



MEHRDAD BOKHOUR
Attorney at Law

1901 Avenue of the Stars | Suite 920
Los Angeles | California 90067

tel 310 975 1493
fax 310 675 0861

March 27, 2025

SUBMITTED VIA LWDA'S PAGA CLAIM NOTICE ONLINE PORTAL

COPY SENT VIA CERTIFIED MAIL TO:

FREEWAY INSURANCE SERVICES AMERICA, LLC
7711 CENTER AVE, STE 200
HUNTINGTON BEACH, CA 92647

C/O CSC - LAWYERS INCORPORATING SERVICE
2710 GATEWAY OAKS DRIVE, SUITE 150N
SACRAMENTO, CA 95833

Re: Luis Salvatierra v. Freeway Insurance Services America, LLC.
Notice of Intent to File Suit for California Labor Code § 2698 et seq. Penalties

To Whom It May Concern:

This office and Falakassa Law, P.C. represent Luis Salvatierra (hereinafter "Mr. Salvatierra") and a proposed group of current and former non-exempt employees working for Freeway Insurance Services America, LLC (hereinafter "Freeway Insurance") and any of its affiliated, predecessor and merged entities in the State of California for violations of the California Labor Code §§ 201-203, 204, 210, 221, 226(a), 226(e), 226.3, 226.7, 227.3, 246, 510, 512, 516, 1174, 1174.4, 1199, 2802-2804, and all applicable Industrial Welfare Commission Wage Orders ("Wage Order").

This letter shall serve as notification under Labor Code § 2699.3 (hereinafter "PAGA Notice"). The \$75 filing fee payable to the California Labor and Workforce Development Agency for the Private Attorneys General Act Notice ("PAGA Notice") was paid online. A copy of this PAGA Notice was submitted electronically to the Department of Industrial Relations.

Mr. Salvatierra wishes to bring a representative action on behalf of himself and the State of California as well as on behalf of the following group of "aggrieved employees":

All current and former non-exempt hourly employees who work or worked for Freeway Insurance Services America, LLC. in California during the one year immediately preceding the filing of this PAGA Notice and continuing into the present and ongoing ("aggrieved employees")

Freeway Insurance is an American insurance agency that sells primarily non-standard auto insurance, which is required for new and higher-risk drivers. With over 500 retail locations in the United States, Freeway Insurance is one of North America's largest privately held insurance brokers.

Mr. Salvatierra has been employed by Freeway Insurance as a non-exempt "Sales Representative Produce" since November 18, 2024. Based in Modesto, California, Mr. Salvatierra was responsible for a variety of insurance-related tasks, including but not limited to selling auto and rental insurance and actively communicating with customers.

Alongside Mr. Salvatierra, other non-exempt employees played a crucial role in maintaining the efficiency and productivity of Freeway Insurance's operations. These employees included, but were not limited to:

- **Insurance Manager**, who oversees and manages the organization's insurance policies and coverage, including risk assessment, policy negotiation, claims management, and ensuring compliance with regulations.
- **Insurance Agent** who identifies client needs, recommends appropriate insurance products, assists with claims, and builds client relationships.
- **Customer Service Representative** who assists customers, answers inquiries, resolves issues, and ensures customer satisfaction.
- **Call Center Representative**, who handles customer inquiries, resolves issues, and provides product/service information.
- **Marketing Coordinator**, who develops and implements marketing strategies, campaigns, and activities.

These non-exempt employees were responsible for a wide range of tasks critical to the company's operations, such as marketing, sales, customer service, and overall insurance agency duties. Their work ensured the effective operation of Freeway Insurance's assets. Despite the essential nature of their contributions, Mr. Salvatierra and other aggrieved employees allege that Freeway Insurance failed to comply with California labor laws, including but not limited to accurate timekeeping, proper wage payment, and provision of meal and rest periods, as set forth below.

At all relevant times, Mr. Salvatierra and other aggrieved employees regularly worked various shifts, many of which were in excess of 8.0 hours in a workday and 40.0 hours in a workweek. Mr. Salvatierra alleges that other aggrieved employees were also subjected to the same policies, procedures, practices, working conditions, and corresponding wage and hour violations to which he was subjected during his employment.

First, at all relevant times, Mr. Salvatierra and other non-exempt employees worked regular shifts that lasted longer than 8.0 hours in a workday and more than 40 hours in a workweek. However, Mr. Salvatierra and other non-exempt employees were not properly paid at the correct

overtime rate for all overtime hours worked due to Freeway Insurance's uniform failure to include all forms of compensation/remuneration, including, but not limited to, shift pay, non-discretionary bonuses, commissions, stipends, incentives, and all other forms of remuneration in calculating the "regular rate of pay" for purposes of overtime compensation.

Under the California Labor Code (as well as the FLSA), courts have consistently held that regularly paid non-discretionary bonuses (and other forms of pay) must be included in determining an employee's "regular rate of pay" for purposes of calculating overtime. (See *Haber v. The Americana Corp.* 378 F. 2d 854, 855-856 (9th Cir. 1967) [holding that regularly paid efficiency bonuses must be included in calculating the "regular rate"]; *Wang v. Chinese Daily News, Inc.* 435 F. Supp. 2d 1042, 1055-1057 (C.D. Cal. 2006) [granting summary judgment to Plaintiff under California and federal law on the grounds that Defendant improperly calculated overtime by excluding annual bonuses paid to employees from the "regular rate of compensation"]; see *Walling v. Youngerman-Reynolds Hardwood Co.* (1945) 65 S.Ct. 1242, 1245. ("The regular rate by its very nature must reflect all payments which the parties have agreed shall be received regularly during the workweek, exclusive of overtime payments. It is not an arbitrary label chosen by the parties but an actual fact. Once the parties have decided upon the amount of wages and the mode of payment, the determination of the regular rate becomes a matter of mathematical computation, the result of which is unaffected by any designation of a contrary 'regular rate' in the contracts."); see also 29 CFR §§ 778.110 ("production bonus") and 778.111 ("piece-rate").

Labor Code § 510 requires an employer to compensate an employee who works more than eight (8.0) hours in one workday, forty (40.0) hours in a workweek, and for the first eight (8.0) hours worked on the seventh consecutive day, no less than one and one-half times (1 1/2) the regular rate of pay. In addition, Labor Code § 510 obligates employers to compensate employees at no less than twice the regular rate of pay when an employee works more than twelve (12.0) hours in a workday or more than eight (8.0) hours on the seventh consecutive day of work. Pursuant to Section 3 of the applicable Wage Orders, non-exempt employees shall not be employed more than eight (8.0) hours in any workday or more than 40.0 hours in any workweek unless the employee receives one and one-half (1 1/2) times such employee's regular rate of pay for all hours worked over 40 hours in the workweek.

By their policy of requiring aggrieved employees to work in excess of eight (8) hours in a workday and/or forty (40.0) hours in a workweek without compensating them at the rate of one-half (1 1/2) their regular rate of pay, Freeway Insurance willfully violated the provisions of Labor Code § 510 and the applicable Wage Orders.

Accordingly, through PAGA and to the extent permitted by law, Mr. Salvatierra and other aggrieved employees are entitled to recover penalties for violations of Labor Code §§ 204, 210, 510, 1194, 1197.1, 1199 1197.1 under Labor Code § 1197.1, 1199, or Labor Code § 2699(f)(2), and attorneys' fees and costs pursuant to Labor Code § 2699(g)(1).

Similarly, at all relevant times, Freeway Insurance also failed in its obligation to provide Mr. Salvatierra and other aggrieved employees the legally required paid sick days at the legal rate pursuant to Labor Code §§ 246(a),(b), which requires that “[a]n employee who, on or after July 1, 2015, works in California for the same employer for 30 or more days within a year from the commencement of employment is entitled to paid sick days. . . at the rate of not less than one hour per every 30 hours worked, beginning at the commencement of employment.” Labor Code § 246(l)(1) provides that paid sick time for non-exempt employees must be “calculated in the same manner as the regular rate of pay for the workweek in which the employee uses paid sick time, whether or not the employee actually works overtime in that workweek.”

Additionally, Labor Code § 246(l)(2) states that the paid sick time must be “calculated by dividing the employee’s total wages, not including overtime premium pay, by the employee’s total hours worked in the full pay periods of the prior 90 days of employment.” Finally, Labor Code § 246(i) requires employers to “provide an employee with written notice that sets forth the amount of paid sick leave available, or paid time off leave an employer provides in lieu of sick leave, for use on either the employee’s itemized wage statement described in Section 226 or in a separate writing provided on the designated pay date with the employee’s payment of wages.”

Here, at all relevant times, Freeway Insurance failed in its obligation to provide Mr. Salvatierra and other aggrieved employees the legally required paid sick days at the “regular rate of pay,” including all forms of compensation, pursuant to Labor Code §§ 246(a), (b). As such, Freeway Insurance paid sick time below his base rate of pay rather than the “regular rate of pay” as required by Labor Code §§ 246(l) (1-2).

Based on the foregoing Labor Code violations, Mr. Salvatierra seeks all civil and statutory penalties available and applicable under Labor Code § 2699(f)(2), and attorneys’ fees and costs pursuant to Labor Code § 2699(g)(1).

Moreover, at all relevant times, Mr. Salvatierra and other aggrieved employees were denied compliant and timely 30-minute off-duty meal periods as mandated by California law. Due to Freeway Insurance’s uniform meal period policies/practices, operational requirements, and work demands, Mr. Salvatierra and other aggrieved employees often could not take timely and uninterrupted net 30-minute first meal periods before the end of the fifth hour of work.

Further, when Mr. Salvatierra and other aggrieved employees worked more than 10.0 hours in a shift, they were not always allowed and permitted to take a mandated second meal period before the end of the tenth hour of work in violation of the Labor Code and applicable Wage Orders. Indeed, Mr. Salvatierra’s and other aggrieved employees’ meal periods were often interrupted and lasted fewer than 30 minutes due to Freeway Insurance’s meal period policies/procedures, operational requirements, and work demands.

In addition, for each missed or non-compliant meal period, Freeway Insurance failed and continues to fail to maintain a mechanism by which aggrieved employees were paid meal period

premiums at the “regular rate of pay” pursuant to *Ferra v. Loews Hollywood Hotel, LLC* and Labor Code § 226.7.

Accordingly, due to Freeway Insurance’s uniform meal period practices, Mr. Salvatierra and other aggrieved employees were also regularly denied legally compliant meal periods in violation of Labor Code 226.7, 510, 516, and applicable IWC Wage Orders and are entitled to penalties under Labor Code § 2699(f)(2) and attorneys’ fees and costs pursuant to Labor Code § 2699(g)(1).

Next, at all relevant times, Mr. Salvatierra and other aggrieved employees were not provided with all 10-minute rest periods for every four hours worked, or a major fraction thereof, due to Freeway Insurance’s uniform rest period policies/practices, operational requirements, and work demands. As a result, Mr. Salvatierra and other aggrieved employees were and are often unable to take a net 10-minute duty-free rest period for every major fraction of four hours worked. This includes a second rest period for shifts in excess of six hours and a third rest period for shifts in excess of 10.0 hours in a workday.

By not relieving all non-exempt employees of all duties during rest periods, Freeway Insurance failed to provide legally compliant rest periods. See *Augustus v. ABM Security Services, Inc.* (2016) 2 Cal. 5th 257, 269 [concluding that “during rest periods employers must relieve employees of all duties and relinquish control over how employees spend their time.”]. In *Augustus*, the California Supreme Court expressly rejected the employer’s assertion that it could provide an on-duty rest period to employees who worked as security guards and further explained: “that employers [must] relinquish any control over how employees spend their break time and relieve their employees of all duties.” *Id.* at 273. Each time Mr. Salvatierra and other aggrieved employees could not take a compliant rest period, Freeway Insurance failed and failed to adequately pay rest period premium payments at the “regular rate of pay” as required by Labor Code § 226.7.

Accordingly, due to Freeway Insurance’s uniform rest period policies/practices and work demands, Mr. Salvatierra and other aggrieved employees were also regularly denied legally compliant rest breaks in violation of Labor Code §§ 226.7, 512, and applicable Wage Orders and would be entitled to penalties under Labor Code § 2699(f)(2) and attorneys’ fees and costs pursuant to Labor Code § 2699(g)(1).

As a result of Freeway Insurance’s failure to pay Mr. Salvatierra and other aggrieved employees for all overtime and sick pay wages, and Freeway Insurance’s failure to pay for meal and rest period premiums at the “regular rate of pay,” Freeway Insurance issued wage statements which failed to identify the gross wages earned accurately, the total hours worked, the net wages earned, and the correct corresponding number of hours worked at each hourly rate, in violation of Labor Code § 226(a)(1, 2, 5, and 9).

Labor Code § 226.3 provides that “[a]ny employer who violates subdivision (a) of Section

226 shall be subject to a civil penalty in the amount of two hundred fifty dollars (\$250) per employee per violation in an initial violation and one thousand dollars (\$1,000) per employee for each violation in a subsequent citation, for which the employer fails to provide the employee a wage deduction statement or fails to keep the required in subdivision (a) of Section 226.”

Thus, for the violations of Labor Code section 226 described above, Mr. Salvatierra and other aggrieved employees may also recover Labor Code § 226.3 penalties for Freeway Insurance’s violations of Labor Code § 226(a). Consequently, because Freeway Insurance failed to comply with Labor Code § 226(a), Mr. Salvatierra and other aggrieved employees would be entitled to recover penalties under Labor Code §§ 226(e) or Labor Code § 2699(f)(2), and attorneys’ fees and costs pursuant to Labor Code § 2699(g)(1).

Furthermore, because Freeway Insurance failed to pay all overtime wages, sick pay wages, and meal and rest period premiums at the “regular rate of pay,” Freeway Insurance also failed and continues to fail to pay other aggrieved employees all wages owed at their time of separation from employment in violation of Labor Code §§ 201-203. Thus, aggrieved employees would be entitled to recover penalties under Labor Code §§ 201-203 or Labor Code § 2699(f)(2) and attorneys’ fees and costs pursuant to Labor Code § 2699(g)(1).

Finally, at all relevant times, Freeway Insurance required Mr. Salvatierra and other aggrieved employees to incur necessary business expenses for work-related purposes but did not reimburse aggrieved employees adequately for these necessary expenditures in violation of Labor Code §§ 2802-2804. Here, Freeway Insurance uniformly failed to reimburse aggrieved employees for all necessary costs incurred in discharging their duties. (*See Cochran v. Schwan’s Home Service, Inc.*, (2014) 228 Cal.App.4th 1137, 1144 [“[i]f an employee is required to make work-related calls on a personal cell phone, then he or she is incurring an expense for the purposes of section 2802. It does not matter whether the phone bill is paid for by a third person or at all...To show liability under section 2802, an employee needs only to show that he or she was required to use a personal cell phone to make work-related calls, and he or she was not reimbursed”].) Accordingly, due to Freeway Insurance’s uniform failure to adequately reimburse for necessary business expenditures in violation of Labor Code §§ 2800-2802 and applicable Wage Orders, Mr. Salvatierra and other aggrieved employees would be entitled to civil penalties under Labor Code § 2699(f)(2), and attorneys’ fees and costs pursuant to Labor Code § 2699(g)(1).

Pursuant to Labor Code § 2699.3(a)(2)(A), please advise within sixty-five (65) calendar days of the date of this notice whether your office intends to investigate the violations alleged herein above. We understand that if we do not receive a response from your office within sixty-five (65) calendar days of this PAGA Notice, Mr. Salvatierra may thereafter pursue his interests and the interests of similarly aggrieved employees with a civil complaint against Freeway Insurance for its violations of the California Labor Code and applicable Wage Orders.

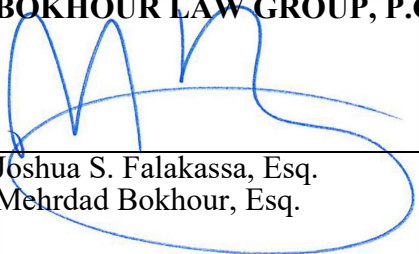
While we intend to pursue a PAGA representative and/or Class Action lawsuit against Freeway Insurance for unpaid wages and civil penalties under Labor Code § 2699, our firm’s

California Labor and Workforce Development Agency
March 27, 2025
Page 7

policy is to attempt to negotiate an early resolution of all matters where possible and beneficial to all aggrieved employees. If Freeway Insurance is interested in resolving this matter, please contact me or have your lawyer contact our office to discuss an informal discovery plan and the possibility of early mediation on or before **May 21, 2025**.

Respectfully submitted,

FALAKASSA LAW, P.C.
BOKHOUR LAW GROUP, P.C.



Joshua S. Falakassa, Esq.
Mehrdad Bokhour, Esq.