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December 26, 2025

Re: PAGA Notice Letter/California Wage & Hour Violations

VIA USPS CERTIFIED MAIL

AYA HEALTHCARE, INC.
5930 Cornerstone Court West, Suite 300
San Diego, CA 92121
7014 1820 0000 6212 4923

AYA HEALTHCARE, INC.
Agent for Service of Process
CSC – Lawyers Incorporating Service
2710 Gateway Oaks Drive, Suite 150N
Sacramento, CA 95833
9589 0710 5270 2243 8618 89

VIA ONLINE SUBMISSION

State of California
Labor & Workforce Development Agency
800 Capitol Mall, MIC-55
Sacramento, CA 95814

To Whom It May Concern:

This office represents **Mr. Bryan Ayala** ("Mr. Ayala") regarding his claims under the Private Attorneys General Act (PAGA) for employment practices committed in violation of California law. This letter is a Notice as required by Labor Code § 2699.3, based on information and belief.

Identity of Employees:

Mr. Ayala intends to pursue PAGA claims on his own behalf and on behalf of other current and former *aggrieved employees* of the entities/individuals referenced below, and as addressed in the caption of this Notice, who performed non-exempt work for said entities/individuals and were either: 1) classified as a non-exempt employee and who were employed remotely or 2) should have been classified as a non-exempt employee and who were employed remotely. The *aggrieved employees* performed work for said entities/individuals at any time during the following period: One (1) year prior to the date of this PAGA Notice letter and continuing until the unlawful employment practices are stopped and/or a judgment is entered. Mr. Ayala and remaining *aggrieved employees* are collectively referred to as "Employees." The names of Employees (other than Mr. Ayala) are contained within the personnel records the Employers, as defined below.

Identity and Capacity of Employers/Joint Employers:

Mr. Ayala intends to pursue a PAGA action against his "Employers," **AYA HEALTHCARE, INC.** and its parent companies, subsidiaries, successors, owners, officers, directors, and managing agents. Mr. Ayala will seek to hold all owners, directors, officers and managing agents of his Employers personally liable for said violations to the extent permitted under Labor Code § 558 and/or Labor Code § 558.1.

All business entities referenced here were the alter-egos of each and every other entity and there exists, and at all times mentioned here has existed, a unity of interest and ownership between the entities and individuals such that any separateness between them ceased to exist in that the individuals and other entities have completely controlled, dominated, managed, and operated the business entities and have intermingled the assets of each to suit convenience. Further, each of the business entities are, and at all times mentioned here were, mere shells, instrumentalities, and conduits through which the other above-referenced entities/individuals carried out their business while exercising complete control and dominance of the business such that individuality or separateness did not truly exist. Therefore, in the PAGA action, Mr. Ayala will seek to hold each individual and/or entity jointly and severally liable for any and/or all violations committed by the other above-referenced individuals and/or entities.

The Employers and their parent companies, subsidiaries, successors, owners, officers, directors, and/or managing agents have been engaged in a joint enterprise. Moreover, said persons/individuals are joint employers of Employees for the following reasons: 1) Said entities/individuals directly and/or indirectly exercised control over the wages, hours or working conditions of Employees; 2) Said entities/individuals had knowledge (either personally or through officers, directors and/or managing agents) of the work Employees were doing for them while supposedly being employed by another entity/individual and failed to prevent the work from occurring; and 3) Said entities retained or assumed a general right of control over hiring, direction, supervision, discipline, discharge, and relevant day-to-day aspects of the workplace behavior of Employees.

Violations/Supporting Facts and Theories:

Employers are engaged in the business of healthcare and nursing staffing services. Mr. Ayala was hired in April 12, 2022 and separated on or about July 25, 2025. Plaintiff had a non-exempt classification and worked remotely from his residence as a credentialing specialist.

Mr. Ayala's responsibilities included data entry, detailed entry certification, and medical credentialing verification. Mr. Ayala had to interface with medical personnel, including nurses, who were seeking staffing appointments with Employers. These individuals would call without notice, frequently preventing Mr. Ayala from taking breaks or not taking them on time, or taking these calls off-the-clock, after hours, and on weekends. Mr. Ayala's job performance depended on immediately taking these calls and completing data entry, evaluations, and screenings, or else face reprimand from Employers.

Mr. Ayala was terminated on or about July 25, 2025. He was paid his undisputed wages on the subsequent payday of August 1, 2025, which did not include all the unpaid wages, premium pay, reporting time and penalties owed.

Overtime Violations:

The Employers have violated and continue to violate Labor Code §§ 500, 510, 1198, and Industrial Welfare Commission Wage Orders, including IWOs (or other applicable law, wage order and/or regulation) by failing to pay Employees overtime compensation as required under California law as follows:

- Employees working more than 8 hours in a workday have not been paid time and one-half. Instead, they either were not paid for the time they worked over 8 hours, or they were only paid regular wages rather than overtime wages.
- Employees working more than 40 hours in a workweek have not been paid time and one-half. Instead, they either were not paid for the time they worked over 40 hours in a week, or they were only paid regular wages rather than overtime wages.

The Employers' failure to pay Employees overtime wages in accordance with the Labor Code have been, in part, accomplished by wrongfully failing to include all the times that Employees worked in calculating Employees' wages during each pay-period that Employees were employed. In part, this was accomplished by their failure to compensate the Employees for the off the clock time work, work during the meal periods and rest breaks as well as via illegal rounding of work times, to the advantage of the Employers.

Minimum Wage Violations:

The Employers have violated and continue to violate Labor Code §§ 1182.12, 1194, 1198, and Industrial Welfare Commission Wage Orders, including IWOs (or other applicable law, wage order, regulation and/or local law/ordinance regulating the minimum wage owed to employees who work in the County of Los Angeles and its incorporated cities) by failing to pay Employees at least the minimum wages required under the law.

Specifically, because not all the time worked by Employees has been/is being reported on the Employees' time records and/or paychecks, Employees have not been paid at least the minimum wage for all the time they actually worked for the Employers. For example, Employees have not been paid at least the minimum wage owed due to off the clock work time, work during the meal periods and rest breaks as well as via illegal rounding, to the advantage of the Employers.

Meal Period Violations:

If not daily, then on multiple times during each pay period, the Employers have engaged, and continue to engage, in the business-wide practice of not providing Employees with legally compliant meal periods as mandated under California law as follows:

a) In violation of Labor Code § 512 and the above-referenced IWOs, The Employers have failed, and continue to fail, to provide Employees working 5.1 to 10 hours in their workday with at least one 30-minute unrestricted and uninterrupted meal period within the first 5 hours of their workday. Instead, Employees are provided their meal periods more than 5 hours after beginning their workday. Employees who were misclassified as exempt employees, were not provided meal periods or their meal periods were on-duty, were late and/or were interrupted. Additionally, in violation of Labor Code § 226.7, The Employers failed to pay said Employees one hour of pay (aka premium pay) for each day a legally compliant meal break was not provided.

b) In violation of Labor Code § 512 and the above-referenced IWOs, The Employers have failed, and continue to fail, to provide Employees working 10.1 to 14 hours in their workday with a second 30-minute, unrestricted and uninterrupted meal period within the first ten hours of their workday. Instead, Employees are either not provided with a meal period or, when they are provided a meal period, the meal period is not timely, it is interrupted, and/or the Employees are required to remain on duty. Additionally, in violation of Labor Code § 226.7, The Employers failed to pay said Employees one hour of pay (aka premium pay) for each day the required second meal period was not provided.

Based on the information known to date, it is believed that every Employee was denied at least one legally compliant meal period every pay period that they worked for the Employers. The total number of pay periods that each Employee was denied one or more meal periods can be determined via the time records of the Employees during the statutory period. Mr. Ayala was denied legally compliant meal periods.

Rest Break Violations:

If not daily, then on multiple times during each pay period, The Employers have engaged, and continue to engage, in the business-wide practice of not authorizing and/or permitting Employees to take the paid rest breaks they are entitled to under California law as follows:

a) In violation of Labor Code § 226.7 and the above-referenced IWOs, The Employers have failed, and continue to fail, to authorize and/or permit Employees working 3.5 to 6 hours in a workday to take at least one paid unrestricted and uninterrupted 10-minute net rest break in the middle of their daily work periods even though it was practical for Employees to take such rest breaks. Instead, rest breaks were not paid and/or were not provided in the middle of the work period. Additionally, in violation of Labor Code § 226.7, The Employers failed to pay said Employees one hour of pay (aka premium wages) for each day that required rest breaks were not authorized and/or permitted.

b) In violation of Labor Code § 226.7 and IWOs, The Employers have failed, and continue to fail, to authorize and/or permit Employees working 6.1 to 10 hours in a workday to take at least two paid unrestricted and uninterrupted 10-minute rest breaks in the middle of each of their daily work periods even though it was practical for Employees to take such rest breaks. Instead, Employees were either not given such rest breaks; or, when they were given rest breaks, the breaks were not in the middle of the work period, the breaks were interrupted and/or Employees were required to remain on-duty during their rest breaks. Additionally, in violation of Labor Code § 226.7, The Employers failed to pay said Employees one hour of pay (aka premium pay) for each day the required rest breaks were not authorized and/or permitted.

Based on the information known to date, it is believed that every Employee was denied one legally compliant rest break every pay period that they worked for the Employers. The total number of pay period violations that each Employees suffered from one or more rest break violations can be determined via the time records of the Employees during the statutory period. Mr. Ayala was denied a legally compliant rest break multiple times every pay period.

Vacation Pay Violations:

The Employers have violated and continue to violate Labor Code § 227.3 by failing to pay employees vested vacation time at their time of separation from employment with Employers. All vested vacation owed to Mr. Ayala and the aggrieved employees were due as wages at the final rate of pay at the time of termination/separation, including vested vacation that would accrue but for the wage underpayment practices described herein.

Payment/Use of Sick Time Violations:

The Employees were deprived of their sick leave and Covid benefits and corresponding pay under California law as follows. The Employers have violated and continue to violate Labor Code § 245.5 (definition of employee) and § 246 (mandated amounts of accrual of sick time) by failing to allow its past and present employees to accrue sick time in the amount required by law. As well, the Employers have violated and continue to violate Labor Code § 246.5 by failing to permit its past and present employees from using their accrued sick time for the purposes set forth under California law. Furthermore, a covered employee, who is considered full-time or who worked or was scheduled to work an average of at least 40 hours per week in the two weeks before the leave is taken, is entitled to up to 80 hours of medical leave, comprised of 40 hours of COVID-19 Supplemental Paid Sick Leave and an additional 40 hours if the covered employee or the qualifying family member tests positive for COVID-19. The aggrieved employees were deprived of said benefits as well, including sick benefits that would accrue but for the wage underpayment practices described herein.

Regular Rate of Pay/Inadequate Compensation:

Employers paid non-discretionary bonuses to Employees at the times relevant here. Mr. Ayala received a performance-based quarterly bonus which was improperly classified as a discretionary bonus by Employers. Employers have failed and continue to fail to apply the correct computation/analysis of each Employee's "regular rate of pay" (re O.T. wages and sick time wages) and each Employee's
"regular rates of compensation" in computing the premium pay wages owed with respect to payment of O.T. wages and wages for non-compliant meal, rest or recovery periods under Labor Code § 226.7(c) (See, *Ferra v. Loews Hollywood Hotel, LLC* (2021) 11 Cal5th 858 – all nondiscretionary payments/wages paid to Employees must be considered, not just the Employees'

base hourly wages. As a result, Employees who were paid O.T. wages, sick time wages, and/or premium pay related to meal periods, rest/lactation breaks and/or recovery periods were not paid at the legally required rate(s) of pay.

Timely Wage Payment Violations:

The Employers have violated and continue to violate Labor Code §§ 204-204b and the applicable wage order by failing to pay Employees the wages they were due within the timeframes set forth in Labor Code §§ 204-204b. Such failures occurred in at least the following ways:

a) The Employers unfairly "round" the punch-in/out times of its Employees such that Employees are not paid for all the time they actually work. Moreover, the rounding has worked as an unfair monetary advantage to the Employers and to the detriment of the Employees.
b) The Employers have not paid Employees overtime pay because the Employers have not included all the time Employees have actually worked in the Employees' time records, which are used to calculate Employees' regular and overtime wages.
c) Employees who are owed additional wages due to the Employers' failure to comply with minimum wages laws have not been paid said wages.
d) Employees have not been paid for their vested/accrued vacation benefits.
e) Employees have not been paid for their accrued sick leave benefits.
f) Employees have not been paid the premium pay wages owed by the Employers for missed, untimely, restricted, interrupted and/or short rest breaks.
g) Employees have not been paid the premium pay wages owed by the Employers for missed, untimely, restricted, interrupted and/or short meal periods.
h) Employees have not been paid minimum, regular and/or overtime wages for time worked but not included in the calculations of Employees' wages included in the Employees' paychecks and/or wage statements.
i) Employees have not been paid minimum, regular and/or overtime wages owed for on-duty meal periods.
j) Employees have not been paid minimum, regular and/or overtime wages owed due to rounding of clock-in times which have consistently worked to the unfair advantage of the Employers.
k) Employees who have worked more than 8 hours to 12 hours in a workday have not been paid time and one-half.
l) Employees who have worked more than 40 hours in a workweek have not been paid time and one-half.

Because Employees were not compensated for the above-referenced wages, Employees were not paid such wages within the timeframes set forth in Labor Code §§ 204-204b and Employees have not been paid the penalties set forth in § 210.

Waiting Time Violations at Time of Separation:

The Employers have violated and continue to violate Labor Code §§ 201-202 by failing to pay Employees who have become separated from the Employers the complete and correct amount of all wages owed to such Employees at the time of their separation within the timeframes mandated by Labor Code §§ 201-202 in the following ways:

- For Employees who have been terminated, The Employers have failed, and continue to fail, to pay said employees all wages due and payable immediately at the time of their termination.
- For Employees who have given at least 72-hours-notice of resigning or otherwise separating from the Employers, the Employers have failed (and continue to fail) to pay said Employees all wages due and payable on their last day of work.
- For Employees who have resigned or otherwise separated from the Employers and have not given at least 72 hours' notice, the Employers have failed (and continue to fail) to pay said Employees all wages due and payable within 72-hours.
- Employees who have become separated from the Employers (whether by termination, resignation or otherwise) have not been paid the premium pay wages owed at the time of separation for missed, untimely, restricted, interrupted and/or short rest breaks.
- Employees who have become separated from the Employers (whether by termination, resignation or otherwise) have not been paid the premium pay wages owed at the time of separation for missed, untimely, restricted, interrupted and/or short meal periods.
- Employees who have become separated from the Employers (whether by termination, resignation or otherwise) have not been paid regular and/or overtime wages owed at the time of separation for time worked but not reported on the Employers' time sheets and/or wage statements.
- Employees who have become separated from the Employers (whether by termination, resignation or otherwise) have not been paid regular and/or overtime wages owed at the time of separation for on-duty meal periods.
- Employees who have become separated from the Employers (whether by termination, resignation or otherwise) have not been paid regular and/or overtime wages owed at the time of separation for time unpaid due to rounding practices that unfairly worked to the benefit of the Employers.
- Employees who have become separated from the Employers (whether by termination, resignation or otherwise) have not been paid the overtime wages.
- Employees who have become separated from the Employers (whether by termination, resignation or otherwise) have not been paid wages owed due to the Employers failure to pay at least the minimum wage mandated by law.
- Employees who have become separated from the Employers (whether by termination, resignation or otherwise) have not been paid the wages owed for unpaid rest breaks.

Since none of the separated employees have been paid the entirety of the wages they were owed at the time of their separation, each such Employee is entitled to continuing wages for the 30-day maximum set forth in Labor Code § 203 (see below). The number of pay period violations of Labor Code §§ 201-202 can be determined from information contained in the Employers' employment records including records which show when Employees became separated from employment with the Employers, when said Employees were paid their final wages from Employers and what wages were paid as well as records regarding the total number of Employees who have become separated from employment during the statutory period (the number will continue to grow until the illegal practice is stopped). Mr. Ayala's final paycheck was likewise delayed.

Wage Statement Violations:

Employers have adopted, and continue to adopt, a custom and practice of providing wage statements to Employees that fail to comply with Labor Code § 226 in the following ways:

- Employers' wage statements do not accurately record the total hours worked or the gross/net wages earned by Employees for:
    - Premium pay wages for missed, untimely, restricted, interrupted and/or short meal periods and rest breaks as referenced above.
    - Regular and/or overtime wages for time worked but not reported on time records.
    - Regular and/or overtime wages for on-duty meal periods.
    - Regular and/or overtime wages for rounding to the benefit of the Employers.
    - Premium and Overtime wages based on the regular rate of pay.
    - Vacation time pay.
    - Sick leave time pay and/or Covid benefits.
    - Owed wages due to the Employer's failure to comply with wages laws.
- Failure to accurately record all the deductions deducted from Employees' wages.
- Employers' wage statements do not accurately set forth all the hourly rates and/or the accurate corresponding number of hours worked at each hourly rate by Employees.

Failure to Maintain Accurate Payroll Records:

Employers have failed and continue to fail record keeping practices in compliance with Labor Code Sections 1174 (c) and (d), which in pertinent part provide: "(c) Keep a record showing the names and addresses of all employees employed and the ages of all minors. (d) 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 three years. An employer shall not prohibit an employee from maintaining a personal record of hours worked, or, if paid on a piece-rate basis, piece-rate units earned."

The record keeping practices were lawfully deficient for computation of wages, premium and overtime wages, regular rate of pay adjustments, PTO benefits, and reporting requirements for the wage statements. Employees were affected by said violations, and none were provided the opportunity to examine their respective records. As relevant here, Mr. Ayala requested his employment records but did not receive any time and/or time adjustment records.

Unreimbursed Business Expense Violations:

California Labor Code section 2802 requires employers to pay for all necessary expenditures and losses incurred by the employee in the performance their job. Mr. Ayala and other aggrieved employees incurred job-related costs used for the benefit of the Employers and have not yet been fully reimbursed for. As a result, the aggrieved employees are entitled to recover civil penalties, attorney's fees, costs, and interest thereon, pursuant to Labor Code section 2699(a), (f)-(g). Mr. Ayala had to provide internet for work related use but received an insufficient payment of $20 per pay period. He also had to use his personal cell phone for work-related communication, for which no reimbursement was provided.

Release of Claims for Wages Due Violations:

California Labor Code section 206.5 prohibits employers from requiring employees to execute releases of a claim or right "on account of wages due, or to become due, or made as an advance on wages to be earned, unless payment of those wages has been made. A release required or executed in violation of the provisions of this section shall be null and void as between the employer and the employee." The Employers required Mr. Ayala and other aggrieved employees to release their claims for unpaid wages as a condition to receiving their paychecks. "Execution of a release" includes requiring Employees, as a condition to be paid, to execute a statement of the hours they worked during the pay period which the Employers knew to be false.

That practice is in violation of California Labor Code section 206.5. As such, Mr. Ayala and other aggrieved employees are entitled to civil penalties, attorney's fees, costs, and interest, pursuant to Labor Code sections 2699(a), (f)-(g).

Conclusion:

If the State of California intends to investigate the matters set forth here, please inform our offices as soon as possible since prompt administrative action will permit the identified unlawful practices to be rectified in swift fashion. If the State of California does not send notification of its intent to investigate the alleged violations set forth here, pursuant to Labor Code § 2698 *et. seq.* (PAGA), Mr. Ayala reserves the right to file a PAGA cause of action. And if so, he will be seeking all available damages, penalties, and remedies as well as attorneys' fees, interest, and costs against the Employers, as permitted under the PAGA.

To the extent any of the foregoing violations are cured by the Employers, we would appreciate receipt of notice of such action and a description of the violations that have been cured. Should the State of California require any additional information, please do not hesitate to contact the undersigned.

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