms. Lewis was required to report to her assigned jobsite approximately 10-15 minutes prior to her scheduled shift-start time for every shift. As another example, because of PSMG's company-wide policy and/or practice of providing their clients with continuous monitoring of jobsites, Ms. Lewis was required to wait for the employee working the next shift to arrive at the jobsite so she could leave for the day. However, due to PSMG's restriction on overtime, she was told she could not remain clocked in and record this time spent working after her scheduled shift end-time. As a result, about two (2) to three (3) times per week, when other employees were running late, Ms. Lewis clocked out at her scheduled shift-end time but had to wait approximately ten (10) minutes off-the-clock to be relieved. Furthermore, PSMG's management would call Ms. Lewis on her day off once per week to discuss work-related matters such as delivery truck appointments and procedures, time for which she was not paid.

Second, PSMG had, and continues to have, a company-wide policy and/or practice of understaffing while assigning heavy workloads, including providing continuous jobsite monitoring. PSMG's policies and/or practices resulted in a failure to provide Ms. Lewis and other aggrieved employees with adequate meal period coverage, and thus, Ms. Lewis and other aggrieved employees were not always afforded uninterrupted 30-minute meal periods during shifts when they were entitled to receive a meal period. Also, PSMG systematically, and on a company-wide basis, understaffed its jobsite locations, including by adopting a single-staffing model for some of its jobsites, whereby only one employee was scheduled to work at certain times, thereby failing to provide adequate meal period coverage to permit those employees to take compliant meal periods. PSMG also had a practice of failing to schedule meal periods at all, which further caused Ms. Lewis and other aggrieved employees to not be relieved of their duties for compliant meal periods. For example, Ms. Lewis' meal periods were interrupted and/or cut short about twice per week due to the high volume of trucks that she was responsible for checking in. For the same reasons, she sometimes had to work through her meal periods. Thus, Ms. Lewis and other aggrieved employees worked through their meal periods in order to complete their assigned workloads.

Third, because PSMG frowned upon employees accruing meal period penalties, PSMG's management pressured Ms. Lewis and other aggrieved employees to clock out for meal periods to reflect compliant meal periods, on threat of discipline, even when they did not receive a compliant meal period. For example, when Ms. Lewis was too busy with her workload to take a compliant meal period, her manager told her to record a compliant meal period on her handwritten timesheet regardless, and verbally warned her if she did not do so. Thus, PSMG did not record all hours

worked during meal periods, and Ms. Lewis and other aggrieved employees performed work during meal periods for which they were not paid.

Fourth, PSMG maintained a company-wide on-premises meal period policy, which mandated that Ms. Lewis and other aggrieved employees remain on their clients' jobsite premises during their unpaid meal periods. Because Ms. Lewis and other aggrieved employees were restricted from leaving the premises during meal periods, they were denied the ability to use their meal periods freely for their own purposes. Thus, PSMG maintained control over Ms. Lewis and other aggrieved employees during their unpaid meal periods.

PSMG knew or should have known that as a result of these company-wide practices and/or policies, Ms. Lewis and other aggrieved employees were performing 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 Ms. Lewis and other aggrieved employees regularly worked shifts of eight (8) hours a day or more, or forty (40) hours a week or more, some of this off-the-clock work qualified for overtime premium pay. Therefore, Ms. Lewis and other aggrieved employees were not paid overtime wages for all of the overtime hours they actually worked.

PSMG's failure to pay Ms. Lewis 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. Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with the applicable IWC Wage Order and Labor Code sections 510 and 1198, 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)(L) (defining "Hours Worked").

First, as set forth above, during the relevant time period, as a result of PSMG's company-wide policies and/or practice of limiting overtime accrual and pressuring employees to record only their scheduled hours instead of hours actually worked, PSMG failed to pay Ms. Lewis and other aggrieved employees for work performed outside their scheduled shifts, including, but not limited to, reporting to work early, waiting for other employees to arrive for their shifts, and fielding calls from management during off-hours. Moreover, due to PSMG's policy of rounding Ms. Lewis' and other aggrieved employees' clock-in and clock-out times in its timekeeping system to the nearest hour, half-hour, or quarter-hour, PSMG failed to compensate Ms. Lewis and other aggrieved employees fully for all hours worked.

Second, due to PSMG's policies and/or practices of understaffing and/or single-staffing its jobsites while assigning heavy workloads, requiring employees to remain on the jobsite premises during meal periods, and failing to schedule meal periods, Ms. Lewis and other aggrieved employees were prevented from taking all uninterrupted meal periods to which they were entitled and were required

to work off-the-clock during meal periods, have their meal periods interrupted, and/or were otherwise not relieved of all duties during unpaid meal periods.

Third, as stated above, on information and belief, during the relevant time period, in order to limit meal penalties that PSMG would otherwise owe, PSMG's management pressured Ms. Lewis and other aggrieved employees to clock out for meal periods, on threat of discipline, even when they did not receive a compliant meal period. Thus, PSMG systematically failed to pay Ms. Lewis and other aggrieved employees for actual hours worked during unpaid meal periods because these hours were not always correctly recorded.

PSMG did not pay at least minimum wages for all hours worked by Ms. Lewis and other aggrieved employees. Also, to the extent that these off-the-clock hours did not qualify for overtime premium payment, PSMG 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, PSMG regularly failed to pay at least minimum wages to Ms. Lewis 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. Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with the applicable IWC Wage Order and Labor Code sections 1182.12, 1194, 1197, 1197.1, and 1198, 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, during the relevant time period, as stated, PSMG had, and continues to have, a company-wide policy and/or practice of understaffing and/or single-staffing jobsites while assigning heavy workloads, including providing continuous jobsite monitoring, which has resulted in a lack of meal period coverage and prevented Ms. Lewis and other aggrieved employees from taking all timely, uninterrupted meal periods to which they were entitled. Further, as stated, PSMG had a company-wide practice and/or policy of failing to schedule meal periods, which further caused Ms. Lewis and other aggrieved employees to not be relieved of their duties for compliant meal periods. For example, Ms. Lewis' meal periods were interrupted and/or cut short about once or twice per week

due to her workload. For the same reasons, she missed some of her meal periods, and often had to take her meal periods late, after the fifth hour of work.

Second, as stated, on information and belief, in order to limit meal penalties that PSMG would otherwise owe, PSMG's management pressured Ms. Lewis and other aggrieved employees to clock out for meal periods to reflect compliant meal periods, on threat of discipline. For example, as stated above, PSMG's management pressured Ms. Lewis to submit timesheets reflecting compliant meal periods even on shifts when she had not, in fact, received these timely, uninterrupted meal periods.

Third, as also stated, during the relevant time period, PSMG maintained and implemented a company-wide on-premises meal period policy for employees, which mandated that Ms. Lewis and other aggrieved employees remain on the work premises during meal periods. Because Ms. Lewis and other aggrieved employees were restricted from leaving the premises during meal periods, they were denied the ability to use their meal periods freely for their own purposes. Thus, PSMG maintained control over Ms. Lewis and other aggrieved employees during meal periods. Ms. Lewis 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.

PSMG knew or should have known that as a result of its company-wide policies and/or practices, Ms. Lewis and other aggrieved employees were prevented from being relieved of all duties and required to perform some of their assigned duties during meal periods. PSMG further knew or should have known that it did not pay Ms. Lewis and other aggrieved employees meal period premiums when meal periods were late, interrupted, shortened, and/or missed. Further, to the extent that PSMG's rounding policy reported that Ms. Lewis and other aggrieved employees were provided with timely, full 30-minute meal periods when, in fact, the meal periods were taken after the fifth hour of work or were less than 30 minutes, Ms. Lewis and other aggrieved employees did not receive meal period penalties for these improperly rounded meal periods.

Moreover, PSMG 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, Ms. Lewis and other aggrieved employees have not received premium pay for all missed, late, and interrupted meal periods.

Accordingly, PSMG failed to provide all meal periods in violation of California Labor Code sections 226.7, 512(a), 516, and 1198. Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with the applicable IWC Wage Order and Labor Code sections 226.7, 512(a), 516, and 1198, 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, PSMG regularly failed to authorize and permit Ms. Lewis 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, PSMG’s company-wide practices, including understaffing/single-staffing and assigning heavy workloads, prevented Ms. Lewis and other aggrieved employees from being relieved of all duties to take rest periods. Additionally, PSMG failed to schedule rest periods, which, coupled with PSMG’s failure to provide adequate rest period coverage, further led to Ms. Lewis and other aggrieved employees not being authorized and permitted to take rest periods.

Furthermore, PSMG maintained a company-wide on-premises rest period policy, which mandated that Ms. Lewis and other aggrieved employees remain on the work premises during their rest periods. Because Ms. Lewis 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, PSMG maintained control over Ms. Lewis and other aggrieved employees during rest periods.

As a result of PSMG’s practices and policies, Ms. Lewis 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 10-minute rest periods to which they were entitled. For example, Ms. Lewis had to forgo her rest periods about two (2) to three (3) times per week due to the heavy workload and lack of rest period coverage.

PSMG also has engaged in a company-wide practice and/or policy of not paying rest period premiums owed when compliant rest periods are not authorized and permitted. Because of this practice and/or policy, Ms. Lewis and other aggrieved employees have not received premium pay for all missed rest periods.

Accordingly, PSMG failed to authorize and permit all rest periods in violation of California Labor Code sections 226.7, 516, and 1198. Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorneys’ fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with the applicable IWC Wage Order and Labor Code sections 226.7, 516, and 1198, 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. PSMG has not provided Ms. Lewis 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, PSMG has knowingly and intentionally provided Ms. Lewis and other aggrieved employees with uniform, incomplete, and inaccurate wage statements. For example, PSMG issued uniform wage statements to Ms. Lewis and other aggrieved employees that fail to correctly list: gross wages earned; total hours worked; net wages earned; and all applicable hourly rates in effect during the pay period, including rates of pay for overtime wages, and the corresponding number of hours worked at each hourly rate. Specifically, PSMG violated sections 226(a)(1), 226(a)(2), 226(a)(5), and 226(a)(9).

Because PSMG did not record the time Ms. Lewis and other aggrieved employees spent working off-the-clock, improperly rounded their total hours worked, 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), PSMG did not list the correct amount of gross wages and net wages earned by Ms. Lewis and other aggrieved employees in compliance with section 226(a)(1) and section 226(a)(5), respectively. For the same reason, PSMG failed to accurately list the total number of hours worked by Ms. Lewis 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).

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 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 and address 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), PSMG willfully failed to maintain accurate payroll records for Ms. Lewis 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 and improperly rounding Ms. Lewis’ and other aggrieved employees’ total hours 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. During the relevant time period, PSMG engaged in company-wide practices and/or policies of failing to record actual hours worked, and thereby failed to keep accurate records of work period and meal period start and end times for Ms. Lewis and other aggrieved employees, in violation of section 1198.

Because PSMG failed to provide the correct net and gross wages earned, applicable rates of pay, and number of total hours worked on wage statements, Ms. Lewis 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, Ms. Lewis 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.

Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorney’s fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with the applicable IWC Wage Order and Labor Code sections 226(a), 1174(d), and 1198, pursuant to Labor Code sections 226.3, 1174.5, and/or 2699(a), (f), and (k).

Violation of California Labor Code §§ 226(b)-(c), 432, 1198, and 1198.5 – Failure to Produce and/or Permit Inspection of Records and Instruments Signed

California Labor Code section 226(b) provides that every employer shall furnish current and former employees the right to inspect or copy records pertaining to their employment, upon reasonable request to the employer. Labor Code section 226(c) provides that an employer must comply with a request made pursuant to Labor Code section 226(b) no later than 21 calendar days from the date of the employee’s request. California Labor Code section 226(f) states “[a] failure by an employer to permit a current or former employee to inspect or copy records within the time set forth in subdivision (c) entitles the current or former employee or the Labor Commissioner to recover a seven-hundred-fifty-dollar (\$750) penalty from the employer.” California Labor Code section 226(h) states “[a]n employee may also bring an action for injunctive relief to ensure compliance with this section, and is entitled to an award of costs and reasonable attorney’s fees.”

California Labor Code section 432 states “[i]f an employee or applicant signs any instrument relating to the obtaining or holding of employment, he shall be given a copy of the instrument upon request.” California Labor Code section 433 states “[a]ny person violating this article is guilty of a misdemeanor.”

California Labor Code section 1198.5 requires that an employer provide a copy of an employee’s personnel record no later than 30 days from the date the employer receives a written request. If an employer fails to satisfy this written request, the former employee may recover a penalty of \$750 from the employer. Cal. Lab. Code § 1198.5(k). The former employee may also bring an action for injunctive relief and may recover costs and reasonable attorney’s fees. Cal. Lab. Code § 1198.5(l).

IWC Wage Order No. 4-2001, subdivision 7(A), provides “[e]very employer shall keep accurate information with respect to each employee including the following: (1) Full name, home address, occupation and social security number. (2) Birth date, if under 18 years, and designation as a minor. (3) Time records showing when the employee begins and ends each work period. Meal periods, split shift intervals and total daily hours worked shall also be recorded. Meal periods during which operations cease and authorized rest periods need not be recorded. (4) Total wages paid each payroll period, including value of board, lodging, or other compensation actually furnished to the employee. (5) Total hours worked in the payroll period and applicable rates of pay. This information shall be made readily available to the employee upon reasonable request.” IWC Wage Order No. 4-2001, subdivision 7(C), also provides “[a]ll required records shall be in the English language and in ink or other indelible form, properly dated, showing month, day and year, and shall be kept on file by the employer for at least three years at the place of employment or at a central location within the State of California. An employee’s records shall be available for inspection by the employee upon reasonable request.”

During the relevant time period, Ms. Lewis sent PSMG a reasonable written request for documents and records relating to her employment with PSMG. During the relevant time period, PSMG failed to produce for inspection and copying or otherwise permit inspection and copying of documents and records relating to Ms. Lewis’ employment. For example, on October 4, 2024, Ms. Lewis sent a written request to PSMG via FedEx overnight mail. On October 7, 2024, FedEx confirmed PSMG received Ms. Lewis’ written request for records. On November 6, 2024, Ms. Lewis sent a second written request to PSMG via FedEx overnight mail. On November 7, 2024, FedEx confirmed PSMG received Ms. Lewis’ second written request for records. To date, PSMG has failed to respond to Ms. Lewis’ written request for records. Thus, PSMG has failed to comply with the reasonable written requests for documents and records relating to Ms. Lewis’ employment within the statutory time limits, in violation of Labor Code sections 226(b)-(c), 432, 1198, and 1198.5, and the applicable IWC Wage Order.

Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorneys’ fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with Labor Code sections 226(b)-(c), 432, 1198, and 1198.5, pursuant to Labor Code sections 226(f) and (h), 1198.5(k)-(l), 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, PSMG failed to pay Ms. Lewis and other aggrieved employees all wages due to them, including, but not limited to, overtime wages, minimum wages, and/or meal and rest period premiums, within any time period specified by California Labor Code sections 204.

Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with Labor Code section 204, 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.

During the relevant time period, PSMG willfully failed to pay Ms. Lewis and other aggrieved employees who are no longer employed by PSMG all their earned wages, including, but not limited to, overtime wages, minimum wages, and/or meal and rest period premiums, either at the time of discharge, or within seventy-two (72) hours of their leaving PSMG's employ.

Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with Labor Code sections 201 and 202, pursuant to Labor Code sections 256 and/or 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, PSMG on a company-wide basis, required that Ms. Lewis and other aggrieved employees purchase supplies, tools, and/or equipment necessary for the performance of their duties, but failed to reimburse them for their out-of-pocket costs. For example, Ms. Lewis spent approximately \$189 on steel-toed safety boots because PSMG failed to provide her with the necessary equipment needed to complete her assigned duties. Although PSMG required Ms. Lewis and other aggrieved employees to purchase supplies and/or equipment to carry out their work-related responsibilities, PSMG failed to reimburse them for their out-of-pocket costs.

PSMG could have provided Ms. Lewis and other aggrieved employees with the actual equipment for use on the job, such as supplies and equipment; or, PSMG could have reimbursed employees for the

costs of their supply and equipment expenses. Instead, PSMG passed these operating costs onto Ms. Lewis and other aggrieved employees. At all relevant times, Ms. Lewis did not earn at least two (2) times the minimum wage.

Thus, PSMG 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. Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with the applicable IWC Wage Order and Labor Code section 2802, pursuant to Labor Code section 2699(a), (f), and (k).

Violation of California Labor Code § 2810.5(a)(1)(A)-(C) – Failure to Provide Notice of Material Terms of Employment

California's Wage Theft Prevention Act was enacted to ensure that employers provide employees with basic information material to their employment relationship at the time of hiring, and to ensure that employees are given written and timely notice of any changes to basic information material to their employment. Codified at California Labor Code section 2810.5, the Wage Theft Prevention Act provides that at the time of hiring, an employer must provide written notice to employees of the rate(s) of pay and basis thereof, whether paid by the hour, shift, day, week, salary, piece, commission, or otherwise, including any rates for overtime, the regular payday designated by the employer, and any allowances claims as part of the minimum wage, including meal or lodging allowances. Effective January 1, 2015, an employer's written notice pursuant to section 2810.5 must also include a statement that the employee may accrue and use sick leave; has a right to request and use accrued paid sick leave; may not be terminated or retaliated against for using or requesting the use of accrued paid sick leave; and has the right to file a complaint against an employer who retaliates.

On information and belief, PSMG failed to provide Ms. Lewis and other aggrieved employees written notice that lists the requisite information set forth in Labor Code section 2810.5(a)(1)(A)-(C). PSMG's failure to provide Ms. Lewis and other aggrieved employees with written notice of basic information regarding their employment with PSMG is in violation of Labor Code section 2810.5.

Ms. Lewis and other aggrieved employees are entitled to recover civil penalties, attorneys' fees, costs, and interest thereon, and seek injunctive relief to bring PSMG into compliance with Labor Code section 2810.5, 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." PSMG, at all relevant times, was an employer or person acting on behalf of an employer(s) who violated Ms. Lewis' and other aggrieved employees' rights by violating various sections of the California Labor Code.

Accordingly, Ms. Lewis seeks the remedies set forth in Labor Code section 558 for herself, the State of California, and all other aggrieved employees. Specifically, pursuant to PAGA, and in particular California Labor Code sections 1194.5, 2699(a), 2699(k), 2699.3(a) and 2699.3(c), 2699.5, and 558, Ms. Lewis, acting in the public interest as a private attorney general, seeks assessment and collection of civil penalties and injunctive relief for herself, all other aggrieved employees, and the State of California against PSMG for violations of California Labor Code sections 201, 202, 204, 226(a)-(c), 226.7, 432, 510, 512(a), 516, 1174(d), 1182.12, 1194, 1197, 1197.1, 1198, 2802, and 2810.5.

Therefore, on behalf of all aggrieved employees, Ms. Lewis seeks all applicable civil 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 written in a cursive, flowing style.

Sairah Budhwani

Copy: PSMG, INC. (via U.S. Certified Mail)

CAPSTONE LAW, APC
1875 Century Park East
Suite #1000
Los Angeles, CA 90067

PSMG, INC.
3303 Harbor Blvd.
Suite A103
Costa Mesa, CA 92626

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