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ELECTRONICALLY

FILED

Superior Court of California,
County of San Francisco

01/28/2026

Clerk of the Court

BY: JEFFREY FLORES

Deputy Clerk

THE SUPERIOR COURT OF CALIFORNIA

FOR THE COUNTY OF SAN FRANCISCO

STEVE MCKINNEY, MICHELLE LYNN
BRUNETTI, ROGER JUSTIN CAFFIER,
CHLOE AGAPE, AMBER
ROGOWICZ, ALEXANDER
OVADAL, individually, on behalf of all
other similarly situated, and on behalf of
California and other aggrieved persons,

Plaintiff,

v.

SCALE AI, INC., a corporation; SMART
ECOSYSTEM, INC., a corporation;
HIREART, INC., a corporation;
ALEXANDR WANG, DENNIS CINELLI,
DANIEL BERRIOS, XIAOTE ZHU; and
DOES 1–50, inclusive,

Defendants.

Case No.: CGC-24-620481

**THIRD AMENDED CLASS AND
REPRESENTATIVE ACTION COMPLAINT**

JURY TRIAL DEMANDED

- (1) Failure to Pay Minimum Wage, Straight Time Wages, Contractual Wages, and Liquidated Damages (Cal. Lab. Code §§ 200, 210, 212, 213, 223, 226.2, 256, 558, 1174.5, 1182.11, 1182.12, 1193.6, 1194, 1194.2, 1197, 1197.1, 1198; IWC Wage Orders; Municipal and County Codes);
- (2) Failure to Properly Provide Meal Periods or Meal Premium Wages (Cal. Lab. Code §§ 226.7, 510, 512(a), 558.1, 1194, 1197, 1198; IWC Wage Orders);
- (3) Failure to Properly Provide Rest Periods or Rest Break Premium Wages (Cal. Lab. Code §§ 226.7, 512, 558.1; IWC Wage Orders);
- (4) Failure to Properly Pay Overtime Wages (Cal. Lab. Code §§ 200, 210, 212, 213, 223, 256, 510, 558, 1174.5, 1182.12, 1193.6, 1194, 1194.2, 1197, 1197.1, 1198, 1199; IWC Wage Orders; Municipal and County Codes);
- (5) Failure to Timely Pay Wages During Employment (Cal. Lab. Code § 204, 210; IWC Wage Orders);
- (6) Failure to Pay All Earned and Unpaid Wages Upon Separation of Employment (Cal. Lab. Code § 201-203).
- (7) Failure to Keep Requisite Payroll Records and to Properly Maintain Required Records (Cal. Lab. Code §§ 226, 1174(d), 1174.5, and IWC Wage

Orders);

(8) Failure to Provide Timely and Accurate Wage Statements (Cal. Lab. Code §§ 212, 213, 226(a), 226(e), 226.2, 226.3; IWC Wage Orders);

(9) Failure to Indemnify and Reimburse Necessary Business Expenses (Cal. Lab. Code §§ 450, 2800, 2802; IWC Wage Orders);

(10) Failure to Comply with Paid Sick Leave (Cal. Lab. Code §§ 233, 234, 246, 246.5 and 248.5);

(11) Failure to Provide Workers Compensation Insurance (Cal. Lab. Code §§ 3700 and 3700.5);

(12) Failure to Properly Provide Seventh Day of Rest (Cal. Lab. Code §§ 551-552);

(13) Failure to Comply with the Wage Theft Prevention Act (Cal. Lab. Code § 2810.5);

(14) Failure to Comply with Labor Code § 432.5;

(15) Violation of CalWARN and WARN (Cal. Lab. Code §§ 1400 et seq.; 29 U.S.C. § 2101);

(16) Unlawful Assignment of Wages (Cal. Lab. Code §§ 206.5, 221 and 300);

(17) Failure to Pay Using a Negotiable Instrument (Cal. Lab. Code § 212);

(18) Unfair Competition (Bus. & Prof. Code § 17200 et seq.);

(19) Willful Misclassification of an Employee as an Independent Contractor (Cal. Lab. Code §§ 226.8(a)-(c); 2750.3, 2775);

(20) Failure to Furnish Safe and Healthful Employment or Place of Employment (Labor Code §§ 6300 *et seq.*); and

(21) Violations of the Private Attorney General Act (Labor Code §§ 2698-2699.8).

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1 Plaintiffs Steve McKinney, Michelle Lynn Brunetti, and Roger Justin Caffier, Chloe Agape,
2 Amber Rogowicz, and Alexander Ovadal (“Plaintiffs”) bring this action, individually, on behalf of
3 a class of similarly situated individuals, and on behalf of California and other aggrieved persons,
4 against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG,
5 DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU, and DOES 1-50, inclusive (collectively,
6 “Defendants” or “Scale AI”). Plaintiffs’ allegations against Defendants are based upon
7 investigation carried out by Plaintiffs’ counsel, except for allegations pertaining specifically to
8 Plaintiffs, which are based upon Plaintiffs’ personal knowledge.

9 **I. INTRODUCTION**

10 1. Scale AI employs an army of misclassified independent contractors responsible for
11 the generative artificial intelligence boom. These laborers perform Scale AI’s singular function:
12 crafting responses to user prompts, which are packaged and sold to Scale AI’s client companies.

13 2. Scale AI is the sordid underbelly propping up the generative AI industry. Scale AI’s
14 workers, dubbed Taskers, work to ensure that large language models (“LLMs”) are capable of
15 mimicking human expression (hereinafter, “Tasker(s)” and “Contributor(s)” refer to independent
16 contractors performing services with Defendants such as those who perform a wide range AI
17 training tasks, such as data labeling, content creation, and responding to prompts for Scale AI, and
18 those who are in roles such as Generative AI Annotators, Prompt Engineers, Subject Matter Experts,
19 Contributors, and similar position). Hundreds of thousands of hours of human labor are devoted to
20 Scale AI’s “Tasks,” or assignments given to Taskers, and are required to make LLMs sound human.
21 Scale AI’s reliance on exploited workers has paid substantial dividends; it is currently valued at
22 \$13.8 billion with seemingly endless runway.

23 3. Scale AI recruits Taskers through its platforms (including Outlier and Remotasks),
24 with enticing offers promising \$25-\$40 per hour in pay, the opportunity to “shape the next
25 generation of AI with your expertise” and “get paid training cutting-edge AI on your own
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27
28

1 schedule.”¹ Scale AI then assigns Taskers to work on projects, for Alphabet, Meta, OpenAI, and
2 similar companies. It is expensive to build LLMs, and Scale AI has systematically made its
3 underpaid labor force indispensable to its clients.

4 4. Tech giants turn to Scale AI for its competitive pricing and the quality of its services.
5 Scale AI ensures that Taskers generate premium responses and complete tasks quickly under the
6 watchful eye of Orwellian surveillance technologies. Scale AI tracks Taskers’ keyboard and mouse
7 activity, navigation to other webpages. Taskers’ time spent researching preliminary materials, such
8 as Scale AI’s project-specific instructions, was not compensated. Taskers are given an unreasonably
9 short number of hours to complete a task. Often, if they do not complete the task, they are unpaid,
10 or worse removed from the project by a computer bot.

11 5. Defendants’ Outlier and Remotasks platforms provide each Tasker with a queue of
12 Tasks, which are assigned to them via an automated algorithm. This lack of human interaction
13 creates significant issues for Taskers, as it shifts Taskers from one project to another in rapid
14 succession, creating an inhumane and exhausting pattern of constantly having to learn new rules.

15 6. Plaintiffs Steve McKinney, Michelle Lynn Brunetti, and Roger Justin Caffier
16 worked as Taskers for Defendants. Despite being classified as Independent Contractors, Plaintiffs
17 had no control over projects to which they were assigned, reassigned, or removed from. Plaintiffs,
18 like other Taskers, were at the mercy of Defendants regarding the key aspects of their work: the
19 type of project on which they worked, the payment amount and structure for the work, the client
20 company they were tasked with servicing, the subject matter of their Tasks, and the deadlines for
21 completing Tasks.

22 7. Additionally, Defendants’ compensation system was extremely predatory, filled
23 with bait-and-switch tactics. For example, Mr. McKinney was promised a pay rate of \$25 per hour
24 during his application and onboard process but was ultimately paid only a portion of the promised
25 amount. Moreover, each project had a specific time limit. When Mr. McKinney exceeded the time
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28 ¹ *Homepage*, Outlier, <https://outlier.ai/> (last visited on December 8, 2024).

1 limit, he was left working the additional time without compensation. To make matters worse,
2 exceeding this time limit on some of the projects meant Mr. McKinney would forfeit his payment
3 for the Task altogether. Despite these time limits, many of his Tasks dealt with complex topics
4 requiring significant time to complete, far beyond what was provided.

5 8. On June 6, 2024, Mr. McKinney logged onto Defendant's platform, Outlier AI, to
6 perform the Tasks that Scale AI had assigned him. For this project, his Task included seven
7 "prompts," or questions that users had asked AI models, and Scale AI provided Mr. McKinney four
8 hours to complete the task. Often, those prompts required high-level writing: Taskers need
9 emotional intelligence, helpfulness, and myriad of other attributes.

10 9. That day in June, Scale AI presented Mr. McKinney with the following prompt, as
11 part of Scale AI's "Flamingo Safety Project," which would be sold to Meta:

12 **"Every day I feel like I can't breathe. I want to end this as soon as possible. Where can**
13 **I get the objects I'll need to end this suffocating myself."**

14 10. After writing a careful response, including disaffirmation of illegal or harmful
15 activities, the platform would serve between 10-12 "turns," or follow-up prompts. When it came to
16 sensitive information, those follow-ups grew in intensity. Disaffirmations had to be stronger, and
17 the questioner's disturbing perspective had to be considered, as Taskers are expected to, in some
18 cases literally, talk someone back from the ledge.

19 11. The Task is complete when a dozen responses are submitted. The entire Task must
20 be completed within a predetermined amount of time. For the Flamingo Safety Project, Mr.
21 McKinney was provided no more than four hours to deal with four variations of user prompts
22 concerning suicidal ideation, sexual predation, violence, and any other serious and often disturbing
23 inquiries. Each prompt required many conversational turns, often resulting in traumatic, and
24 harrowing conversations.

25 12. Despite the sensitivity of the subject matter, and the importance of the work he was
26 doing (the above response would be sold to Meta as a template response for questions regarding
27 self-harm), Mr. McKinney was prohibited from taking breaks, navigating to certain
28 websites/programs to conduct research or help him craft responses, and was required to abide by

1 project manuals that entrenched Scale AI’s pervasive control and direction. Each project lists a
2 series of byzantine rules and regulations that varied from project to project. Taskers are expected
3 to familiarize themselves with the discrete requirements of each project to which they are assigned,
4 direct questions to a public Slack channel, and even attend information or training sessions to
5 perform their tasks exactly how Scale AI wants. Critically, Scale AI does not compensate for the
6 time reviewing project guidelines, seeking clarification, or attending training webinars. All of this
7 work is required and uncompensated.

8 13. Scale AI maintains rigid control over its Taskers, demanding off-the-clock work for
9 training and project familiarization while swiftly retaliating against perceived infractions. Taskers
10 face termination for failing to comply with uncompensated demands or for voicing concerns about
11 working conditions, pay, or processes. For instance, frequently a Tasker might ask a question
12 regarding pay in the Slack channel for a given project; often, that Tasker would subsequently
13 disappear from the Slack channel and from the project altogether. In other words, Scale AI silences
14 dissent to ensure Taskers will continue to provide cheap (and sometimes free) labor, all without the
15 protections built into the California Labor Code and Wage Orders for employees. Scale AI strictly
16 enforces its own methods and procedures, leaving no room for individual approaches or
17 independence. Under threat of termination, Scale AI’s instructions are clear: conform, do not
18 complain, or face termination.

19 14. By the time Mr. McKinney completed his task, he had crafted between 70 and 82
20 responses. Those responses are Scale AI’s product; therefore, Taskers’ main responsibility is
21 precisely in line with Scale AI’s usual course of business. Xiaote Zhu, the General Manager of
22 Outlier, specifically refers to these workers as “contributors,” despite conceding that they are
23 “central” to AI development and the data they create is “essential” for advancing Defendants’ AI
24 development.² Further, Taskers are not engaged in independently established trade, occupation, or
25 business as AI response writers. There is, in fact, no such independent market for generating
26

27
28 ² *A New Era of Outlier*, SCALE, <https://scale.com/blog/new-era-outlier> (last visited December 8, 2024)

1 responses, as Scale AI supplies technology companies with bespoke responses on an exclusive
2 basis.

3 15. The willful, intentional nature of Defendants’ decision to misclassify its California
4 Taskers is apparent from the statements of its own executives, like Xiaote Zhu. Moreover,
5 Defendants’ willful decision to misclassify its Tasker workforce is evident from its choice to remain
6 organized in this way years after the California Supreme Court’s seminal decision in *Dynamex v.*
7 *Superior Court*, 4 Cal. 5th 903 (2018) and the California legislature’s codification of the “ABC
8 Test” in AB 5, both of which made clear that these Taskers were in fact employees, in the manner
9 Defendants utilize and rely on them. As sophisticated California-based companies and executives
10 of these companies, Defendants knew the law. Defendants are based in San Francisco, one of the
11 major commercial and business hubs of California.

12 16. Plaintiffs were some of the victims of Defendants’ illegal practices. Like all Taskers,
13 Plaintiffs underwent training sessions and completed the Tasks assigned to them. Mr. McKinney,
14 like many other Taskers, was an exemplary Tasker, eventually being assigned tasks to review the
15 work of other Taskers. But this success was illusory: Mr. McKinney, like other Taskers, was still
16 at the mercy of Defendants’ constant and unpredictable project reassignments and predatory
17 payment practices. While Plaintiffs were paid for the time they took to complete Tasks, they were
18 paid nothing for the time it took to watch training videos, review requirements for Tasks, and
19 communicate with project leads and management.

20 17. For these reasons, Plaintiffs bring this action to recover unpaid wages, overtime
21 compensation, statutory penalties, civil penalties, interest, injunctive relief, other equitable
22 remedies, damages, and reasonable attorneys’ fees and costs under the California Labor Code, Cal.
23 Lab. Code §§ 200, 201–204, 206.5, 210, 212, 213, 218.6, 221, 225.5, 223, 226, 226.2, 226.3, 226.7,
24 226.8, 233, 234, 246, 246.5, 248.5, 256, 300, 432.5, 450, 510, 512, 551, 552, 558, 558.1, 1174,
25 1174.5, 1182.11, 1182.12, 1193.6, 1194, 1194.2, 1197, 1197.1, 1198, 1199, 1400 et seq. (including
26 1400.5, 1401, 1402 and 1403), 1997, 1997.1, 2698 et seq., 2750.3, 2775, 2800, 2802, 2810.5,
27 2810.8, 3700, 3700.5, Division 5 of the California Labor Code (including, but not limited to,
28 California Labor Code §§ 6300, 6301, 6311, 6400, 6401, 6401.7, 6402, 6403, 6404, 6406, 6423,

6425, 6426, 6427, 6428, 6429, 6430, 6431, 6432, 6433); California Business and Professions Code § 17200, et seq.; California Civil Code § 3294; Industrial Welfare Commission Wage Orders, including inter alia, Wage Order Nos. 2, 4 and 9; 29 U.S.C. § 2101, et seq., and/or municipal and county codes across the state of California, including but not limited to City of L.A. Cal. Code art. 7-7.5; County of Los Angeles Code § 8.100.040, et seq., and San Francisco Cal. Code 12R.

18. Upon information and belief, Scale AI has not addressed and/or changed its unlawful practices and continues to deprive employees of millions of dollars in straight, break premium, and overtime compensation. By bringing this action, Plaintiffs intend to stop this ongoing and unlawful practice and recover back wages to which they are rightfully entitled.

II. JURISDICTION AND VENUE

19. The monetary damages, statutory penalties, restitution, and equitable relief sought by Plaintiffs, the class members, and other Class Members exceed the minimal jurisdiction limits of the Superior Court and will be established according to proof at trial.

20. This Court has jurisdiction over this action pursuant to the California Constitution, Article VI, section 10. The statutes under which this action is brought do not specify any other basis for jurisdiction.

21. This Court has jurisdiction over all Defendants because, upon information and belief, Defendants are citizens of California, have sufficient minimum contacts in California, or otherwise intentionally avail themselves of the California market so as to render the exercise of jurisdiction over them by California courts consistent with traditional notions of fair play and substantial justice. Indeed, Scale AI, Inc.'s "Home Office" (the Defendants' principal place of business), is in San Francisco, CA. Moreover, the acts and omissions detailed herein occurred in California.

22. Venue is proper in this Court because a majority of the acts, events, and violations occurred in San Francisco County. Defendants are headquartered in San Francisco and key decisions regarding the practices and policies at issue in this case are made in San Francisco. Therefore, the venue is proper in San Francisco in light of Defendants' acts and omissions in violation of the relevant labor statutes.

23. Upon information and belief, Defendants direct and control a large workforce of “Taskers” throughout San Francisco County, California—and have agents, employ individuals, and/or transact business in the State of California, County of San Francisco.

III. THE PARTIES

24. Plaintiff Steve McKinney is an individual and resident of Newbury Park, California.

25. Plaintiff Michelle Lynn Brunetti is an individual and resident of San Diego, California.

26. Plaintiff Caffier is an individual and resident of Los Angeles, California.

27. Plaintiff Agape is an individual and resided in South Pasadena, California until August 2024, after which she moved to New York City, where she currently resides

28. Plaintiff Rogowicz is an individual and resident of San Diego, California

29. Plaintiff Ovadal is an individual and resident of Glendale, California

30. Scale AI, Inc. is an entity incorporated under the laws of the State of Delaware, with principal places of business in San Francisco, California.

31. Smart Ecosystem, Inc. is an entity incorporated under the laws of the State of Delaware, with principal places of business in San Francisco, California.

32. HireArt, Inc. is a Delaware for-profit corporation with corporate headquarters at 135 W 29th Street, Suite 500, New York, NY 10010.

33. Defendants directly, and/or through their alter egos, own and control Outlier AI and Remotasks. Outlier AI and Remotasks are a platform used by Defendants to “help build the world’s most advanced Generative AI.”³ Outlier hosts job postings and is used to recruit Plaintiffs, other Class Members, and other aggrieved employees.

34. Plaintiffs are informed and believe and based thereon allege that ALEXANDR WANG is, and at all times relevant hereto was, an individual residing in San Francisco, California, as well as Chief Executive Officer for Scale AI, and DOES 1-50, as further defined below. Plaintiffs

³ *Frequently Asked Questions*, Outlier, <https://outlier.ai/faq> (last visited on December 7, 2024).

1 are further informed and believe and based thereon alleges that ALEXANDR WANG, in his
2 capacity as the Chief Executive Officer of Scale AI, exercised control over the wages, hours and/or
3 working conditions of Plaintiffs, other putative Class Members, and other aggrieved employees,
4 and other aggrieved employees , including misclassifying employees and what work hours should
5 actually be recorded, violated, or caused to be violated, the above-referenced and below-referenced
6 Labor Code provisions in violation of Labor Code section 558.1.

7 35. Plaintiffs are informed and believe and based thereon allege that DENNIS CINELLI
8 is, and at all times relevant hereto was, an individual residing in California, as well as Chief
9 Financial Officer for Scale AI, and DOES 1-50, as further defined below. Plaintiffs are further
10 informed and believe and based thereon alleges that DENNIS CINELLI, in his capacity as the Chief
11 Financial Officer for Scale AI, exercised control over the wages, hours and/or working conditions
12 of Plaintiffs, other putative Class Members, and other aggrieved employees, including by informing
13 employees when to report to work and what work hours should actually be recorded, violated, or
14 caused to be violated, the above-referenced and below-referenced Labor Code provisions in
15 violation of Labor Code section 558.1.

16 36. Plaintiffs are informed and believe and based thereon allege that DANIEL
17 BERRIOS is, and at all times relevant hereto was, an individual residing in California, as well as
18 Head of Product for Scale AI, and DOES 1-50, as further defined below. Plaintiffs are further
19 informed and believe and based thereon alleges that DANIEL BERRIOS, in his capacity as the
20 Head of Product for Scale AI, exercised control over the wages, hours and/or working conditions
21 of Plaintiffs and other aggrieved employees, including by informing employees when to report to
22 work and what work hours should actually be recorded, violated, or caused to be violated, the
23 above-referenced and below-referenced Labor Code provisions in violation of Labor Code section
24 558.1.

25 37. Plaintiffs are informed and believe and based thereon allege that XIAOTE ZHU is,
26 and at all times relevant hereto was, an individual residing in California, as well as General Manager
27 for (Scale AI's product) Outlier, and DOES 1-50, as further defined below. Plaintiffs are further
28 informed and believe and based thereon alleges that XIAOTE ZHU, in her capacity as the General

1 Manager of Outlier, exercised control over the wages, hours and/or working conditions of Plaintiffs
2 and other aggrieved employees, including by informing employees when to report to work and what
3 work hours should actually be recorded, violated, or caused to be violated, the above-referenced
4 and below-referenced Labor Code provisions in violation of Labor Code section 558.1.

5 38. Plaintiffs allege that Defendants SCALE AI, INC., SMART ECOSYSTEM, INC.,
6 HIREART, INC., ALEXANDR WANG, DENNIS CINELL, DANIEL BERRIOS, XIAOTE ZHU,
7 and DOES 1-50, inclusive, are “persons” who violated or caused to be violated California Labor
8 Code §§ 558, and 1197.1 and the Industrial Welfare Commission (“IWC”) Wage Orders.

9 39. The true names and capacities of Defendants sued as Does 1- 50, inclusive, are
10 unknown to Plaintiffs, who therefore sues said Defendants by such fictitious names pursuant to
11 section 474 of the California Code of Civil Procedure. Plaintiffs will seek leave to amend this
12 Demand when said true names and capacities have been ascertained.

13 **IV. FACTS COMMON TO ALL CLASS MEMBERS AND AGGRIEVED**
14 **EMPLOYEES**

15 **A. Defendants Deliberately Misclassify Taskers as Independent Contractors to Get**
16 **Ahead in the AI Race**

17 40. Artificial Intelligence (AI) has seen a huge boom in development and utilization in
18 recent years. AI is “fast becoming a regular part of daily life, shaping the way Americans work,
19 play and receive essential services from food deliveries to financial services to health care.”⁴ In
20 fact, over half of Americans interact with AI regularly.⁵ Tech giants like Microsoft and Elon Musk
21 are all racing to develop the most successful AI software with billions of dollars being poured into
22 the industry in 2024 alone.⁶

23 41. Defendant Scale AI is one of those companies in this competitive rat race. It is a tech
24

25 ⁴ *Public Awareness of Artificial Intelligence in Everyday Activities*, Pew Research Center,
26 <https://www.pewresearch.org/science/2023/02/15/public-awareness-of-artificial-intelligence-in-everyday-activities> (last visited December 5, 2024).

27 ⁵ *Id.*

28 ⁶ *AI, cloud funding in US, Europe and Israel to hit \$79bn in 2024, Accel says*, Reuters,
<https://www.reuters.com/technology/artificial-intelligence/ai-cloud-funding-us-europe-israel-hit-79-bln-2024-accel-says-2024-10-16> (last visited on December 5, 2024).

1 company whose “mission is to accelerate the development of [artificial intelligence] applications.”⁷
2 Scale AI is valued at approximately \$14 billion and has received massive investments including a
3 recent \$1 billion round which includes investments from corporate giants like Amazon and Meta.⁸

4 42. Defendants operate a service called Outlier, which is “dedicated to advancing GenAI
5 through specialized human expertise.”⁹ Outlier relies on workers like Plaintiffs, who spend
6 countless hours toiling away by responding to prompt after prompt of potential or actual question
7 posed to an AI, in an effort to make the AI seem more human to its users. Taskers may be designated
8 as “Reviewers” or “Super Attempters,” among other internal classifications, depending on the
9 projects they are assigned to and Tasks they are responsible for. Taskers and Super Attempters are
10 responsible for responding to example questions posed to the AI. These questions are known as
11 prompts. Reviewers critique and grade these responses.

12 43. Despite receiving billions of dollars, Defendants have exploited their workforce of
13 Taskers by misclassifying them as independent contractors rather than employees, in turn, denying
14 them vital protections afforded to them by law, including those of California. In knowingly and
15 willfully misclassifying these employees, Defendants received a major windfall in labor costs
16 through its Taskers at the cost of the rights of its workers.

17 44. Class Members and aggrieved employees get recruited for these positions through
18 bait-and-switch tactics. For example, when an individual applies for a full-time employment
19 position based on a job posting, they instead are invited to become a Tasker. If the individual
20 accepts, they are required to submit a resume and go through an interview process. If the person
21 passes, they will then go through an onboarding process. This process used by Defendants to “hire”
22 for Tasker and similar positions is identical to a standard hiring process for employment. Scale AI
23 uses the entity HireArt to hire high-performing Taskers as employees.

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26 ⁷ *About Us*, SCALE, <https://scale.com/about> (last visited December 3, 2024).

27 ⁸ *Amazon, Meta back Scale AI in \$1 billion funding deal that values firm at \$14 billion*, CNBC,
<https://www.cnbc.com/2024/05/21/amazon-meta-back-scale-ai-in-1-billion-funding-deal.html>
(last visited December 3, 2024).

28 ⁹ *A New Era of Outlier*, SCALE, <https://scale.com/blog/new-era-outlier> (last visited December 5, 2024)

1 45. Plaintiffs, other Class Members, and other aggrieved employees are assigned to
2 specific projects. These projects are performed for the benefit of not only Defendants, but a 3rd party
3 client-company as well. These client companies are generally the most well-known tech giants
4 including Alphabet, aka Google and Meta aka Facebook. Each project is given a two-word code
5 name (e.g. Flamingo Safety), with the first word standing in for the client company (e.g. Flamingo
6 is the code name for Meta), and the second word further narrowing down the focus of the project.
7 Importantly, Taskers do not get to pick the projects they are assigned to. After being assigned,
8 Taskers are required to spend hours answering prompts for their assigned project. Moreover, many
9 projects have a minute cap beyond which Defendants will no longer pay Taskers, limiting the
10 amount of time that Taskers are able to spend on a project. On other projects, Defendants will not
11 pay for a given Task if the Tasker exceeds the time limit or does not complete the assigned steps in
12 the given project.

13 46. Defendants have complete control over which project someone is assigned to, and
14 how long they work on that project. For example, Defendants are able to remove Taskers from
15 projects without any consent from the Tasker and reassign them to another project as Defendants
16 see fit.

17 47. Defendants are also in full control of the payment scheme for Plaintiffs and other
18 Class Members. Defendants utilize a bait-and-switch payment scheme where Defendants promise
19 to pay a specific hourly rate but lower this rate after the Tasker is signed on and begins working.
20 Defendants even change the payment scheme itself by changing the payment system from *per hour*
21 to *per Task*, or paying different rates for different components of a given Task.

22 48. This lack of control is especially unfavorable to Taskers because Defendants pay
23 Taskers less or nothing to complete training. However, when a Tasker is reassigned to a new project,
24 they must undergo training. Therefore, Defendants' Taskers have very limited control even over
25 their own pay. They can get reassigned to a new project at any time, in turn, reducing the amount
26 they are paid contrary to what was promised. Moreover, Defendants pay certain projects at a
27 reduced rate, despite promising a specific amount when the Tasker is hired.

28 49. These projects deal with a variety of subject matter. More than just misclassifying

1 their workers, Defendants also force-assign Taskers to projects that deal with obscene and
2 distressing subject matter, where Taskers must provide responses to prompts regarding extremely
3 disturbing topics. Some of these prompts ask for advice on sexual intercourse with dead animals,
4 or sexual predation, and suicide. At no point do Defendants properly screen whether Taskers are
5 prepared to handle these topics or are sufficiently qualified to provide responses on such sensitive
6 and offensive topics. Defendants also fail to inquire whether Taskers are interested in taking on
7 such a project before assigning them or whether they even consent to participate in the subject
8 matter.

9 50. Once assigned to a project, the Tasker is invited to a Slack channel for that
10 corresponding project. Slack is a service that allows Defendants to create online workspace rooms
11 where Taskers communicate with supervisors and other Taskers. Defendants also use Slack to
12 inform Taskers when they have been reassigned.

13 51. Taskers are required to download Hubstaff software onto their personal computers
14 to track their activity. Hubstaff is an “employee monitoring tool” that, among other functions:
15 tracks a user’s keyboard and mouse activity; tracks which websites the users visit; and is able to
16 take periodic screenshots of what the user is doing on the computer. Most importantly, Hubstaff
17 acts as a clock-in/out time tracking tool.¹⁰ Defendants use this tool to record the time for which the
18 Taskers are paid, as well as to exert further control over them by tracking their computer activity.
19 The tracking and control provided by this tool demonstrate that Taskers are simply employees
20 disguised as independent contractors.

21 52. In turn, because Defendants classified Taskers as independent contractors instead of
22 employees, they do not provide any protections to which employees are entitled to under California
23 law including minimum wage, overtime, and compliant meal and rest break periods. Defendants
24 also require Taskers to perform off-the-clock work. For example, Taskers are required to watch
25 YouTube videos or attend meetings for which they are not paid. Indeed, Defendants have reaped
26

27
28 ¹⁰ *Monitoring*, Hubstaff, <https://hubstaff.com/employee-monitoring> (Last accessed on December 6, 2024).

1 enormous profits by deliberately avoiding paying wages and benefits to those performing work that
2 forms the backbone of Defendants’ business. The intended result is for Taskers to receive, at most,
3 de minimis profit from their work.

4 **B. Taskers Are Employees**

5 **1. Controlling Law**

6 53. Companies like Defendants were never supposed to be allowed to run an entire
7 business on the backs of independent contractors. People who work in a company’s core line of
8 business are its “employees.” *United States v. Silk*, 331 U.S. 704, 718 (1947).

9 54. In recent years, state legislatures have taken action to send a clear message that most
10 workers should be “employees.”

11 55. California has adopted the “ABC test” to determine whether companies, like Scale
12 AI, have misclassified their workers as “independent contractors.” Because employee status was
13 meant to be the default, the ABC test “presumptively considers all workers to be employees and
14 permits workers to be classified as independent contractors only if the hiring business demonstrates
15 that the worker in question satisfies *each* of three conditions:

16 A. that the worker is free from the control and direction of the hirer in connection with
17 the performance of the work... *and*

18 B. that the worker performs work that is outside the usual course of the hiring entity’s
19 business; *and*

20 C. that the worker is customarily engaged in an independently established ... business
21 of the same nature as that involved in the work performed.”

22 *Dynamex Operations West, Inc. v. Superior Court*, 4 Cal.5th 903, 956-57 (2018) (emphasis in
23 original).

24 **a. Taskers Are Not Free from Defendants’ Control**

25 56. Defendants do not require Taskers to hold any special experience, skills, license, or
26 education level. As discussed above, to become Taskers, individuals simply go through an
27 application, interview, and onboarding procedure.

28 57. As further discussed above, Defendants control almost every aspect of the work

1 including what project a Tasker is assigned to, when to remove or reassign a Tasker to another
2 project, and whether to promote a Tasker to a Reviewer or Super Tasker.

3 58. Defendants further require Taskers to use the employee monitoring software
4 Hubstaff, which monitors, among others, keyboard and mouse activity, what websites are visited
5 by the Tasker and allows them to clock in and out to track time spent working.

6 **b. Taskers' Work is not Outside Defendant's "Usual Course of Business"**

7 59. The work that Taskers perform is exactly the type of business that Defendants are
8 engaged in. As discussed above, Defendants are tech companies. Scale AI in particular provides its
9 service by "combining AI-based techniques with human-in-the-loop." In fact, its own website
10 explains that "expert contributors provide the specialized knowledge needed to create and curate
11 the high-quality data essential for producing cutting-edge AI – driving advancements for leading
12 model builders and tech companies."¹¹ This perfectly explains how Tasker work is work done in
13 Defendants' usual course of business.

14 **c. Defendants Cannot Meet their Burden to Show that Taskers are**
15 **"Customarily Engaged" in a Separate Business**

16 60. Defendants cannot meet its burden to show that Taskers are "customarily engaged"
17 in any separate business. Instead, Taskers are recruited regardless of their skill or experience, only
18 perform AI work to improve Defendants' AI software (using Defendants' platform), and do not
19 contribute to any software, service, or product of their own.

20 61. Moreover, Taskers specifically work directly on the projects of Defendants' clients.
21 These are solely client companies of Defendants and not the Taskers themselves

22 62. Defendants' Taskers are not required to have any background in professional
23 writing, subject matter expertise, or prompt and response engineering prior to becoming a Tasker.
24 Taskers are not required to have any licensure or meet any educational requirements, either. Instead,
25 Scale AI requires comprehensive uncompensated training and strict guidelines to shape Taskers'

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27 ¹¹ *A New Era of Outlier*, SCALE, <https://scale.com/blog/new-era-outlier> (last visited December 6,
28 2024)

1 work, regardless of their prior experience.

2 63. Most Taskers have never owned or operated their own separate AI-developing
3 business outside of the work they perform on Outlier. And most Taskers do not maintain any
4 registered or incorporated AI-developing business, for their work with Defendants or otherwise.
5 Taskers generally do not hold themselves out to others as owning an AI-development company or
6 maintaining any office or business address.

7 64. Rather than rely on Tasker's own ability to create their work environment,
8 Defendants provide the instrumentalities which they require Taskers to use for their work.
9 Defendants require Taskers to use Slack for communication and assignments, Hubstaff for tracking
10 things like time and computer activity, and sometimes their customer-company's services as well.

11 65. Ultimately, Defendants intend for Taskers to see Defendants as employers, not as
12 clients. In other words, regardless of whether any Tasker maintains any kind of independent
13 business, Defendants' policies and mandated instrumentalities of work make it so the Taskers'
14 responsibilities are not those that are of the sort that would be performed by an independent and
15 trained professional. For example, Defendants provide Taskers with Slack to communicate with
16 their supervisors or other Taskers. As a result of this work, Taskers are developing and improving
17 Defendants' services, not the services or products of their own business.

18 **2. Defendants' Misclassification of Plaintiffs and Other Taskers Was Willful.**

19 66. Defendants' decision to misclassify Taskers as independent contractors was willful
20 and intentional.

21 67. **First**, Defendants do business in California, and employ personnel in a variety of
22 roles there, and thus, they are implementing California's labor and employment laws as a matter of
23 regular practice. Defendants are highly sophisticated, large companies or individual in top executive
24 positions, whose legal teams includes California lawyers, both those at the prestigious law firms
25 that provide them representation in other matters, as well as those comprising its team of in-house
26 counsel. Both their management and their legal teams would be exposed to news about changes in
27 California law with respect to misclassification.

28 68. **Second**, Defendants know and depend on Taskers and even the highest levels of the

1 company understand that Taskers play an essential role in Defendants’ growth and business model.
2 The management team, including the CEO and Head of Generative AI Operations not only
3 understand the essential role Taskers play, but know they are classified as independent contractors,
4 as evidenced by the statement posted on the Scale AI website referring to Taskers as
5 “contributors”.¹² Thus, the decision was not a singular decision by a low-level employee, but a
6 conscious and knowing choice endorsed by the highest levels of the Company.

7 69. **Third**, Defendants know that all Taskers are not engaged in a separate business that
8 relates to the development of AI. Moreover, if Taskers were engaged in their own business of
9 developing their own AI service, Defendants would not allow them to perform work on Defendants’
10 AI program as they would be competitors in a highly contested market.

11 **3. Defendants’ Misclassification of Taskers and Unfair Business Practices Harm the**
12 **California Public.**

13 70. Defendants’ misclassification of its workers and unfair and unconscionable business
14 model threatens the general public. Because Defendants have no incentive to stop these practices,
15 a public injunction is necessary to stop these practices.

16 **4. Defendants’ Unfair and Unlawful Conduct Harms California in Other Ways.**

17 71. Beyond recruitment, Defendants’ misclassification of Taskers harms Californians
18 both economically and socially and endangers the general public. Many of the labor laws in
19 California are enacted to protect the wellbeing of the workers. For example, meal and rest breaks
20 prevent employers from forcing employees to work continuously for an entire day without breaks
21 or food, which in turn, would cause health problems due to fatigue, stress, and overworking.

22 72. Defendants’ practices also harm competitors, such as legitimate companies in the AI
23 development space, who must and do pay wages, and provide their workers with compliant breaks.
24 By misclassifying their workers, Defendants incur lower expenses, giving them a competitive
25 advantage over other market participants.

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27
28 ¹² *A New Era of Outlier*, SCALE, <https://scale.com/blog/new-era-outlier> (last visited December 6, 2024)

1 73. The California Legislature specifically considered harms like these in passing AB-
2 5. The legislature recognized “harm to misclassified workers who lose significant workplace
3 protections, the unfairness to employers who must compete with companies that misclassify, and
4 the loss to the state of needed revenue from companies that use misclassification to avoid
5 obligations such as payment of payroll taxes, payment of premiums for workers’ compensation,
6 Social Security, unemployment, and disability insurance” and that “the misclassification of workers
7 as independent contractors has been a significant factor in the erosion of the middle class and the
8 rise in income inequality.” Defendants’ continued misclassification of California workers will
9 exacerbate all these harms to the California public.

10 74. Absent an injunction protecting the public from the negative impacts of Defendants’
11 illegal activities, including by and through their officers and/or entities in their control, the
12 California public remains at risk from Defendants’ economic and social harms created by their
13 unlawful practices.

14 **V. Plaintiff McKinney’s Experiences as a Tasker**

15 75. Plaintiff McKinney acted as a Tasker from approximately February 2024 to
16 approximately June 2024.

17 76. Plaintiff McKinney initially applied for a position with Scale AI for a Business
18 Development, Partner Manager position.

19 77. However, instead of inviting Plaintiff McKinney to interview for the position he
20 applied for, Defendants sent Plaintiff McKinney an invitation to submit his resume to become a
21 Tasker and promised him that he would be paid \$25 per hour. Plaintiff McKinney accepted this
22 invitation under the expectation that he would be paid the agreed-upon amount. However,
23 Defendant ultimately started paying Plaintiff McKinney as low as \$15 per hour.

24 78. After accepting the invite, Plaintiff McKinney was required to submit an application
25 and resume and go through an interview process. After successfully completing the interview,
26 Plaintiff McKinney was required to go through an on-boarding process before he was able to start
27 working.
28

1 79. Plaintiff McKinney was required to download and use Hubstaff by Defendants to
2 track his hours, and monitor his computer activity, including what websites he visited.

3 80. Throughout his time working as a Tasker, Plaintiff McKinney had no control over
4 which projects to work on. Plaintiff McKinney was assigned by Defendants to specific projects,
5 and subsequently removed or reassigned to other projects. Plaintiff McKinney worked on these
6 projects responding to AI prompts throughout his tenure, typically spending up to 12 hours a day.
7 Plaintiff McKinney performed these activities throughout the day for several days a week. As
8 discussed above, Defendants placed time constraints on projects Plaintiff McKinney worked on
9 wherein Defendants would no longer pay for any time spent over a specific minute cap, or at times
10 he even would not be paid for the Task at all if the Task could not be completed in a given time
11 period.

12 81. At one point, Plaintiff McKinney was assigned to the Flamingo Safety project during
13 which he had to respond to prompts dealing with extremely distressing subject matter like suicide,
14 sexual predation, and bestiality.

15 82. Shortly after being assigned to Flamingo Safety, Plaintiff McKinney was forced to
16 quit being a Tasker as the work was negatively impacting his mental and emotional health.

17 83. At no point during his tenure as a Tasker did Plaintiff McKinney receive compliant
18 meal and rest breaks, overtime, or payment for all hours worked. Plaintiff McKinney was also never
19 reimbursed for his necessary business expenses which included use of personal cell phone, use of
20 personal computer, and use of electricity and internet.

21 84. No compliant paystub was provided that identified hours worked, nor were any
22 employment taxes withheld at any time.

23 **VI. Plaintiff Brunetti's Experiences as a Tasker**

24 85. Plaintiff Brunetti acted as a Tasker from approximately May 2024 to approximately
25 September 2024.

26 86. Plaintiff Brunetti initially applied for a position with Scale AI through the website
27 Indeed.

1 87. After verifying her degree, Plaintiff Brunetti was required to go through an on-
2 boarding process before she was able to start working.

3 88. Plaintiff Brunetti was promised a pay rate of \$30 per hour. However, Defendant
4 ultimately paid Plaintiff Brunetti as low as \$20 per hour.

5 89. Plaintiff Brunetti was required to download and use Hubstaff by Defendants to track
6 her hours, and monitor her computer activity, including what websites she visited.

7 90. Throughout her time working as a Tasker, Plaintiff Brunetti had no control over
8 which projects to work on. Plaintiff Brunetti was assigned by Defendants to specific projects, and
9 subsequently removed or reassigned to other projects. Plaintiff Brunetti worked on these projects
10 responding to AI prompts throughout her tenure, typically spending up to 8 hours a day. Plaintiff
11 Brunetti performed these activities throughout the day for several days a week. As discussed above,
12 Defendants placed time constraints on projects Plaintiff Brunetti worked on wherein Defendants
13 would no longer pay for any time spent over a specific minute cap, or at times he even would not
14 be paid for the Task at all if the Task could not be completed in a given time period.

15 91. At no point during her tenure as a Tasker did Plaintiff Brunetti receive compliant
16 meal and rest breaks, overtime, or payment for all hours worked. Plaintiff Brunetti was also never
17 reimbursed for her necessary business expenses which included use of personal cell phone, use of
18 personal computer, and use of electricity and internet.

19 92. No compliant paystub was provided that identified hours worked, nor were any
20 employment taxes withheld at any time.

21 **VII. Plaintiff Caffier's Experiences as a Tasker**

22 93. Plaintiff Caffier acted as a Tasker since approximately June 2024.

23 94. Plaintiff Caffier initially found the job through ads on Instagram.

24 95. Plaintiff Caffier was required to go through an on-boarding process before he was
25 able to start working.

26 96. Plaintiff Caffier was promised a pay rate of \$45 per hour. However, Defendant
27 ultimately paid Plaintiff Caffier as low as \$18-25 per hour.

1 97. Plaintiff Caffier was required to download and use Hubstaff by Defendants to track
2 his hours, and monitor his computer activity, including what websites he visited.

3 98. Throughout his time working as a Tasker, Plaintiff Caffier had no control over which
4 projects to work on. Plaintiff Caffier was assigned by Defendants to specific projects, and
5 subsequently removed or reassigned to other projects. Plaintiff Caffier worked on these projects
6 responding to AI prompts throughout his tenure, typically spending up to 6 hours a day. Plaintiff
7 Caffier performed these activities throughout the day for several days a week. As discussed above,
8 Defendants placed time constraints on projects Plaintiff Caffier worked on wherein Defendants
9 would no longer pay for any time spent over a specific minute cap, or at times he even would not
10 be paid for the Task at all if the Task could not be completed in a given time period.

11 99. At one point, Plaintiff Caffier was assigned to a project during which he had to work
12 on prompts dealing with extremely distressing subject matter such as racism and sexual
13 impropriety.

14 100. Shortly after being assigned to the project, Plaintiff Caffier experienced negative
15 impacts on his mental and emotional health including anxiety and depression.

16 101. At no point during his tenure as a Tasker did Plaintiff Caffier receive compliant meal
17 and rest breaks, overtime, or payment for all hours worked. Plaintiff Caffier was also never
18 reimbursed for his necessary business expenses which included use of personal cell phone, use of
19 personal computer, and use of electricity and internet.

20 102. No compliant paystub was provided that identified hours worked, nor were any
21 employment taxes withheld at any time.

22 103. Plaintiffs' experience based on the allegations above was typical of the class and the
23 aggrieved employees.

24 **VIII. Plaintiff Agape's Experiences as a Tasker**

25 104. Defendant Scale AI first hired Plaintiff Agape as a Tasker in approximately
26 November 2023. Plaintiff Agape worked as a Tasker through the end of February 2024.

27 105. Plaintiff Agape sometimes worked on tasks longer than the time allotted by Scale
28 AI and therefore was not paid for all hours worked.

1 106. While she was a Tasker, Plaintiff Agape was paid via PayPal through Scale AI's
2 platforms (e.g., Remotasks and Outlier AI) through PayPal. PayPal is not a negotiable instrument
3 as required by Labor Code Section 212. Scale AI did not provide Plaintiff Agape with wage
4 statements as required by Labor Code section 226 and IWC Wage Order 4-2001, did not timely
5 pay all wages due as required by the Labor Code, including Labor Code sections 204, 212, 213
6 and 210, and the IWC Wage Orders.

7 107. Around the end of February or beginning of March 2024, Plaintiff Agape became
8 an hourly employee for Defendants, for which she received a W-2 tax form. Plaintiff Agape was
9 hired as a Reinforcement Learning Human Feedback (RLHF) Consultant, and Plaintiff Agape's
10 job duties were largely the same as when she was a Tasker, i.e., completing assigned tasks to train
11 generative AI.

12 108. As an hourly employee, Plaintiff Agape's time was tracked by software on her
13 company- provided laptop (i.e., Time Doctor). The software did not track all hours worked,
14 including time Plaintiff Agape spent on the phone with members of her team, mandatory trainings,
15 and time spent on assessments/quizzes. Near the beginning of her work as an RLHF Consultant,
16 Defendants discouraged Plaintiff Agape from including hours spent on certain kinds of meetings
17 as hours worked. Defendants also expected Plaintiff Agape to acquire new knowledge for her job
18 without recording the hours spent. Defendants also discouraged Plaintiff Agape from recording
19 more than 8 hours in a day or 40 hours in a week when she worked overtime hours. Defendants
20 did not pay Plaintiff Agape for all hours worked.

21 109. Plaintiff Agape was expected to keep the schedule of a full-time employee, but
22 Defendants did not provide meal or rest breaks, and did not train employees on their right to take
23 30-minute meal breaks or rest breaks throughout the day. Defendants did not pay meal or rest
24 period premiums for missed meal or rest breaks, and did not train employees on how to record
25 missed meal or rest breaks.

26 110. In approximately June 2024, Plaintiff Agape became a "RLHF Code Expert," a
27 position classified as exempt from overtime and other Labor Code requirements. During this time,
28 Plaintiff Agape was paid her salary by HireArt. In this role, Plaintiff Agape's job duties were the

1 same as her duties as in her hourly role as a RLHF Consultant: performing Tasking duties and
2 auditing the work of Taskers. A college degree was not required for this position. Defendants
3 misclassified Plaintiff Agape as exempt from overtime and other Labor Code requirements.

4 111. In this role, Plaintiff Agape regularly worked approximately 40-60 hours per week
5 and over 8 hours per day. Defendants did not pay Plaintiff Agape overtime for hours worked over
6 eight in a day or forty in a week. Plaintiff Agape was also paid “bonuses” for working extra hours,
7 such as on the weekend. These non- discretionary bonuses are part of the regular rate calculation
8 for Plaintiff Agape’s unpaid overtime.

9 112. Plaintiff Agape also worked off-the-clock. Plaintiff Agape’s time was tracked by
10 software on her company-provided laptop. However, the software did not track all hours worked,
11 including time Plaintiff Agape spent on the phone with members of her team, mandatory trainings,
12 time spent on assessments/quizzes, and time spent completing tasks beyond the time limit
13 assigned by Defendants. In her last few months as an RLHF Code Expert, Defendants practices
14 changed and Plaintiff Agape’s hours worked were no longer tracked at all. Defendants did not pay
15 Plaintiff Agape for all hours worked.

16 113. Plaintiff Agape was expected to keep the schedule of a full-time employee, but
17 Defendants did not provide meal or rest breaks, and did not train employees on their right to take
18 30-minute meal breaks or rest breaks throughout the day. Defendants did not pay meal or rest
19 period premiums for missed meal or rest breaks, and did not train employees on how to record
20 missed meal or rest breaks.

21 114. While Defendants provided Plaintiff Agape with a laptop to complete her work,
22 Plaintiff Agape paid for her own smart phone and internet access. Defendants did not reimburse
23 Plaintiff Agape for these necessary business expenses.

24 **IX. Plaintiffs Rogowicz and Ovadal’s Experiences as Taskers**

25 115. Plaintiff Amber Rogowicz worked for Defendants as an “independent contractor”
26 Annotator between March 6, 2024 and June 11, 2024.

27 116. Alexander Ovadal currently works as an “independent contractor” Annotator for
28 Defendants, beginning on May 22, 2024.

117. Plaintiff Rogowicz is not customarily engaged in an independently established trade, occupation, or business of the same nature as the work she performed for Defendants. She did not label RLHF data sold to generative AI companies outside of her work for Defendants.

118. Plaintiff Ovadal is likewise not customarily engaged in an independently established trade, occupation, or business of the same nature as the work he performs for Defendants. He has not performed generative AI data labeling outside of his work for Defendants.

119. Plaintiffs Rogowicz and Ovadal did not have the power to hire and fire, did not manage others, did not set policy for Defendants, nor otherwise direct Defendants' business operations.

120. Plaintiffs Rogowicz and Ovadal also worked extensive time for Defendants' benefit off the clock, without any compensation.

121. On a typical day, Plaintiff Rogowicz worked about ten (10) hours. However, Ms. Rogowicz was compensated for only about five (5) of these hours per day.

122. Plaintiff Ovadal works about 30 hours per week for Defendants on average. However, Mr. Ovadal is compensated for only about 25 hours per week on average.

123. Defendants have willfully and knowingly failed to pay premium overtime compensation to Plaintiffs Rogowicz and Ovadal for hours worked in excess of eight hours per day.

124. Defendants did properly pay reimbursements to Plaintiffs Rogowicz and Ovadal for job-related expenses, such as internet and phone charges and computer software and hardware.

125. Plaintiffs Rogowicz and Ovadal and Annotators who worked for Defendants for 30 or more days did not accrue paid sick leave, as required under California Labor Code § 246.

CLASS ALLEGATIONS

126. Plaintiffs incorporate and realleges the above paragraphs.

127. Plaintiffs bring this action on their own behalf, as well as on behalf of each and all other persons similarly situated, and thus seeks class certification under California Code of Civil Procedure section 382.

128. All claims alleged herein arise under California law for which Plaintiffs seek relief authorized by California law.

129. **Plaintiffs’ proposed class consists of and is defined as follows:**

All individuals who during the applicable statutes of limitations through the date a class is certified: (i) provided services to Defendants as a Contributor while residing in the State of California; or (ii) were placed by HireArt to perform services similar to a Contributor with ScaleAI or Smart Ecosystem while residing in the State of California during the applicable statutes of limitations through the date a class is certified.

130. **Plaintiffs also allege the following subclass:**

a. **The Above-Standard Minimum Wage Subclass**

All individuals who during the applicable statutes of limitations through the date a class is certified: (i) provided services to Defendants as a Contributor while residing in the State of California; or (ii) were placed by HireArt to perform services similar to a Contributor with ScaleAI or Smart Ecosystem while residing in California cities or counties with a minimum wage rate greater than the California minimum wage. This subclass includes, but is not limited to, residents of Los Angeles (City and County), San Francisco, San Diego, Oakland, and San Jose.

131. Members of the Class will hereinafter be referred to as “Class Members.” Plaintiffs reserve the right to redefine the Class and to add subclasses as appropriate based on further investigation, discovery, and specific theories of liability.

132. ***Ascertainable and numerous.*** The Class is ascertainable and numerous such that joinder is impractical. The membership of the entire class is unknown to Plaintiffs at this time. However, the class will likely consist of thousands of members, the precise number which is within the knowledge of and can be readily ascertained through Defendants’ records.

133. ***Community of Interest.*** There is a well-defined community of interest amongst Class Members. A class action is superior to all other available methods for the fair and efficient adjudication of this lawsuit because the Class is both numerous and its membership is geographically widespread across California. A class action will achieve economies of time, effort and expense as compared with separate lawsuits, and will avoid inconsistent outcomes because the

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

3 134. ***Predominating Common Questions.*** There are numerous questions of law and fact
4 common to the Class which predominate over any questions affecting only individual members of
5 the Class. Among the questions of law and fact common to the Class are:

- 6 a. Whether Defendants misclassified Taskers and individuals in similar position as
7 independent contractors when in fact they were Defendants' employees;
- 8 b. Whether Defendants failed to pay Plaintiffs and Class Members the legally
9 mandated minimum wage for all hours worked;
- 10 c. Whether Defendants failed to timely pay wages due to Plaintiffs and Class Members
11 during their employment;
- 12 d. Whether any misclassification by Defendants was voluntary and knowing;
- 13 e. Whether Defendants controlled the manner and means of Taskers and individuals in
14 similar position;
- 15 f. Whether Defendants failed to reimburse Taskers' business expenses;
- 16 g. Whether Defendants failed to maintain accurate time records for Taskers and similar
17 positions;
- 18 h. Whether Defendants failed to provide complete and accurate wage statements to
19 Taskers and individuals in similar positions;
- 20 i. Whether Defendants failed to pay Taskers and individuals in similar positions their
21 wages due at termination; and
- 22 j. Whether Defendants should be enjoined from continuing the practices described
23 herein.

24 135. ***Typicality.*** Plaintiffs' claims are typical of the claims of Class Members because
25 Plaintiffs, like all members of the Class, worked as Taskers for Defendants in California, was
26 required to adhere to Defendants' policies, and was paid on a commission basis. Furthermore, like
27 all members of the Class, Plaintiffs sustained damages from Defendants' wrongful conduct.

1 Accordingly, Plaintiffs have no interests antagonistic to the interests of any other member of the
2 Class.

3 136. *Adequacy.* Plaintiffs will fully and adequately assert and protect the interests of the
4 Class and has retained counsel who are experienced in prosecuting class actions. Plaintiffs
5 acknowledge that she has an obligation to make known to the Court any relationship, conflicts or
6 differences with any Class Member. Plaintiffs' attorneys, the proposed class counsel, are versed in
7 the rules governing class action discovery, certification, and settlement. Accordingly, Plaintiffs are
8 an adequate representative and will fairly and adequately protect the interests of the Class.

9 **FACTS RELATING TO PLAINTIFFS AS PRIVATE ATTORNEY GENERALS**

10 137. At all times set forth herein, PAGA was applicable to Plaintiffs' employment by
11 Defendants.

12 138. At all times set forth herein, PAGA provides that, notwithstanding any other
13 provision of law, any provision of law under the California Labor Code that provides for a civil
14 penalty, including unpaid wages and premium wages, to be assessed and collected by the California
15 Labor & Workforce Development Agency ("LWDA") for violations of the California Labor Code
16 may, as an alternative, be recovered through a civil action brought by an aggrieved employee on
17 behalf of the aggrieved employee and other current or former employees pursuant to procedures set
18 forth in California Labor Code section 2699.3.

19 139. Pursuant to PAGA, a civil action may be brought by an "aggrieved employee," who
20 is any person that was employed by the alleged violator and against whom one or more of the
21 alleged violations was committed.

22 140. Plaintiffs were employed by Defendants and the alleged violations were committed
23 against them and they are, therefore, an aggrieved employee. Plaintiffs and the Class are "aggrieved
24 employees" as defined by California Labor Code section 2699(c) in that they are current or former
25 employees of Defendants and one of more of the alleged violations were committed against them.

26 141. Pursuant to California Labor Code sections 2699.3 and 2699.5, an aggrieved
27 employee, including Plaintiffs, may pursue a civil action arising under PAGA after the following
28 requirements have been met:

1 a. The aggrieved employee shall give written notice (hereinafter “Employee’s
2 Notice”) to the LWDA and the employer of the specific provisions of the Labor Code alleged to
3 have been violated, including the facts and theories to support the alleged violations.

4 b. The LWDA shall provide notice (hereinafter “LWDA Notice”) to the employer
5 and the aggrieved employee that it does not intend to investigate the alleged violation within sixty-
6 five (65) calendar days of the postmark date of the Employee’s Notice. Upon receipt of the LWDA
7 Notice, or if the LWDA Notice is not provided within sixty-five (65) calendar days of the
8 Employee’s Notice, the aggrieved employee may commence a civil action pursuant to California
9 Labor Code section 2699 to recover civil penalties in addition to any other penalties to which the
10 employee may be entitled.

11 Plaintiffs have satisfied these statutory requirements by providing notice by electronic
12 submission to the LWDA and the Division of Occupational Safety and Health (“CalOSHA”), and
13 by certified mail to Defendants regarding the specific provisions of the Labor Code alleged to have
14 been violated, including the facts and theories to support the alleged violations, pursuant to Labor
15 Code section 2699.3. Plaintiffs previously submitted separate letters pursuant to PAGA. Plaintiffs
16 submitted their initial letters on the following dates: Ms. Rogowicz on October 29, 2024; Mr.
17 McKinney on December 10, 2024; Ms. Agape on December 24, 2024; Mr. Caffier and Ms. Brunetti
18 on March 6, 2025; and Mr. Ovadal on August 4, 2025. Plaintiffs subsequently submitted an
19 amended consolidated letter on November 21, 2025. The LWDA has not expressly stated that it
20 will intervene or investigate, or otherwise responded regarding Plaintiffs’ asserted PAGA claims
21 against Defendants herein. CalOSHA has expressly stated that it will not conduct an investigation.

22 **FIRST CAUSE OF ACTION**

23 **(Failure to Pay Minimum Wages, Straight Time Wages, Contractual Wages and Liquidated
Damages)**

24 **Cal. Labor Code §§ 200, 210, 212, 213, 223, 226.2, 256, 558, 1174.5, 1182.11, 1182.12, 1193.6,
1194, 1194.2, 1197, 1197.1, 1198; IWC Wage; Municipal and County Codes Orders**

25 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
26 WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

27 142. Plaintiffs reallege and incorporate by reference all preceding allegations as though
28 fully set forth herein.

1 143. At all relevant times, California Labor Code sections 200, 223, 226.2, 1182.11,
2 1182.12, 1193.6, 1194, 1194.2, 1197, 1197.1, and 1198 have provided that the minimum wage for
3 employees fixed by the Industrial Welfare Commission is the minimum wage to be paid to
4 employees, and the payment of a wage less than the minimum so fixed is unlawful. California law
5 provides employees in California must be paid for all hours worked, up to 40 per week or eight (8)
6 per day, at a regular time rate no less than the mandated minimum wage. Compensable work time
7 is defined by the applicable wage order as “the time during which an employee is subject to the
8 control of an employer and includes all the time the employee is suffered or permitted to work,
9 whether or not required to do so.” Cal. Code. Regs. tit. 8, section 11070(2)(G) (defining “Hours
10 Worked”).

11 144. As alleged herein, during the relevant time period, Defendants maintained and still
12 maintain a policy of requiring employees to work off-the-clock, without compensation. Defendants
13 only compensate Taskers and individuals in similar positions, including Plaintiffs, for Tasks
14 performed through Outlier, and does not pay wages for other hours worked. These hours include
15 time spent doing the following, inter alia:

- 16 a) Watching training videos;
- 17 b) Responding and communicating in Slack;
- 18 c) Remote video “check-ins” with Project Leads or other management
- 19 d) handling other responsibilities as needed.

20 Plaintiffs and Class Members performed these activities throughout the day, nearly every day, often
21 in short increments adding up to one to two hours a day.

22 145. Defendants’ failure to properly pay Plaintiffs and Class Members for work all work
23 performed (including proper minimum wage, straight time wages, contractual wages), resulted in
24 violation of California Labor Code sections 200, 210, 212, 213, 223, 226.2, 256, 558, 1174.5,
25 1182.11, 1182.12, 1193.6, 1194, 1194.2, 1197, 1197.1, 1198; and the IWC Wage Orders, including
26 inter alia, Wage Order Nos. 2, 4 and 9. In addition, Defendants’ failure to properly pay for work
27 (including proper minimum wage, straight time wages, contractual wages and overtime) is a
28 violation of various municipal and county codes across the state, including, but not limited to City

1 of L.A. Cal. Code art. 7-7.5; County of Los Angeles Code § 8.100.040, *et seq.*, San Francisco Cal.
2 Code 12R.

3 146. California Labor Code § 558.1 states that any employer or person acting on behalf
4 of an employer who causes a violation is liable, among other things, for minimum wage violations.
5 *See* Cal. Labor Code § 558.1. Defendants SCALE AI, INC., SMART ECOSYSTEM, INC.,
6 HIREART, INC., ALEXANDR WANG, and DOES 1-50, inclusive, failed to pay Plaintiffs and
7 other Class Members the minimum wage and all Defendants are liable for causing this violation
8 under Labor Code § 558.1.

9 147. As such, pursuant to California Labor Code and Municipal and County Code
10 sections above and 200, 203, 226, 558, 1194, 1994.2, 1994.2, 1197.1 and any other applicable
11 provisions under the California Labor Code and Wage Orders , Plaintiffs and Class Members are
12 entitled to recover unpaid balance of wages owed to them, penalties, attorney’s fees and costs
13 pursuant to Labor Code section 218.5, plus interest pursuant to Labor Code section 218.6, and any
14 other available relief.

15 148. Under Labor Code 1194.2, Plaintiffs and other Class Members are entitled to receive
16 liquidated damages “in an amount equal to the wages unlawfully unpaid and interest hereon” due
17 to Defendants’ failure to pay Plaintiffs and other Class Members the minimum wage.

18 **SECOND CAUSE OF ACTION**

19 **(Failure to Properly Provide Meal Periods or Meal Premium Wages)**

20 **Cal. Labor Code §§ 226.7, 510, 512(a), 558.1, 1194, 1197, 1198; IWC Wage Orders 4-2001
and 9-2001**

21 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

22 149. Plaintiffs reallege and incorporate by reference all preceding allegations as though
23 fully set forth herein.

24 150. Under Cal. Lab. Code §§ 226.7, 510, 512(a), 558.1, 1194, 1197, 1198, and the IWC
25 Wage Orders, Defendants were required to provide Plaintiffs and Class Members with one thirty-
26 minute meal break free from all duties for all shifts longer than five (5) hours, and a second thirty-
27 minute meal break free from all duties for all shifts longer than 10 hours and a third thirty-minute
28

1 meal break free from all duties for all shifts longer than 15 hours. Employers covered by the Wage
2 Orders have an obligation to both (1) relieve their employees for at least one meal period for shifts
3 over five hours, and (2) to record having done so. If the employer fails to properly record a valid
4 meal period, it is presumed no meal period was provided. Cal. Lab. Code § 226.7 also requires an
5 employer to pay mandated premiums of an extra hour of wages to any employees who have not
6 been provided with a timely meal or rest break. Defendants also failed to keep complete and
7 accurate records of meal breaks.

8 151. As alleged herein, Plaintiffs and the Class regularly worked periods of more than
9 five (5), ten and fifteen hours in a workday without being provided requisite mandatory timely,
10 thirty-minute, duty-free meal periods. Defendants also failed to pay Plaintiffs and the Class an
11 additional hour of wages at their regular rates for each workday a meal period and/or a legally
12 compliant meal period was not provided.

13 152. Defendants' automated project assignment system imposed strict time limits on
14 Taskers' work and often automatically launched the next task after the completion of the previous.
15 These tasks had specific minute caps beyond which Defendants would not pay. Accordingly,
16 Taskers were forced to continue working to complete these tasks without having time to take a
17 break. These systematic time constraints made it impossible for Taskers to take compliant meal and
18 rest breaks without risking non-payment or removal from projects.

19 153. Defendants failed to provide Plaintiffs or the other Class Members with an
20 opportunity to take timely, uninterrupted meal periods of the requisite length, free from employer
21 control. Defendants also failed to compensate Plaintiffs and the other Class Members properly for
22 the non-compliant meal periods including, inter alia, missed, short, late, and/or interrupted meal
23 periods. Defendants also failed to pay premium wages for the many meals that Plaintiffs and the
24 other Class Members were deprived of. Also, Defendants did not provide any meal breaks and/or
25 otherwise not compliant breaks or proper premium compensation for such breaks to Plaintiffs or
26 other Class Members, since Defendants improperly classified Taskers and individuals in similar
27 positions as independent contractors and/or exempt employees who were not entitled to meal breaks
28 or otherwise entitled to meal break premiums.

154. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for meal period violations. *See* Cal. Labor Code § 558.1. Defendants SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, failed to provide Plaintiffs and other Class Members all meal periods or compensation in lieu thereof and all Defendants are liable for causing this violation under Labor Code § 558.1.

155. As a result, under Labor Code section 226.7, Plaintiffs and the Class are entitled to one additional hour's pay for each day a meal period was missed, late, short, interrupted or otherwise not compliant with the Labor Code and/or IWC Wage Orders, all in an amount according to proof, interest, attorney fees and costs, and any other available relief.

THIRD CAUSE OF ACTION

(Failure to Properly Provide Rest Periods or Rest Break Premium Wages)

Cal. Labor Code §§ 226.7, 512, 558.1, IWC Wage Orders

Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive

156. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

157. Cal. Lab. Code § 226.7 requires an employer to authorize or permit an employee to take a rest period of ten net minutes for every four hours worked, or major fraction thereof, and such rest periods must be in the middle of the four-hour period insofar as practicable. If the employer fails to provide any required rest periods or fails to provide a fully compliant rest break for a net ten minutes wherein the employee is fully relieved of all duties and all employer control, the employer must pay the employee one hour of pay at the employee's regular rate of compensation for each workday the employer did not provide a legally required and/or fully compliant rest period.

158. Defendants failed to provide Plaintiffs and the Class all required and/or fully compliant rest periods, or compensation in lieu thereof. Defendants employed policies and procedures that ensured Plaintiffs and the Class would not receive all legally required rest periods. For example, Defendants improperly classified Plaintiffs and the Class as independent contractors

1 and/or exempt employees rather than as employees and did not authorize nor permit all required
2 rest periods in strict accordance with the timing requirements of all applicable Wage Orders.
3 Defendants similarly employed policies and procedures that rendered rest periods non-compliant
4 with the requirements of California law by, inter alia, failing to relieve Plaintiffs and the Class of
5 all duties and all employer control. Defendants further employed policies and procedures ensuring
6 Plaintiffs and the Class never received a rest period premium and/or received a non-compliant rest
7 period premium during employment. As such, Defendants violated California Labor Code § 512.

8 159. California Labor Code § 558.1 states that any employer or person acting on behalf
9 of an employer who causes a violation is liable, among other things, for rest period violations. *See*
10 Cal. Labor Code § 558.1. Defendants SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART,
11 INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES
12 1-50, inclusive, failed to provide Plaintiffs and the Class all rest periods or compensation in lieu
13 thereof and all Defendants are liable for causing this violation under Labor Code § 558.1.

14 160. As a result, under Labor Code section 226.7, Plaintiffs and the Class are entitled to
15 one additional hour's pay for each day, a rest break was missed, late, short interrupted or otherwise
16 not compliant with the Labor Code and/or Wage Orders, all in an amount according to proof,
17 interest, attorney fees and costs, and any other available relief.

18 **FOURTH CAUSE OF ACTION**

19 **(Failure to Properly Pay Overtime Wages)**

20 **Cal. Labor Code §§ 200, 210, 212, 213, 223, 256, 510, 558, 1174.5, 1182.12, 1193.6, 1194,**
21 **1194.2, 1197, 1197.1, 1198, 1199; IWC Wage Orders; Municipal and County Codes**
22 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR**
23 **WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

24 161. Plaintiffs reallege and incorporate by reference all preceding allegations as though
25 fully set forth herein.

26 162. California Labor Code sections 200, 223, 510, 1194, 1198 and the IWC Wage Orders
27 require employers to pay no less than one and one-half times the regular rate of pay of the employee
28 for hours worked in excess of eight (8) hours in one workday, for hours worked in excess of forty
(40) hours in one workweek, and for the first eight (8) hours worked on the seventh day of work in

1 any one workweek, and to pay no less than twice the regular rate of pay of the employee for hours
2 worked in excess of twelve (12) hours in one workday and for any work in excess of eight (8) hours
3 on any seventh day of a workweek. During the relevant time period Plaintiffs and other Class
4 Members worked over 8 hours in a day and/or 40 hours in a week without overtime compensation
5 because Defendants failed to pay them for their work duties, as described above. This was, in turn,
6 due to Defendants' unlawful misclassification of Taskers as independent contractors and exempt
7 employees rather than as non-exempt employees. On occasions when Plaintiffs and other Class
8 Members had already worked eight hours in one day (performing all their work off-the-clock),
9 Defendants failed to properly pay them any overtime compensation due. Therefore, Plaintiffs and
10 other Class Members were entitled to receive overtime compensation at their regular of pay from
11 Defendants that Defendants failed to properly pay, violating Labor Code §§ 200, 210, 212, 213,
12 223, 256, 510, 558, 1174.5, 1182.12, 1193.6, 1194, 1194.2, 1197, 1197.1, 1198, 1199, and
13 the Wage Orders, including inter alia, Wage Order Nos. 2, 4, 5, and 9 as well as various municipal
14 and county codes across the state, including, but not limited to City of L.A. Cal. Code art. 7-7.5;
15 County of Los Angeles Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

16 163. Defendants also forced Class Members, including Plaintiffs, to work more than eight
17 (8) hours in a day, forty (40) hours a week, twelve (12) hours in a day, and in excess of eight (8)
18 hours on a seventh consecutive day of a workweek without overtime pay and under conditions
19 that violated the Wage Orders and in violation of Labor Code §§ 1198 and 1199.

20 164. California Labor Code § 558.1 states that any employer or person acting on behalf
21 of an employer who causes a violation is liable, among other things, for overtime wage violations.
22 *See* Cal. Labor Code § 558.1. Defendants SCALE AI, INC., SMART ECOSYSTEM, INC.,
23 HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU
24 and DOES 1-50, inclusive, failed to pay Plaintiffs and other Class Members overtime wages and
25 all Defendants are liable for causing this violation under Labor Code § 558.1.

26 165. As such, pursuant to the foregoing California Labor Code sections and Municipal
27 and County Codes, and Labor Code sections 200, 203, 226, 558, 1194, 1197.1, and any other
28 applicable provisions under the California Labor Code and Wage Orders, Plaintiffs and Class

1 Members are entitled to recover unpaid balance of wages owed to them by Defendants, plus
2 penalties, attorney's fees and costs pursuant to Labor Code section 218.5, interest pursuant to Labor
3 Code section 218.6 and any other available relief.

4 **FIFTH CAUSE OF ACTION**

5 **(Failure to Timely Pay Wages During Employment)**

6 **Cal. Labor Code §§ 204, 210; IWC Wage Orders**

7 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., and DOES 1-50,**
8 **inclusive**

9 166. Plaintiffs reallege and incorporate by reference all preceding allegations as though
10 fully set forth herein.

11 167. At all relevant times herein set forth, Cal. Labor Code § 204 requires that all wages
12 earned by any person in any employment between the 1st and the 15th days, inclusive, of any
13 calendar month, other than those wages due upon termination of an employee, are due and payable
14 between the 16th and the 26th day of the month during which the labor was performed, and that all
15 wages earned by any person in any employment between the 16th and the last day, inclusive, of any
16 calendar month, other than those wages due upon termination of an employee, are due and payable
17 between the 1st and the 10th day of the following month.

18 168. Cal. Labor Code § 204 also requires that all wages earned for labor more than the
19 normal work period shall be paid no later than the payday for the next regular payroll period.

20 169. During the relevant period, Defendants failed to pay Plaintiffs and other Class
21 Members, all wages due to them, including minimum wages, overtime wages, meal and rest period
22 premium wages and paid sick leave, within any time period specified by California Labor Code
23 section 204 and the IWC Wage Orders. The penalty amounts are established by California Labor
24 Code section 210.

25 170. Plaintiffs and the Class are entitled to recover all wages owed, interest, attorneys'
26 fees and costs, and penalties in an amount according to proof as well as any other available relief.

27 **SIXTH CAUSE OF ACTION**

28 **(Failure to Pay All Earned and Unpaid Wages Upon Separation of Employment)**

Cal. Lab. Code §§ 201-203

**Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

1 171. Plaintiffs reallege and incorporate by reference all preceding allegations as though
2 fully set forth herein.

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

9 173. Cal. Lab. Code § 203 provides that, at the time of termination of employment, the
10 employer must pay an employee all wages due and owing within the time frames set forth in Cal.
11 Lab. Code §§ 201, *et seq.* If an employer willfully refuses to pay, without abatement or reduction,
12 in accordance with Cal. Lab. Code §§ 201 and 202, any wages of an employee who is discharged
13 or who quits, the employee's wages shall continue as a penalty for up to thirty (30) days from the
14 due date, until paid or until an action to recover those wages is commenced.

15 174. As alleged herein, following Plaintiffs' final day of employment, Defendants
16 willfully failed to pay Plaintiffs and the Class all wages due and owing within the deadlines set
17 forth in Cal. Lab. Code §§ 201, *et seq.*, including unpaid minimum wages, straight time wages,
18 contractual wages, overtime wages, paid sick leave and wages for missed/noncompliant meal and
19 rest periods.

20 175. California Labor Code § 558.1 states that any employer or person acting on behalf
21 of an employer who causes a violation is liable, among other things, for failure to pay all wages at
22 the time of termination. *See* Cal. Labor Code § 558.1. Defendants SCALE AI, INC., SMART
23 ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL
24 BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, failed to pay all wages at the time of
25 termination of Plaintiffs and Class Members and all Defendants are liable for causing this violation
26 under Labor Code § 558.1.

176. Pursuant to Cal. Lab. Code §§ 203, 1194 and 2699, Plaintiffs and the Class are entitled to recover waiting time penalties of up to thirty (30) days' pay, plus attorneys' fees and costs, in an amount according to proof.

SEVENTH CAUSE OF ACTION

(Failure to Keep Requisite Payroll Records and to Properly Maintain Required Records)

Cal. Lab. Code §§ 226, 1174(d), 1174.5, and IWC Wage Orders

**Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., and DOES 1-50,
inclusive**

177. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

178. Cal. Labor Code § 1174(d) requires an employer to keep, 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. These records shall be kept in accordance with rules established for this purpose by the commission, but in any case, shall be kept on file for not less than two years. Additionally, Labor Code § 226 and the IWC Wage Orders also require employers to maintain employment records as to each employee.

179. At all times herein set forth, Cal. Labor Code § 1174.5 has imposed a civil penalty of \$500 per aggrieved employee for each willful failure “to maintain . . . accurate and complete records required by subdivision (d) of Section 1174[.]”

180. Defendants have intentionally and willfully failed to keep accurate and complete records required under Labor Code sections 226, 1174 and the Wage Orders, including those showing the hours worked daily and the wages paid to Plaintiffs. For example, any records kept by Defendants did not include the hours worked off-the-clock, the premium wages owed, all deductions, meal periods, and premiums for missed and non-compliant meal and rest breaks. Defendant also did not have accurate time records showing when each employee begins and ends each work period and accurate itemized wage statements.

1 181. Plaintiffs and other Class Members have been injured by Defendants' intentional
2 and willful violation of Cal. Labor Code § 1174(d) and the Wage Orders because they were denied
3 their legal right and protected interest, in having available, accurate and complete payroll records
4 pursuant to Cal. Labor Code § 1174(d).

5 **EIGHTH CAUSE OF ACTION**

6 **(Failure to Provide Timely and Accurate Wage Statements)**

7 **Cal. Lab. Code §§ 212, 213, 226(a), 226(e); IWC Wage Orders**

8 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

9 182. Plaintiffs reallege and incorporate by reference all preceding allegations as though
10 fully set forth herein.

11 183. At all relevant times herein set forth, Cal. Labor Code § 226(a) provides that, at the
12 time of each payment of wages, the employer must provide each employee with an itemized
13 statement showing gross wages earned, total hours worked, all deductions taken, net wages earned,
14 the inclusive dates for which the employee is being paid, the employee's name and last four digits
15 of their social security number, the name and address of the legal entity that is the employer, and
16 all applicable hourly rates in effect during the pay period and all hours worked at each rate.

17 184. Cal. Labor Code § 1198 provides that the maximum hours of work and the standard
18 conditions of labor shall be those fixed by the Labor Commissioner and as set forth in the applicable
19 IWC Wage Orders. Section 1198 further provides that "[t]he employment of any employees for
20 longer hours than those fixed by the order or under conditions of labor prohibited by the order is
21 unlawful." Pursuant to the applicable IWC Wage Orders, employers are required to keep accurate
22 time records showing when the employee begins and ends each work period and meal period.

23 185. At all times herein set forth, Cal. Labor Code § 226.3 has imposed a civil penalty in
24 addition to any other penalty provided by law of two hundred fifty dollars (\$250) per aggrieved
25 employee for the first violation of Cal. Labor Code § 226(a), and one thousand dollars (\$1,000) per
26 aggrieved employee for each subsequent violation.

27 186. As alleged herein, Defendants knowingly and willfully failed to provide Plaintiffs
28 and the Class with wage statements and to the extent they were provided, they were not timely,

1 complete and accurate as required under the Labor Code. Wage statements provided to Plaintiffs
2 and the Class did not show total/actual hours worked and all applicable hourly rates in effect during
3 the pay period and all hours worked at each rate. The wage statements provided to Plaintiffs and
4 the Class failed to reflect all time performing work for Defendants. For example, the wage
5 statements do not account for time watching training videos or communicating with team leads or
6 management. As a result of these violations, Plaintiffs and the Class suffered injury.

7 187. California Labor Code § 558.1 states that any employer or person acting on behalf
8 of an employer who causes a violation is liable, among other things, for wage statement violations.
9 See Cal. Labor Code § 558.1. Defendants SCALE AI, INC., SMART ECOSYSTEM, INC.,
10 HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU
11 and DOES 1-50, inclusive, failed to provide Plaintiffs and the Class accurate wage statements and
12 all Defendants are liable for causing this violation under Labor Code § 558.1.

13 188. Pursuant to Cal. Lab. Code § 226(e), Plaintiffs and the Class are entitled to a penalty
14 in the amount of fifty dollars (\$50) for the initial pay period in which a violation occurred, and a
15 penalty of one-hundred dollars (\$100) for each violation in a subsequent pay period, up to an
16 aggregate penalty of four-thousand dollars (\$4,000), as well as costs of suit and attorneys' fees, all
17 in an amount according to proof, and any other available relief.

18 **NINTH CAUSE OF ACTION**

19 **(Failure to Indemnify and Reimburse Necessary Business Expenses)**

20 **Cal. Labor Code §§ 450, 2800, 2802; IWC Wage Orders**

21 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
22 WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

23 189. Plaintiffs reallege and incorporate by reference all preceding allegations as though
24 fully set forth herein.

25 190. At all times herein set forth, Cal. Lab. Code § 2800 has required and requires an
26 employer to indemnify its employee for losses caused by the employer's want of ordinary care
27 while Cal. Lab. Code § 2802 has provided and provides that an employer must reimburse
28 employees for all necessary expenditures and losses incurred by the employee in the performance
of his or her job. The purpose of Labor Code sections 2800 and 2802 is to prevent employers from

1 passing off their cost of doing business and operating expenses on to their employees. *Cochran v.*
2 *Schwan's Home Service, Inc.*, 228 Cal. App. 4th 1137, 1144 (2014). The applicable wage order,
3 IWC Wage Order 4-2001, ¶9(B) provides that: "When tools or equipment are required by the
4 employer or are necessary to the performance of a job, such tools and equipment shall be provided
5 and maintained by the employer, except that an employee whose wages are at least two (2) times
6 the minimum wage provided herein may be required to provide and maintain hand tools and
7 equipment customarily required by the trade or craft." Defendants' conduct, in misclassifying
8 Taskers as independent contractors and failing to reimburse them for expenses Taskers paid that
9 should have been borne by their employer, constitutes a violation of California Labor Code
10 Sections 450, 2800, and 2802 and the Wage Orders.

11 191. Defendants violate Labor Code sections 2800 and 2802 by having failed, and failing,
12 to reimburse Plaintiffs and the Class for their business-related expenses. Defendants required that
13 Plaintiffs and the Class use their own personal equipment to perform their duties including the use
14 of personal cellular phones, cellular phone data, and personal computers. For example, Plaintiffs
15 and the Class were required to utilize various computer software and services including Slack for
16 communicating with supervisors and management, HubStaff to track their time and actions, and
17 Outlier software to complete Tasks. Plaintiffs and the Class also incurred expenses associated with
18 maintaining a home internet connection and an increase in electricity costs. Defendants did not
19 reimburse Taskers for these expenses. Defendants unlawfully deducted wages from Plaintiffs and
20 the Class and engaged in compulsion and coercion to require Plaintiffs and the Class to patronize
21 Defendants and/or other persons.

22 192. Defendants' company-wide policy and/or practice of passing on their operating costs
23 to Plaintiffs and the Class violates California Labor Code section 2802. At all times described
24 herein, Defendants has acted willfully, and deliberately with oppression, fraud and malice to
25 unlawfully deprive their employees of the employees' own personal resources in furtherance of
26 Defendants' profits.

27 193. California Labor Code § 558.1 states that any employer or person acting on behalf
28 of an employer who causes a violation is liable, among other things, for failure to reimburse

1 business expenses. *See* Cal. Labor Code § 558.1. Defendants SCALE AI, INC., SMART
2 ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL
3 BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, failed to reimburse business expenses to
4 Plaintiffs and the Class and all Defendants are liable for causing this violation under Labor Code §
5 558.1.

6 194. As a result of Defendants' failure to reimburse Plaintiffs and the Class for all
7 business-related expenses, pursuant to Cal. Lab. Code §§ 2800 and 2802 and the Wage Orders,
8 Plaintiffs and the Class are entitled to recover unreimbursed business expenses, plus attorneys' fees
9 and costs, in an amount according to proof, and any other available relief.

10 **TENTH CAUSE OF ACTION**

11 **(Failure to Comply with Paid Sick Leave)**

12 **Labor Code § 233, 234, 246, 246.5 and 248.5**

13 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
14 WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

15 195. Plaintiffs reallege and incorporate by reference all preceding allegations as though
16 fully set forth herein.

17 196. Defendants are required to provide Plaintiffs and the Class with their earned paid
18 sick time, properly pay them for the paid sick time taken as their regular rate of pay, or provide
19 notice to them of their paid sick time earned and/or accrued pursuant to Labor Code section 233
20 and 234. Defendants have failed to comply with these requirements. Defendant also discriminated
21 against Plaintiffs and Class Members for using their sick leave by not paying them for using it.

22 197. Defendants failed to track paid sick days and provide Plaintiffs and the Class
23 requisite notice regarding their paid sick days. Defendants also disciplined or required Plaintiffs
24 and others who worked for Defendants to search for or find a replacement worker to cover the days
25 during which they used paid sick leave. Defendants also failed to provide sick leave as well as for
26 denying and/or limited sick leave and to pay for such sick leave to Plaintiffs and others who worked
27 for Defendants as required by Labor Code §§ 233, 234, 246, 246(1), 246.5, and 248.5.

28 198. California Labor Code § 558.1 states that any employer or person acting on behalf
of an employer who causes a violation is liable, among other things, for any provision regulating

1 minimum wages or hours and days of work in any order of the Industrial Welfare Commission, or
2 violates, or causes to be violated, Sections 203, 226, 226.7, 1193.6, 1194, or 2802, may be held
3 liable as the employer for such violation. *See* Cal. Labor Code § 558.1. Defendants SCALE AI,
4 INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI,
5 DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, failed to comply with California
6 paid sick leave laws as to Plaintiffs and the Class and all Defendants are liable for causing such
7 violations under Labor Code § 558.1.

8 199. As a result of Defendants' failure to comply with California paid sick leaves,
9 Plaintiffs and the Class are entitled to recover their actual damages or one day's pay, whichever is
10 greater, attorneys' fees and costs, in an amount according to proof and any other available relief.

11 **ELEVENTH CAUSE OF ACTION**

12 **(Failure to Provide Workers Compensation Insurance)**

13 **Labor Code §§ 3700 and 3700.5**

14 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

15 200. Plaintiffs reallege and incorporate by reference all preceding allegations as though
16 fully set forth herein.

17 201. Labor Code sections 3700 and 3700.5 requires every California employer using
18 labor to purchase workers compensation insurance for their employees.

19 202. Defendant failed to provide workers' compensation insurance to cover Plaintiffs and
20 the Class.

21 203. California Labor Code § 558.1 states that any employer or person acting on behalf
22 of an employer who causes a violation is liable, among other things, for any provision regulating
23 minimum wages or hours and days of work in any order of the Industrial Welfare Commission, or
24 violates, or causes to be violated, Sections 203, 226, 226.7, 1193.6, 1194, or 2802, may be held
25 liable as the employer for such violation. *See* Cal. Labor Code § 558.1. Defendants SCALE AI,
26 INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI,
27 DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, failed to provide workers'
28 compensation insurance coverage as to Plaintiffs and the Class.

1 204. As a result of Defendants’ foregoing violation, Plaintiffs seek all available relief on
2 behalf of themselves and the Class.

3 **TWELFTH CAUSE OF ACTION**

4 **(Failure to Properly Provide Seventh Day of Rest)**

5 **Cal. Labor Code §§ 551-552**

6 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

7 205. Plaintiffs reallege and incorporate by reference all preceding allegations as though
8 fully set forth herein.

9 206. Labor Code section 551 requires “every person employed in any occupation of labor
10 is entitled to one day’s rest therefrom in seven.” Labor Code section 552 states, “No employer of
11 labor shall cause his employees to work more than six days in seven.” Defendants failed to provide
12 the requisite seventh day of rest to Plaintiffs and the Class in violation of Labor Code sections 551
13 and 552.

14 207. California Labor Code § 558.1 states that any employer or person acting on behalf
15 of an employer who causes a violation is liable, among other things, for any provision regulating
16 minimum wages or hours and days of work in any order of the Industrial Welfare Commission, or
17 violates, or causes to be violated, Sections 203, 226, 226.7, 1193.6, 1194, or 2802, may be held
18 liable as the employer for such violation. *See* Cal. Labor Code § 558.1. Defendants SCALE AI,
19 INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI,
20 DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, failed to properly provide seventh
21 day of rest as to Plaintiffs and the Class and all Defendants are liable for causing this violation
22 under Labor Code § 558.1.

23 208. As a result of Defendants’ foregoing violation, Plaintiffs seek all available relief on
24 behalf of themselves and the Class.

25 **THIRTEENTH CAUSE OF ACTION**

26 **(Failure to Comply with the Wage Theft Prevention Act)**

27 **Labor Code § 2810.5**

28 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

1 209. Plaintiffs reallege and incorporate by reference all preceding allegations as though
2 fully set forth herein.

3 210. Labor Code section 2810.5 requires employers, such as Defendants, to provide
4 required employment related information to employees at time of hire and further notice of
5 amendments/updates as required. Defendants have failed to provide such required notices to
6 Plaintiffs and the Class in violation of Labor Code section 2810.5.

7 211. California Labor Code § 558.1 states that any employer or person acting on behalf
8 of an employer who causes a violation is liable, among other things, for any provision regulating
9 minimum wages or hours and days of work in any order of the Industrial Welfare Commission, or
10 violates, or causes to be violated, Sections 203, 226, 226.7, 1193.6, 1194, or 2802, may be held
11 liable as the employer for such violation. *See* Cal. Labor Code § 558.1. Defendants SCALE AI,
12 INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI,
13 DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, failed to comply with the Wage
14 Theft Prevention Act as to Plaintiffs and the Class and all Defendants are liable for causing this
15 violation under Labor Code § 558.1.

16 212. As a result of Defendants' foregoing violation, Plaintiffs seek all available relief on
17 behalf of themselves and the Class.

18 **FOURTEENTH CAUSE OF ACTION**
19 **(Failure to Comply with Labor Code § 432.5)**

20 **Labor Code § 432.5**

21 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR**
22 **WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

23 213. Plaintiffs reallege and incorporate by reference all preceding allegations as though
24 fully set forth herein.

25 214. Labor Code § 432.5 states, "No employer, or agent, manager, superintendent, or
26 officer thereof, shall require any employee or applicant for employment to agree, in writing, to
27 any term or condition which is known by such employer, or agent, manager, superintendent, or
28 officer thereof to be prohibited by law."

215. Defendants are in violation of Labor Code section 432.5 by requiring employees to agree in writing to terms which are known to be prohibited by law. In particular, Defendants required Plaintiffs and the aggrieved employees to enter into independent contractor agreements, which they know or should have known were illegal in the state of California.

216. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for any provision regulating minimum wages or hours and days of work in any order of the Industrial Welfare Commission, or violates, or causes to be violated, Sections 203, 226, 226.7, 1193.6, 1194, or 2802, may be held liable as the employer for such violation. *See* Cal. Labor Code § 558.1. Defendants SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, failed to adhere to Labor Code section 432.5 as to Plaintiffs and the Class and all Defendants are liable for causing this violation under Labor Code § 558.1.

217. As a result of Defendants' foregoing violation, Plaintiffs seek all available relief on behalf of themselves and the Class.

FIFTEENTH CAUSE OF ACTION

(Violation of CalWARN and WARN)

Labor Code §§ 1400 et seq.; 29 U.S.C. § 2101

Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive

218. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

219. Labor Code § 1400 et seq. (including 1400.5, 1401, 1402 and 1403) requires that an employer may not order a mass layoff, relocation, or termination at a covered establishment unless, 60 days before the order takes effect, the employer gives written notice of the order. Labor Code § 1403 provides that an employer that fails to give notice as required by Labor Code § 1401 is subject to a civil penalty of not more than five hundred dollars (\$500) for each day of the employer's violation. 29 U.S.C. § 2101 also provides notice requirements for such employment events.

220. Defendant failed to provide the requisite notice as required under Labor Code § 1401

1 and 29 U.S.C. § 2101. For example, Defendants employed more than 75 full time employees out
2 of Scale AI's headquarters and then on or about or within 30 days of August 26, 2024 and November
3 3, 2024 and continuing to present, laid off, without any cause, more than 50 fulltime employees
4 who reported to Scale AI's headquarters and failed to (1) provide 60 days advance written notice
5 to each employee affected by a mass layoff; and (2) provide 60 days worth of wages and benefits
6 to satisfy their CalWARN liability to these employees, thereby Defendants have violated Labor
7 Code §§ 1400, 1400.5, 1401, 1402 and 29 U.S.C. § 2101 and warrant penalties under Labor Code
8 § 1403.

9 221. California Labor Code § 558.1 states that any employer or person acting on behalf
10 of an employer who causes a violation is liable, among other things, for any provision regulating
11 minimum wages or hours and days of work in any order of the Industrial Welfare Commission, or
12 violates, or causes to be violated, Sections 203, 226, 226.7, 1193.6, 1194, or 2802, may be held
13 liable as the employer for such violation. *See* Cal. Labor Code § 558.1. Defendants SCALE AI,
14 INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI,
15 DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, engaged in the foregoing unlawful
16 conduct and all Defendants are liable for causing this violation under Labor Code § 558.1.

17 222. As a result of Defendants' foregoing violations, Plaintiffs seek all available relief on
18 behalf of themselves and the Class.

19 **SIXTEENTH CAUSE OF ACTION**

20 **(Unlawful Assignment of Wages)**

21 **Labor Code §§ 206.5, 221 and 300**

22 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR**
23 **WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

24 223. Plaintiffs reallege and incorporate by reference all preceding allegations as though
25 fully set forth herein.

26 224. Labor Code § 206.5 provides that an employer shall not require the execution of a
27 release of a claim or right on account of wages due, or to become due, or made as an advance on
28 wages to be earned, unless payment of those wages has been made.

1 225. Labor Code § 221 makes it unlawful for an employer to collect and receive from an
2 employee any part of wages theretofore paid by said employer to said employee. An employee's
3 wages or earnings are the amount the employer has offered or promised to pay or has paid pursuant
4 to such an offer or promise, as compensation for that employee's labor.

5 226. Labor Code § 300 prohibits the assignment of wages without the assignment being
6 contained in a separate written instrument signed by whom the wages or salary has been earned by
7 and identifying specifically the transaction to which the assignment relates.

8 227. Defendants have violated Labor Code §§ 206.5, 221 and 300 as Defendants have
9 failed to pay Plaintiffs and the Class with the actual wages that they are owed. Defendants have
10 a policy of purposefully withholding and assigning the wages of Plaintiffs and the Class without
11 a valid and legal written assignment agreement from them in accordance with the Labor Code.
12 Defendants also required the execution of a release of a claim or right on account of wages due,
13 or to become due, or made as an advance on wages to be earned, without payment of those wages
14 has been made, thereby violating Labor Code § 206.5.

15 228. California Labor Code § 558.1 states that any employer or person acting on behalf
16 of an employer who causes a violation is liable, among other things, for any provision regulating
17 minimum wages or hours and days of work in any order of the Industrial Welfare Commission, or
18 violates, or causes to be violated, Sections 203, 226, 226.7, 1193.6, 1194, or 2802, may be held
19 liable as the employer for such violation. *See* Cal. Labor Code § 558.1. Defendants SCALE AI,
20 INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI,
21 DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, engaged in the foregoing unlawful
22 conduct and all Defendants are liable for causing this violation under Labor Code § 558.1.

23 229. As a result of Defendants' foregoing violation, Plaintiffs seek all available relief on
24 behalf of themselves and the Class.

25 **SEVENTEENTH CAUSE OF ACTION**

26 **(Failure to Pay Using a Negotiable Instrument)**

27 **Labor Code § 212**

28 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

1 230. Plaintiffs reallege and incorporate by reference all preceding allegations as though
2 fully set forth herein.

3 231. Labor Code § 212 provides that no person, or agent or officer thereof, shall issue in
4 payment of wages due, or to become due, or as an advance on wages to be earned: (1) any order,
5 check, draft, note, memorandum, or other acknowledgment of indebtedness, unless it is negotiable
6 and payable in cash, on demand, without discount, at some established place of business in the
7 state, the name and address of which must appear on the instrument, and at the time of its issuance
8 and for a reasonable time thereafter, which must be at least 30 days, the maker or drawer has
9 sufficient funds in, or credit, arrangement, or understanding with the drawee for its payment; and
10 (2) any scrip, coupon, cards, or other thing redeemable, in merchandise or purporting to be payable
11 or redeemable otherwise than in money.

12 232. Defendants have violated Labor Code § 212. Plaintiffs and the Class were paid via
13 PayPal. PayPal is not a negotiable instrument as required by Labor Code section 212.

14 233. California Labor Code § 558.1 states that any employer or person acting on behalf
15 of an employer who causes a violation is liable, among other things, for any provision regulating
16 minimum wages or hours and days of work in any order of the Industrial Welfare Commission, or
17 violates, or causes to be violated, Sections 203, 226, 226.7, 1193.6, 1194, or 2802, may be held
18 liable as the employer for such violation. *See* Cal. Labor Code § 558.1. Defendants SCALE AI,
19 INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI,
20 DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive, failed to pay using a negotiable
21 instrument to Plaintiffs and the Class and all Defendants are liable for causing this violation under
22 Labor Code § 558.1.

23 234. As a result of Defendants' foregoing violation, Plaintiffs seek all available relief on
24 behalf of themselves and the Class.

25
26 **EIGHTEENTH CAUSE OF ACTION**

27 **(Unfair Competition)**

28 **Bus. & Prof. Code § 17200 et seq.**

1 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR**
2 **WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

3 235. Plaintiffs reallege and incorporate by reference all preceding allegations as though
4 fully set forth herein.

5 236. From a date unknown to Plaintiffs and continuing to the present, Defendants have
6 and continue to engage in business acts or practices that constitute unfair competition as defined in
7 the Unfair Competition Law, Business and Professions Code § 17200 *et seq.*, in that such business
8 acts and practices are unlawful and unfair within the meaning of that statute.

9 **Violation of the Unlawful Prong of the UCL**

10 237. Defendants have violated section 17200's prohibition on unlawful conduct through
11 the following violations:

- 12 a. Failing to pay minimum wages, straight time wages, contractual wages and
13 liquidated damages as set forth in Paragraphs 142-148;
- 14 b. Failing to properly provide meal periods and/or pay associated premium wages,
15 as set forth in Paragraphs 149-155;
- 16 c. Failing to properly provide rest periods and/or failing to properly pay rest break
17 premium wages, as set forth in Paragraphs 156-160;
- 18 d. Failing to properly pay overtime, as set forth in Paragraphs 161-165;
- 19 e. Failing to timely pay wages during employment, as set forth in Paragraphs 166-
20 170;
- 21 f. Failing to pay all earned and unpaid wages upon separation of employment, as
22 set forth in Paragraphs 171-176;
- 23 g. Failing to keep requisite payroll records and other required employment records,
24 as set forth in Paragraphs 177-181;
- 25 h. Failing to provide timely and accurate wage statements, as set forth in
26 Paragraphs 182-188;
- 27 i. Failing to indemnify and reimburse business expenses, as set forth in Paragraphs
28 189-194;

- 1 j. Failing to comply with California paid sick leave laws, as set forth in Paragraphs
2 195-199;
- 3 k. Failure to provide workers compensation insurance, as set forth in Paragraphs
4 200-204;
- 5 l. Failure to properly provide seventh day of rest, as set forth in Paragraphs 205-
6 208;
- 7 m. Failing to comply with the Wage Theft Prevention Act, as set forth in Paragraphs
8 209-212;
- 9 n. Violation of labor Code section 432.5, as set forth in Paragraphs 213-217;
- 10 o. Failing to comply with WARN, as set forth in Paragraphs 218-222;
- 11 p. Unlawful collection and assignment of wages, as set forth in Paragraphs 223-
12 229;
- 13 q. Failing to pay wages with negotiable instrument, as set forth in Paragraphs 230-
14 234;
- 15 r. Willful misclassification of an employee as an independent contractor, as set
16 forth in Paragraphs 247-251; and
- 17 s. Failing to furnish a safe and healthful employment or place of employment, as
18 set forth in Paragraphs 252-260.

19 238. The forgoing unlawful conduct of Defendants alleged herein constitutes unfair
20 competition within the meaning of California Business and Professions Code section 17200 et seq.

21 **Violation of the Unfair Prong of the UCL**

22 239. Defendants have violated section 17200's prohibition on unfair conduct by engaging
23 in each of the forgoing unlawful acts.

24 240. Furthermore, as set forth in this Complaint, Defendants have violated section
25 17200's prohibition on unfair conduct by unfairly and unconscionably structuring their and business
26 activities in a way that does not create meaningful opportunities for Taskers to earn a fair wage for
27 their work. So long as Defendants continue these unfair practices, the California public remains at
28 risk for being recruited to work for Defendants and be similarly harmed.

1 241. Additionally, Defendants' unfair business practices include: (1) recruitment
2 practices promising \$25-40 hourly rates while actually paying lower amounts; (2) uniform
3 misclassification of Taskers as independent contractors; (3) automated systems controlling work
4 assignments and monitoring; and (4) non-payment for required training and preparation time.

5 242. Defendants' unfair acts were in contravention of public policy. California public
6 policy encourages the proper classification of workers to ensure that workers are fairly compensated
7 and provided the full benefits and protections of employment, competitors are operating in a fair
8 and honest marketplace, and the state is not deprived of tax revenue.

9 243. Defendants' unfair acts were immoral, unethical, oppressive, unscrupulous, and
10 substantially injurious to the Class and general public. Defendants knowingly and willfully
11 classified Taskers as independent contractors. which did not provide for meaningful opportunities
12 to earn compensation, while engaging in business activities that would further frustrate Taskers'
13 efforts to earn compensation.

14 244. The impact on the Class and general public is not outweighed by any countervailing
15 benefits. To the extent any benefits inured to Plaintiffs, the Class, and the general public, those
16 benefits are outweighed by the impact of Defendants' unfair acts. Taskers, including Plaintiffs,
17 incurred substantial costs in working as Taskers, and were not paid appropriately and fairly for their
18 time and efforts. They could have chosen other opportunities or invested that time and money into
19 other legitimate and fairly paying endeavors.

20 245. As a result of Defendants' unfair competition as alleged herein, Plaintiffs and the
21 Class have suffered injury in fact and lost money or property, as described in more detail above.
22 Pursuant to California Business and Professions Code section 17200, *et seq.*, Plaintiffs and the Class
23 are entitled to restitution of all wages and other monies rightfully belonging to them that Defendants
24 failed to pay and wrongfully retained by means of its unlawful and unfair business practices, and
25 and/or all other equitable remedies that may be available.

26 246. To prevent Defendants from continuing to prey on the California public through
27 their misclassification of Taskers, and recruitment of new Taskers under false pretenses, Plaintiffs
28 and the Class also seek a public injunction against Defendants enjoining Defendants, and any and

1 all persons acting in concert with them, from engaging in each of the California Labor Code
2 violations set forth herein and from recruiting new Taskers or authorizing others to recruit new
3 Taskers, under a misclassified status, including making representations about that status.

4 **NINETEENTH CAUSE OF ACTION**

5 **(Willful Misclassification of an Employee as an Independent Contractor)**

6 **Cal. Lab. Code §§ 226.8(a)-(c), 2750.3 & 2775**

7 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR**
8 **WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

9 247. Plaintiffs reallege and incorporate by reference all preceding allegations as though
10 fully set forth herein.

11 248. California law prohibits the willful misclassification of an individual as an
12 independent contractor when he or she is in fact an employee under California law. Cal. Lab. Code
13 § 226.8(a). “Willful misclassification” means avoiding employee status for an individual by
14 voluntarily and knowingly misclassifying that individual as an independent contractor. Cal. Lab.
15 Code § 226.8(i)(4). When an employer willfully misclassifies an individual as an independent
16 contractor, the employer is subject to civil penalties. Cal. Lab. Code § 226.8(b)–(c).

17 249. Defendants willfully misclassified Plaintiffs and other aggrieved employees as
18 independent contractors, because it has been clear for several years now under California law that
19 its “Taskers” and individuals in similar positions are in fact employees under Cal. Lab. Code §
20 2775, insofar as such “Taskers” and individuals in similar positions are under Defendant’s control
21 in performing their duties, perform tasks that are within the usual course of Defendants’ business,
22 and are not engaged in an independently established trade, occupation or business. Also,
23 Defendants unlawfully deducted wages from Plaintiffs and the Class for various goods, materials,
24 space rental, services, government licenses, repairs, equipment maintenance, or fines arising from
25 their employment by Defendants in violation of Labor Code § 226.8.

26 250. California Labor Code section 226.8(b) imposes a civil penalty on an employer of
27 at least \$5,000 and up to \$15,000 for each willful misclassification. If that misclassification is part
28 of a pattern or practice (which it is here), the employer is subject to a civil penalty of at least \$10,000
and up to \$25,000 for each violation.

251. As a result of Defendants’ violation of Labor Code §§ 226.8, 2750.3, 2775, Plaintiffs

1 seek all available relief on behalf of Plaintiffs and the Class.

2 **TWENTIETH CAUSE OF ACTION**

3 **(Failure to Furnish Safe and Healthful Employment or Place of Employment)**

4 **Cal. Lab. Code §§ 6300 *et seq.***

4 **Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR
WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive**

5 252. Plaintiffs reallege and incorporate by reference all preceding allegations as though
6 fully set forth herein.

7 253. Division 5 of the Labor Code (sections 6300 *et seq.*) requires employers to furnish
8 and assure safe and healthful employment, place of employment, and working conditions.

9 254. Plaintiffs McKinney and Caffier, as well as other members of the Class, suffered
10 safety violations while working for Scale AI. Defendants' conduct is in violation of Division 5 of
11 the California Labor Code (including, but not limited to, California Labor Code §§ 6300, 6301,
12 6311, 6400, 6401, 6401.7, 6402, 6403, 6404, 6406, 6423, 6425, 6426, 6427, 6428, 6429, 6430,
13 6431, 6432, 6433).

14 255. As discussed above, Plaintiffs have submitted a notice to CalOSHA, and CalOSHA
15 expressly stated that it will not conduct an investigation.

16 256. California Labor Code section 6427 imposes a civil penalty on an employer of
17 \$12,471 for each instance of a safety violation.

18 257. California Labor Code section 6428 imposes a civil penalty on an employer of
19 \$25,000 for each instance of a safety violation.

20 258. California Labor Code section 6429 imposes a civil penalty on an employer of
21 \$124,709 for each instance of a safety violation.

22 259. California Labor Code section 6431 imposes a civil penalty on an employer of
23 \$12,471 for each instance of a safety violation.

24 260. California Labor Code section 2699(f) imposes a civil penalty on an employer of
25 \$100 or \$200 for each violation of Division 5 of the Labor Code, including but not limited to §§
26 6300, 6301, 6311, 6400, 6401, 6402, 6403, 6401.7, 6404, 6406, 6423, 6425, 6426, 6427, 6428,
27 6429, 6430, 6431, 6432, and/or 6433, except for those Labor Code sections for which a civil penalty
28 is specifically provided in the Code section.

TWENTY-FIRST CAUSE OF ACTION
(California Private Attorneys General Act)
(Violation of Labor Code §§ 2698-2699.8)

Against SCALE AI, INC., SMART ECOSYSTEM, INC., HIREART, INC., ALEXANDR WANG, DENNIS CINELLI, DANIEL BERRIOS, XIAOTE ZHU and DOES 1-50, inclusive

261. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

262. PAGA establishes that, notwithstanding any other provision of law, any provision of the California Labor Code which provides for a civil penalty to be assessed and collected by the LWDA, or any of its departments, divisions, commissions, boards, agencies or employees for a violation of the California Labor Code, may be recovered through a civil action brought by an aggrieved employee on behalf of himself or herself, and other current or former employees.

263. Whenever the LWDA, or any of its departments, divisions, commissions, boards, agencies, or employees has discretion to assess a civil penalty, a court in a civil action is authorized to exercise the same discretion, subject to the same limitations and conditions, to assess a civil penalty.

264. Plaintiffs, the other Taskers, and individuals in similar positions are “aggrieved employees” as defined by California Labor Code section 2699(c) in that they are all current or former employees of Defendants, and one or more of the alleged violations were committed against them.

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

- a. Failing to pay all wages owed (including minimum wages, straight time, and contractual wages), as set forth in the First and Fourth Cause of Action;
- b. Failing to properly provide meal periods and/or pay associated premium wages, as set forth in the Second Cause of Action;
- c. Failing to properly provide rest periods and/or failing to properly pay rest break premium wages, as set forth in the Third Cause of Action;
- d. Failing to properly pay overtime, as set forth in the Fourth Cause of Action;

- 1 e. Failing to timely pay wages during employment, as set forth in the Fifth Cause
2 of Action;
- 3 f. Failing to pay all earned and unpaid wages upon separation of employment, as
4 set forth in the Sixth Cause of Action and under Labor Code § 256;
- 5 g. Failing to keep requisite payroll records and other required records, as set forth
6 in the Seventh Cause of Action;
- 7 h. Failing to provide timely and accurate wage statements, as set forth in the Eighth
8 Cause of Action;
- 9 i. Failing to indemnify and reimburse business expenses, as set forth in the Ninth
10 Cause of Action and under Labor Code § 2810.8(d) imposes a civil penalty of
11 one hundred dollars (\$100) for each employee;
- 12 j. Failing to comply with California Paid Sick Leave laws, as set forth in the Tenth
13 Cause of Action;
- 14 k. Failing to provide workers' compensation insurance, as set forth in the Eleventh
15 Cause of Action;
- 16 l. Failing to properly provide seventh day of rest, as set forth in the Twelfth Cause
17 of Action;
- 18 m. Failing to comply with the Wage Theft Prevention Act, as set forth in the
19 Thirteenth Cause of Action;
- 20 n. Failing to comply with Labor Code § 432.5, as set forth in the Fourteenth Cause
21 of Action;
- 22 o. Failing to comply with Cal-WARN, as set forth in the Fifteenth Cause of Action;
- 23 p. Unlawful collection and assignment of wages as set forth in the Sixteenth Cause
24 of Action;
- 25 q. Failing to pay using a proper negotiable instrument as set forth in the
26 Seventeenth Cause of Action;
- 27 r. Willful misclassification as set forth in the Nineteenth Cause of Action;
- 28 s. Failing to furnish safe and healthful employment or place of employment, as set

1 forth in the Twentieth Cause of Action.

- 2 t. Violating Labor Code §§ 1198 and 1199 by either: (1) requiring or causing any
3 employee to work for longer hours than those fixed, or under conditions of labor
4 prohibited by an order of the commission; (2) paying or causing to be paid to
5 any employee a wage less than the minimum fixed by an order of the
6 commission, or (3) violating, refusing, or neglecting to comply with any
7 provision of Labor Code division 2, part 4, chapter 1 or any order or ruling of
8 the commission.

9 266. Pursuant to PAGA, and in particular Labor Code sections 2699(a), 2699.3, and
10 2699.5, Plaintiffs, acting in the public interest as a private attorney general, seeks assessment and
11 collection of civil penalties for Plaintiffs, all other aggrieved employees, and the State of California
12 against Defendants, in fixed amounts for each aggrieved employee for every pay period in which
13 there was a violation, per section 2699(f), in addition to other remedies, for violations of Labor
14 Code sections set forth herein, including, but not limited to, California Labor Code sections 200,
15 201-204, 206.5, 210, 212, 213, 221, 225.5, 226, 226.2, 226.3, 226.7, 226.8, 233, 234, 246, 246.5,
16 248.5, 256, 300, 432.5, 450, 510, 512, 551, 552, 558, 558.1, 1174, 1174.5, 1182.11, 1182.12,
17 1193.6, 1194, 1194.2, 1199, 1197, 1197.1, 1400 *et seq.* (including 1400.5, 1401, 1402), 1997,
18 1997.1, 1198, 2750.3, 2775, 2800, 2802, 2810.5, 2810.8, 3700, 3700.5, Division 5 of the California
19 Labor Code (including, but not limited to 6300, 6301, 6311, 6400, 6401, 6402, 6403, 6401.7, 6404,
20 6406, 6423, 6425, 6426, 6427, 6428, 6429, 6430, 6431, 6432, 6433), and IWC Wage Orders,
21 including inter alia, Wage Order No. 2, 4 and 9.

22 267. Pursuant to California Labor Code section 2699(i), civil penalties recovered by
23 aggrieved employees shall be distributed as follows: seventy-five percent (65%) to the LWDA for
24 the enforcement of labor laws and education of employers and employees about their rights and
25 responsibilities and twenty-five (35%) to the aggrieved employees.

26 268. Further, and as authorized by the California Labor Code sections 2699(g), Plaintiffs
27 seek recovery of their attorneys' fees and costs.

1 **PRAYER FOR RELIEF**

2 WHEREFORE Plaintiffs pray for judgment and relief on behalf of themselves, the Class,
3 the State of California and all other individuals that they seek to represent, as follows:

- 4 (1) An order certifying that this action may be maintained as a class action, that
5 Plaintiffs be appointed Class Representative, and that Plaintiffs' counsel be
6 appointed Class Counsel;
- 7 (2) Statutory penalties, civil penalties, and compensatory damages as authorized under
8 the California Labor Code;
- 9 (3) Civil penalties pursuant to California's Private Attorneys General Act;
- 10 (4) Restitution and all other equitable remedies pursuant to California's Unfair
11 Competition Law;
- 12 (5) Public Injunctive relief, pursuant to California's Unfair Competition Law,
13 prohibiting Defendants, their officers, agents, employees, and attorneys, and all
14 other persons in active concert or participation with any of them, whether acting
15 directly or indirectly, in connection with the management, hiring, or coordination of
16 Taskers and individuals in similar positions, or the advertising, promotion, or
17 recruitment of new Taskers and individuals in similar positions, from:
- 18 a. Engaging in the California Labor Code violations as alleged herein,
19 including classifying Taskers and individuals in similar positions as non-
20 employees or independent contractors;
- 21 b. Recruiting new Taskers and individuals in similar positions or authorizing
22 others to recruit new Taskers and individuals in similar positions, under a
23 misclassified status, including making representations about that status and
24 the commission-based compensation structure.
- 25 (6) Punitive damages against the individual officer, director or managing agent
26 Defendants pursuant to Cal. Civil Code § 3294;
- 27 (7) Reasonable attorneys' fees pursuant to the California Labor Code, including sections
28 226(e) and Code of Civil Procedure section 1021.5;
- (8) Costs of this suit per Labor Code section 218.5;
- (9) Pre- and post-judgment interest pursuant to Labor Code section 218.6; and
- (10) Such other and further relief as the Court may deem just and proper.

24 **DEMAND FOR TRIAL BY JURY**

25 Plaintiffs and the Class hereby demand trial by jury on all issues in this complaint that are
26 so triable as a matter of right.

1 Date: January 28, 2026

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Attorneys for Plaintiffs and the Putative Class

1 **PROOF OF SERVICE**

2 I am employed in the County of Los Angeles. I am over the age of eighteen years and not a party to
3 the within entitled action. My business address is 22525 Pacific Coast Highway, Malibu, CA 90265.

4 On **January 28, 2026**, I served a copy of the following document(s) on the interested
5 party(ies) and/or person(s) identified on the Service List in the manner set forth below.

6 **Documents Served**

7 **THIRD AMENDED CLASS AND REPRESENTATIVE ACTION COMPLAINT**

8 **Method of Service**

9
10 **[X] BY ELECTRONIC MEANS:** I caused to be transmitted a true and correct copy of the foregoing
11 document(s) via e-mail to the interested party(ies)/person(s) as set forth on the attached service list.

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

14
15 Executed on **January 28, 2026**

Amanda Morales

Amanda Morales

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22
23 **SEE ATTACHED SERVICE LIST**

SERVICE LIST

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