

December 19, 2024

BY ONLINE SUBMISSION

PAGA Administrator
California Labor and Workforce Development Agency
1515 Clay Street, Suite 801
Oakland, California 94612

BY CERTIFIED MAIL

Allianz Technology of America, Inc.,
5701 Golden Hills Dr.
Minneapolis, MN 55416

c/o Agent for Service
Amanda Garcia
330 N. Brand Blvd,
Glendale, CA 91203

Re: Karapet Vartevanian v. Allianz Technology of America, Inc., et al.
PAGA NOTICE

To Whom It May Concern:

Pursuant to the Labor Code Private Attorneys General Act of 2004 (Lab. Code §§ 2698, *et seq.*), Karapet Vartevanian hereby provides notice on behalf of himself and all similarly situated current and former employees in California (the “aggrieved employees”) who were employed by Allianz Technology of America, Inc., (“Allianz” or “Defendant”) and who were classified as exempt at any time during the one-year period preceding this notice and who performed any information technology, technical support, computer support, help desk, or related support functions, including but not limited to employees who provided hardware/software support, system configurations, or technical assistance through a ticketing system, for alleged violations of Labor Code §§ 201-203, 204, 210, 216, 221-224, 225.5, 226, 226.2, 226.3, 226.7, 226.8, 450, 512, 558, 1174, 1194, 1194.2, 1197, 1197.1, 1199, and 2802.

Statement Of Facts

Defendant Allianz Technology of America, Inc., a subsidiary of Allianz Group, provides technology and IT support services for Allianz’s insurance and financial service operations across North America. The company manages critical technology infrastructure, software development, and digital solutions that support Allianz’s core insurance and financial service business operations throughout the United States.

Mr. Vartevanian was initially employed by Allianz Group before being transferred to Allianz Technology in or around March of 2018. At Allianz Technology, Mr. Vartevanian worked as a “Deskside Support Computer Engineer,” providing technical support services to thousands of

employees across various Allianz companies.

Mr. Vartevanian's primary responsibilities included remote IT support through a structured ticketing system, where they performed software installations, hardware repairs, system configurations, and telephone system troubleshooting. Mr. Vartevanian was one of 8-9 on the Deskside Support team, providing technical support within a larger IT organization of hundreds of staff members. The IT department was divided into specialized teams, including Applications Support, Network Support, Security Support, to name a few. Mr. Vartevanian's daily work was governed by a global help desk ticketing system - when users experienced computer issues, they would contact the help desk, which would generate a ticket. These tickets for the western zone were then routed to Mr. Vartevanian's team for resolution.

Throughout their employment, Mr. Vartevanian and the aggrieved employees did not have any management responsibilities. Despite performing routine technical support duties without significant independent discretion or systems design responsibilities, Mr. Vartevanian was classified as exempt from overtime and other wage and hour requirements under California law.

Based on the above facts, there appear to be significant issues with Mr. Vartevanian's classification as an exempt employee under both the Computer Professional and Administrative exemptions

Computer Professional Exemption Analysis

The California Computer Professional Exemption under Labor Code § 515.5 requires both strict salary and duties tests. For the salary test in 2024, an employee must earn at least \$115,763.35 annually to qualify.

Based on Vartevanian's yearly salary of approximately \$90,000, he falls significantly below this threshold, immediately disqualifying him from the computer professional exemption regardless of duties.

Even if the salary requirement were met, Vartevanian's and the aggrieved employees' duties would not qualify under § 515.5. The position of Deskside Support Computer Engineer at Allianz Technology primarily involved help desk support through a ticketing system, including remote troubleshooting, software installation, hardware repairs, and basic system configuration. California law requires computer professional exempt employees to be primarily engaged in intellectual or creative work requiring the exercise of discretion and independent judgment, specifically in:

- Systems analysis and consultation
- Design, development, documentation, analysis, creation, testing or modification of computer systems or programs
- Design, documentation, testing, creation or modification of computer programs related to computer operating systems

Vartevanian's and aggrieved employees' role instead focused on routine technical support and maintenance following established procedures through a ticketing system. Their work did not involve original design, development, or high-level systems analysis that would satisfy the creative and intellectual requirements of the exemption. The structured nature of the help desk ticketing system and lack of described innovative or design work suggests the position primarily executed established protocols rather than exercising the requisite level of independent judgment in systems design or development.

Administrative Exemption Analysis

The administrative exemption under California law requires that the employee:

- Earn at least two times the state minimum wage for full-time employment (\$64,480 annually in 2024)
- Primarily perform office or non-manual work directly related to management policies or general business operations
- Customarily and regularly exercise discretion and independent judgment
- Perform work under only general supervision

While the Vartevanian's salary of approximately \$90,000 satisfies the minimum earnings requirement, the position fails the duties test for administrative exemption.

Vartevanian's and the aggrieved employees' work was operational rather than administrative in nature. They provided technical support services as part of the company's core IT function, rather than administering the business itself or setting management policies. Working within a structured ticketing system to provide standardized IT support indicates limited discretion and independent judgment.

Vartevanian and the aggrieved employees did not participate in formulating policy, managing the business, or executing special assignments that affected business operations at a policy or general operations level. The work described - hardware repairs, software installation, and technical troubleshooting - represents specialized technical skills rather than the high-level administrative judgment contemplated by the exemption.

The systematic misclassification resulted in violations affecting both Vartevanian and similarly situated employees, described further below.

Overview of Labor Law Violations

The intended civil action will assert representative claims pursuant to PAGA based on these facts and Allianz's employees who were classified as exempt at any time during the one-year period preceding this notice and who performed any information technology, technical support, computer support, help desk, or related support functions, including but not limited to employees who provided hardware/software support, system configurations, or technical assistance through a ticketing system. Specifically, the action will allege with respect to these aggrieved employees the following violations and penalties:

- Failure to pay all wages and minimum wages and minimum wage violations (Cal. Lab. Code §§ 1194, 1194.2, 1197, 1197.1; California Minimum Wage Order MW-2019, Wage Order 4-2001, 9-2001);
- Failure to pay overtime wages (Cal. Lab. Code § 1194; MW-2019, Wage Order 4-2001, 9-2001);
- Improper deductions and paying less than the agreed-upon wage scale (Cal. Lab. Code §§ 221-224);
- Failure to provide meal and rest periods (Cal. Lab. Code § 226.7 and 512)
- Waiting time penalties (Cal. Lab. Code § 203);
- Inaccurate wage statements (Cal. Lab. Code § 226(a), 226.3);

- Failure to maintain accurate pay records (Cal. Labor Code § 1174);
- Failure to pay all wages by the appropriate pay period (Cal. Lab. Code § 204);
- PAGA penalties (Cal. Lab. Code §§ 2699 *et seq.*, 210, 216, 225.5, 226(a), 226.7, 226.8, 450, 558, 1174, 1197, 1197.1, 1199).

The facts regarding each of these violations are set forth in detail below.

Failure to Pay All Wages/Minimum Wage Violations and All Overtime Wages Earned

Defendant violated Labor Code §§ 510, 1194, 1197, and 1198 by failing to pay Mr. Vartevanian and aggrieved employees all minimum and overtime wages earned. Due to their misclassification as exempt employees, Mr. Vartevanian and aggrieved employees regularly worked in excess of eight hours per day and/or forty hours per week without receiving overtime compensation. Through the company's ticketing system, employees were required to respond to technical support requests and provide IT assistance throughout their shifts, frequently working through meal breaks and beyond scheduled hours to resolve computer issues. For example, Mr. Vartevanian routinely worked 9-10 hour days responding to user support tickets in the western zone, but was not compensated for daily overtime hours due to their improper exempt classification. Additionally, working as part of an 8-9 person team supporting over thousands of employees across Allianz's affiliated companies often required working early, staying late, or logging in after hours to handle urgent technical issues, resulting in unpaid overtime hours.

At no time did Defendant maintain accurate records of actual hours worked by Mr. Vartevanian and aggrieved employees, as they were incorrectly treated as exempt. Furthermore, Defendant failed to pay minimum wage for all hours worked, as the failure to record actual hours and payment of a salary resulted in some workweeks where the actual hourly rate fell below the required minimum wage when accounting for all hours worked. Defendant systematically violated these wage requirements by maintaining a uniform policy of misclassifying IT support staff as exempt, failing to track their actual hours worked, and not paying overtime premiums or ensuring minimum wage compliance for all hours worked.

California law prescribes that it is an automatic minimum wage violation when an employee works but is not compensated for each and every hour worked. *See Gonzalez v. Downtown L.A. Motors*, 215 Cal. App. 4th 36, 49-50 (2014); Labor Code § 226.2(a)(4); *Armenta v. Osmose, Inc.* (2005) 215 Cal. App. 4th 314, 323-324 (2005); *see also* Labor Code §§ 221-23. Notably, averaging wages over the workweek to meet minimum wage obligations is not permitted under the California Labor Code.

Labor Code section 204 provides that all wages (except as provided for under Labor Code sections 201 and 202) earned by any person in any employment become due and payable twice during each calendar month, on days designated in advance by the employer as the regular paydays, except that 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.

Labor Code section 223 states:

Where any statute or contract requires an employer to maintain the designated wage scale, it shall be unlawful to secretly pay a lower wage while purporting to pay the wage designated by statute or by contract.

Section 2 of the applicable Wage Order states:

“Hours worked” means the time during which an employee is subject to the control of the employer, and includes all the time the employee is suffered or permitted to work, whether or not required to do so.

Labor Code section 1194 states, in relevant part:

- (a) Notwithstanding any agreement to work for a lesser wage, any employee receiving less than the legal minimum wage or the legal overtime compensation applicable to the employee is entitled to recover in a civil action the unpaid balance of the full amount of this minimum wage or overtime compensation, including interest thereon, reasonable attorney’s fees, and costs of suit.

Labor Code section 1197 states, in relevant part:

The minimum wage for employees fixed by the commission or by any applicable state or local law, is the minimum wage to be paid to employees, and the payment of a lower wage than the minimum so fixed is unlawful. This section does not change the applicability of local minimum wage laws to any entity.

Labor Code section 1198 states, in relevant part:

The maximum hours of work and the standard conditions of labor fixed by the commission shall be the maximum hours of work and the standard conditions of labor for employees. The employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.

Section 3 of the applicable Wage Order states, in relevant part:

(A) Daily Overtime – General Provisions

- (1) The following overtime provisions are applicable to employees 18 years of age or over and to employees 16 or 17 years of age who are not required by law to attend school and are not otherwise prohibited by law from engaging in the subject work. Such employees shall not be employed more than eight (8) hours in any workday or more than 40 hours in any workweek unless the employee receives one and one-half (1 ½) times such employee’s regular rate of pay for all hours worked over 40 in the workweek. Eight (8) hours of labor constitutes a day’s work. Employment beyond eight (8) hours in any workday or more than six (6) days in any workweek is permissible provided the employee is compensated for such overtime at not less than:
 - (a) One and one-half (1 ½) times the employee’s regular rate of pay for all hours worked in excess of eight (8) hours up to and including 12 hours in any workday, and for the first eight (8) hours worked on the seventh (7th) consecutive day of work in a

workweek; and

- (b) Double the employee's regular rate of pay for all hours worked in excess of 12 hours in any workday and for all hours worked in excess of eight (8) hours on the seventh (7th) consecutive day of work in a workweek.
- (c) The overtime rate of compensation required to be paid to a nonexempt full-time salaried employee shall be computed by using the employee's regular hourly salary as one-fortieth (1/40) of the employee's weekly salary."

In conjunction, these provisions of the Labor Code require employers to pay non-exempt employees no less than their agreed-upon or statutorily mandated wage rates for all hours worked, including hours spent working "off-the-clock" (before punching in or after punching out on a time clock) when the employer knows or reasonably should know that employees are working during those hours. *Morillion v. Royal Packing Co.*, 22 Cal. 4th 575, 585 (2000).

Meal and Rest Period Violations

Labor Code section 204 provides that all wages (except as provided under Labor Code sections 201, 201.3, 202, 204.1 and 204.2) earned by any person in any employment become due and payable twice during each calendar month, on days designated in advance by the employer as the regular paydays, except that 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.

Labor Code section 223 states:

Where any statute or contract requires an employer to maintain the designated wage scale, it shall be unlawful to secretly pay a lower wage while purporting to pay the wage designated by statute or by contract.

Section 2 of the Wage Order states:

"Hours worked" means 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.

Labor Code section 1198 states:

The maximum hours of work and the standard conditions of labor fixed by the commission shall be the maximum hours of work and that standard conditions of labor for employees. The employment of any employee for longer hours than those fixed by the order or under conditions of labor prohibited by the order is unlawful.

Labor Code section 512 states:

An employer may not employ an employee for a work period of more than five hours per day without providing the employee with a meal period of not less than 30 minutes,

except that if the total work period per day of the employee is no more than six hours, the meal period may be waived by mutual consent of both the employer and employee. An employer may not employ an employee for a work period of more than 10 hours per day without providing the employee with a second meal period of not less than 30 minutes, except that if the total hours worked is no more than 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.

Section 11 of the Wage Order states:

- (A) No employer shall employ any person for a work period of more than five (5) hours without a meal period of not less than 30 minutes, except that when a work period of not more than six (6) hours will complete the day's work the meal period may be waived by mutual consent of the employer and the employee. Unless the employee is relieved of all duty during a 30 minute meal period, the meal period shall be considered an "on duty" meal period and counted as time worked. An "on duty" meal period shall be permitted only when the nature of the work prevents an employee from being relieved of all duty and when by written agreement between the parties an on-the-job paid meal period is agreed to. The written agreement shall state that the employee may, in writing, revoke the agreement at any time.
- (B) If an employer fails to provide an employee a meal period in accordance with the applicable provisions of this order, the employer shall pay the employee one (1) hour of pay at the employee's regular rate of compensation for each workday that the meal period is not provided.

Section 12 of the applicable Wage Order states:

- (A) Every employer shall authorize and permit all employees to take rest periods, which insofar as practicable shall be in the middle of each work period. The authorized 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. However, a rest period need not be authorized for employees whose total daily work time is less than three and one-half (3 ½) hours. Authorized rest period time shall be counted as hours worked for which there shall be no deduction from wages.
- (B) If an employer fails to provide an employee a rest period in accordance with the applicable provision of this order, the employer shall pay the employee one (1) hour of pay at the employee's regular rate of compensation for each workday that the rest period is not provided."

In addition, Labor Code section 226.7 states:

- (b) An employer shall not require an employee to work during a meal or rest or recovery period mandated pursuant to an applicable statute, or applicable regulation, standard, or order of the Industrial Welfare Commission, the Occupational Safety and Health Standards Board, or the Division of Occupational Safety and Health.
- (c) If an employer fails to provide an employee a meal or rest or recovery period in

accordance with a state law, including, but not limited to, an applicable statute or applicable regulation, standard, or order of the Industrial Welfare Commission, the Occupational Safety and Health Standards Board, or the Division of Occupational Safety and Health, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each workday that the meal or rest or recovery period is not provided.

Defendant violated Labor Code §§ 226.7 and 512 by failing to provide Mr. Vartevanian and aggrieved employees with compliant meal and rest periods or pay premium wages for non-compliant breaks. Due to their misclassification as exempt employees, Mr. Vartevanian and aggrieved employees were not afforded the basic protections of California's meal and rest period requirements.

Defendant failed to provide them with an uninterrupted 30-minute meal period before the end of the fifth hour of work, and failed to provide 10-minute rest periods for every four hours worked or major fraction thereof, as required for non-exempt employees under California law.

Mr. Vartevanian and the aggrieved employees supported over thousands of other employees throughout Allianz subsidiaries and affiliate companies through a ticketing system, Mr. Vartevanian and aggrieved employees were expected to remain continuously available to handle technical support issues. The misclassification meant Defendant did not implement any system to provide or track compliant meal and rest periods, operating under the incorrect assumption that these employees were exempt from such requirements. Due to this misclassification, Defendant also failed to pay the required premium wages of one hour of pay at the regular rate of compensation for each workday that a compliant meal or rest period was not provided. These violations stemmed directly from Defendant's unlawful policy of misclassifying IT support staff as exempt, which resulted in the systematic failure to afford employees their fundamental rights to proper meal and rest periods under California law.

Regular Rate of Pay

The regular rate of pay under California law includes "all remuneration for employment paid to, or on behalf of, the employee." DLSE Opinion Letter 2002.06.14 (quoting 29 U.S.C. § 207(e)). This requirement includes, but is not limited to, commissions and non-discretionary bonuses. *See, e.g., Huntington Memorial Hospital v. Superior Court*, 131 Cal. App. 4th 893, 904 (2005).

At all relevant times, Defendants violated the above-referenced Labor Code sections by failing to pay Mr. Vartevanian and the aggrieved employees for all hours worked, including, but not limited to, overtime hours. Due to their misclassification as exempt employees earning an annual salary of approximately \$90,000, Defendant failed to include all forms of compensation in calculating the regular rate of pay.

The regular rate of pay should have included not only the base salary, but also any bonuses, commissions, and other forms of compensation as required by California law. Furthermore, because Mr. Vartevanian and aggrieved employees were misclassified as exempt, Defendant failed to calculate their actual hourly rate based on all hours worked. Instead, Defendant paid them a fixed salary regardless of the number of hours worked, failing to account for overtime hours, missed meal and rest period premiums, and other compensable time. This resulted in an artificial depression of their regular rate of pay, which should have been calculated by dividing their total compensation by

the actual number of hours worked in each workweek. This systematic underpayment affected not only their base compensation but also resulted in the underpayment of overtime premiums, meal and rest period premiums, and other payments that should have been calculated using the correct regular rate of pay. These violations were the direct result of Defendant's uniform policy of misclassifying IT support staff as exempt employees.

Failure To Provide Accurate Written Wage Statements and Late or Partial Payment of Final Wages Following Separation

The other alleged violations, including inaccurate wage statements and waiting time penalties, are largely derivative of the failure to pay minimum wage and overtime claims as well as the failure to provide meal and rest periods claim.

Labor Code section 226(a) states, in pertinent part:

- (a) An employer, semimonthly or at the time of each payment of wages, shall furnish to his or her employee either as a detachable part of the check, draft, or voucher paying the employee's wages, or separately if wages are paid by personal check or cash, an accurate itemized statement in writing showing (1) gross wages earned, (2) total hours worked by the employee, except as provided in subdivision (j), (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and only the last four digits of his or her social security number or an employee identification number other than a social security number, (8) the name and address of the legal entity that is the employer and, if the employer is a farm labor contractor, as defined in subdivision (b) of Section 1682, the name and address of the legal entity that secured the services of the employer, and (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee and, beginning July 1, 2013, if the employer is a temporary services employer as defined in Section 201.3, the rate of pay and the total hours worked for each temporary services assignment. The deductions made from payment of wages shall be recorded in ink or other indelible form, properly dated, showing the month, day, and year, and a copy of the statement and the record of the deductions 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. For purposes of this subdivision, "copy" includes a duplicate of the itemized statement provided to an employee or a computer-generated record that accurately shows all of the information required by this subdivision.

At all relevant times during the applicable limitations period, Defendants failed to provide accurate itemized wage statements that shows:

- (1) gross wages earned;
- (2) total hours worked by the employee, except for any employee whose compensation is solely based on a salary and who is exempt from payment of overtime under subdivision

- (a) of Section 515 or any applicable order of the Industrial Welfare Commission;
- (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis;
- (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item;
- (5) net wages earned;
- (6) the inclusive dates of the period for which the employee is paid;
- (7) the name of the employee and only the last four digits of his or her social security number or an employee identification number other than a social security number;
- (8) the name and address of the legal entity that is the employer and, if the employer is a farm labor contractor, as defined in subdivision (b) of Section 1682, the name and address of the legal entity that secured the services of the employer;
- (9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee and, beginning July 1, 2013, if the employer is a temporary services employer as defined in Section 201.3, the rate of pay and the total hours worked for each temporary services assignment.

By failing to accurately record all hours worked, by failing to accurately payout overtime, and by failing to pay employees meal and rest period premiums in accordance with California law, Defendants have failed to provide Mr. Vartevanian and the aggrieved employees with written wage statements that comply with the requirements of Labor Code section 226(a). The wage statements of Mr. Vartevanian and the aggrieved employees have not accurately reflected their applicable rates of pay, hours worked, and the amounts of their gross and net wages.

Accordingly, Mr. Vartevanian now seeks civil penalties for Defendants' violations of the Labor Code as follows:

- (1) For all violations of Labor Code section 226(a) if a civil action filed in accordance with the procedures set forth in Labor Code section 2699.3 results in an initial citation or its equivalent, \$250 for each aggrieved employee per pay period for each violation (penalties set by Labor Code section 226.3);
- (2) For all violations of Labor Code section 226(a) if a civil action filed in accordance with the procedures set forth in Labor Code section 2699.3 results in a subsequent citation or its equivalent, \$1000 for each aggrieved employee per pay period for each violation (penalties set by Labor Code section 226.3).

Labor Code section 201 requires an employer to pay all earned and unpaid wages to a discharged employee immediately at the time of discharge.

Labor Code section 202 requires an employer to pay all earned and unpaid wages to an employee

who quits after giving at least seventy-two hours' notice at the time of quitting.

Labor Code section 203 provides that an employee's wages shall continue as a penalty from when they first became due at the same rate until paid for up to thirty days when an employer willfully fails to timely pay all earned and unpaid wages in accordance with Labor Code sections 201 or 202.

By failing to timely furnish Mr. Vartevanian and the aggrieved employees with any final paycheck and/or with final paychecks that include all earned and unpaid wages, including, but not limited to, all earned and unpaid hourly, overtime, vacation and/or premium wages, Defendants have violated Labor Code sections 201 and/or 202.

Accordingly, Mr. Vartevanian now seeks civil penalties for Defendants' violations of the Labor Code as follows:

- (1) For all initial violations of Labor Code sections 201, 202 and 203, \$100 for each aggrieved employee per pay period for each violation (penalties set by Labor Code section 2699(f)(2));
- (2) For all violations of Labor Code sections 201, 202 and 203, \$200 for each aggrieved employee per pay period for each violation (penalties set by Labor Code section 2699(f)(2)(B) if either of the following are met:
 - a. If within the past 5 years, the agency or court issued a finding that the employer's policy/practice was unlawful, then the penalty increases to \$200 per aggrieved employee per pay period
 - b. If the court determines the employer's conduct was malicious, fraudulent, or oppressive, then the penalty is \$200 per aggrieved employee per pay period

Scope of Anticipated Action

We intend to seek all penalties that are available for the violations described above on behalf of all field service providers of Allianz in California throughout the limitations period, including any tolling as may be appropriate. These penalties include, but are not limited to, those available under California Labor Code § 2699 *et seq.* as well as the abovementioned labor code violations.

Please inform us if you intend to investigate this matter. Should you require any additional information, do not hesitate to contact me at (310) 363-0975 or rotem@bluestone.law.

Sincerely,

Bluestone Law

A handwritten signature in blue ink, reading "Rotem Tamir". The signature is written in a cursive, flowing style.

Rotem Tamir, Esq.