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method to determine reimbursement rates that fail to accurately track the number of miles driven by delivery drivers and provides such an unreasonably low rate beneath any reasonable approximation of the expenses they incur that the drivers' unreimbursed expenses cause their wages to fall below the wage rate required by state and city minimum wage laws during some or all workweeks. In addition, Defendant has required drivers to share their tips with other employees who have little to no contact with customers and thus are not "customarily and regularly" tipped, in violation of wage and hour laws.

- 1.3 Defendant imposes an automatic service charge on its customers. Defendant does not disclose the allocation of the service charge. The service charge is a separately designated amount collected by Defendant from its customers and is described in such a way that customers might reasonably believe that the amounts are for services provided by employees. Defendant does not make any direct payment of the service charge to its driver employees.
- 1.4 Plaintiffs and Class members are current and former delivery employees of Defendant in the State of Washington who have been victimized by Defendant's unlawful practices. This lawsuit is brought as a class action under Washington wage laws to recover unpaid wages owed to Plaintiff and all other similarly situated employees.

II. JURISDICTION AND VENUE

- 2.1 Venue is proper in King County because Plaintiffs Kurth and Weber have worked for Defendant in King County, where some of the violations alleged herein occurred. In addition, Defendant transacts business in King County and many of the acts, as well as the course of conduct alleged herein, occurred in King County.
- 2.2 Defendant is within the jurisdiction of this Court. Defendant conducts business in the State of Washington and have operations in Washington State, including within the City of

Rekhi & Wolk, P.S.

- 1. The nature and extent of class-wide injury and the measure of compensation for such injury.
- 4.6 Class action treatment is superior to the alternative for the fair and efficient adjudication of the controversy alleged herein. Such treatment will permit a large number of similarly situated persons to prosecute their modest, purely economic, common claims in a single forum simultaneously, efficiently and without duplication of effort and expense that numerous individual actions would entail. No difficulties are likely to be encountered in the management of this class action that would preclude its maintenance as a class action, and no superior alternative exists for the fair and efficient adjudication of this controversy. The Class is readily identifiable from Defendant's records.
- 4.7 A class action is superior to other available methods for the fair and efficient adjudication of this controversy since joinder of all matters is impractical. Furthermore, the amounts at stake for many Class members, while substantial to them, are not great enough to hire an attorney to prosecute individual suits against Defendant.

V. SUMMARY OF ALLEGATIONS

- 5.1 Beginning at a date currently unknown to Plaintiffs, but at least as early as December 2015, Defendant committed, and continues to commit, acts of wage abuse against its delivery employees, including but not limited to willfully failing to pay them the minimum wage required by the minimum wage laws of Washington and the City of Seattle and requiring them to kick back a portion of their wages to Defendant and to other employees.
- 5.2 Defendant is in the business of delivering food and food items from various restaurants to Defendant's customers within the City of Seattle and King County. The customers place an order for food and food items through Defendant and identify a delivery address.

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Defendant's delivery drivers deliver the order to the delivery address. Defendant charges a delivery fee for the service. Defendant does not allocate any portion of this fee to the drivers.

- Defendant also imposes a mandatory charge titled "Other Taxes and Fees." Defendant's stated purpose of other "Taxes and Fees" is to "To take care of our drivers, we've chosen to make them employees while others use Independent Contractors (which allows companies to avoid paying minimum wage, overtime, unemployment insurance, workers' compensation, payroll tax, mileage reimbursements & providing healthcare) Other Taxes & Fees simply allows us to afford the expenses associated with employee status, business & occupation tax and litter tax." As such, it is a service charge under RCW 49.60.160. Defendant does not disclose how the charge is allocated. Drivers are not directly paid any portion of the charge.
- 5.4 Delivery drivers have the same primary job duty—to deliver food and other food items to customers' addresses.
- 5.5 Defendant provides customers the opportunity to tip employees for the delivery service. Customers regularly provide tips for the delivery services they receive. Customers generally only interact with Defendant's drivers and no other employees of Defendant. However, Defendant requires drivers to share these tips with dispatcher employees, who work in Minnesota and rarely have contact with Defendant's customers or otherwise engage in customer service functions. Dispatchers are thus not customarily and regularly tipped employees. Customer tips are also required to be shared with "the Squadron members responsible for routing orders, customer service, restaurant/driver support and acquisition, & the systems that make the magic happen behind the scenes." Additionally, Defendant has failed to provide a written notice to Plaintiffs and other drivers that they are required to share their tips in this manner.

5.6 Taking into account the effect of Defendant's reimbursement policy that applies to Plaintiffs and all class members, Defendant has paid Plaintiffs and members of the Class an hourly wage below the applicable minimum wage in the State of Washington and the City of Seattle.

Defendant's Flawed Reimbursement Policy

- 5.7 Plaintiffs and members of the Class have delivered food and other food items to Defendant's customers in motor vehicles that Plaintiffs and Class members own and maintain. Defendant has required Plaintiffs and the Class members to maintain these vehicles in a safe, legally-operable, and insured condition to use in delivering the food and food items to Defendant's customers.
- 5.8 Plaintiffs and members of the Class have incurred costs for gasoline, vehicle parts and fluids, vehicle repair and maintenance services, vehicle insurance, taxes, licenses, depreciation and finance charges ("vehicle expenses") while delivering food and food items for the primary benefit of Defendant.
- 5.9 Plaintiffs and members of the Class have been subject to similar driving conditions, vehicle expenses, delivery distances, and delivery frequencies.
- 5.10 Plaintiffs and members of the Class have been subject to the same pay policies and practices of Defendant. Specifically, they have been subject to the same delivery driver reimbursement policy, which has been \$1.00 per delivery from December 2015 to the present, which underestimates vehicle expenses per mile and fails to accurately track miles per delivery.
- 5.11 Despite the relative ease of tracking actual miles driven by its drivers, Defendant does not do so. Instead, Defendant reimburses delivery drivers a set amount per delivery, regardless of length.

- 5.12 Defendant's reimbursement rate does not take into consideration the actual miles driven nor actual expenses incurred by drivers in order to maintain and provide vehicles that are safe, legally operable, and insured, in the course of their delivering items to customers on behalf of and for the primary benefit of Defendant.
- 5.13 Throughout her employment with Defendant, Plaintiff Weber has experienced an average delivery distance of approximately nine (9) miles.
- 5.14 The net result of Defendant's delivery driver reimbursement policy is reimbursement of approximately \$.11 per mile (\$1.00 per delivery / 9 miles), which is well below any reasonable approximation of the vehicle expenses of Defendant's delivery drivers.
- 5.15 During the applicable limitations period, the IRS business mileage reimbursement rate has ranged between \$.54 and \$.575 per mile. Reputable companies that study the cost of owning and operating a motor vehicle and/or reasonable reimbursement rates, including the American Automobile Association ("AAA"), have determined that the average cost of owning and operating a vehicle has ranged between \$.37 and \$.975 per mile during the same period. These figures represent a reasonable approximation of the average cost of owning and operating a vehicle for personal use of the vehicle.
- 5.16 The driving conditions associated with the food delivery business result in more frequent routine maintenance costs, higher repair costs, and more rapid depreciation due to the mileage and manner of driving for food delivery, including frequent starting and stopping of the engine, frequent braking, driving short routes as opposed to highway driving, and driving under time pressures. Defendant's delivery drivers thus experience lower gas mileage and higher repair costs than factored into the IRS' and AAA's average cost of owning and operating a vehicle.

5.17 Insurance providers recognize the relative hazards of working as a food delivery driver. Food delivery drivers pay significantly higher vehicle insurance rates than do regular drivers, as personal auto insurance policies generally do not cover drivers while they are on the job and delivery drivers are considered especially high-risk.

5.18 Defendant's reimbursement policy does not reimburse its delivery drivers for even their out-of-pocket expenses, much less other costs they incur to own and operate their vehicles, and thus Defendant uniformly fails to reimburse its delivery drivers at any reasonable approximation of the cost of owning and operating their vehicles for Defendant's benefit.

Defendant's Failure to Reimburse Vehicle Expenses Violates Wage Laws

5.19 Before taking into account the effect of Defendant's reimbursement policy, Defendant has paid Plaintiff Weber at or just under the City of Seattle minimum wage since December 2015: from December 2015 to January 16, 2016, Defendant paid her \$10.00 per hour; from January 17, 2016 to the present, Defendant paid her \$10.50 per hour. Washington State's minimum wage during this period has been \$9.47 per hour.

- 5.20 Plaintiff Weber drives a 2009 Toyota Prius and drove a 2008 Chevy Trailblazer delivering food for Defendant during times relevant to this action. She also delivered food using Defendant's e-bikes for a portion of her employment.
- 5.21 During Plaintiff Weber's employment with Defendant, Defendant's reimbursement rate has been a straight \$1.00 per delivery amount when drivers use their own motor vehicles to make deliveries on behalf of Defendant, regardless of the amount driven.
- 5.22 During Plaintiff Weber's employment with Defendant, Plaintiff Weber has experienced an average delivery distance of approximately nine (9) miles when driving her motor vehicles.

- 5.23 Thus, since December 2015, Defendant's average reimbursement rate for Plaintiff Weber has been approximately \$.11 per mile (\$1.00 per delivery / 9 miles per delivery).
- 5.24 During this same time period, the IRS business mileage reimbursement rate has ranged between \$.54 and \$.575 per mile, which was a reasonable approximation of the vehicle expenses incurred in personal use of a vehicle, but is a low estimate of the vehicle expenses incurred in delivering food in King County. Using the IRS rate as a conservative approximation of Plaintiff Weber's vehicle expenses during her employment to date, every mile driven on the job decreased Plaintiff's net wages by approximately \$.43 (\$.54 (IRS rate) \$.11 (Defendant's rate)) at a minimum, to at least \$.465 (\$.575 \$.11), or between approximately \$3.87 per delivery (\$.43 x 9 miles) and \$4.185 per delivery (\$.465 x 9 miles).
- 5.25 Defendant did not ask Plaintiff Weber to track her actual vehicle expenses. However, an initial estimate indicates that Plaintiff Weber's vehicle expenses, not taking fully into account the additional costs when using her vehicle for food delivery, have been at the very least \$.41 per mile. Using even this extremely conservative measure of Plaintiff Weber's actual expenses, as opposed to the IRS rate or other widely-accepted mileage rates, every mile driven on the job decreased her net wages by between about \$.30 (\$.41 \$.11), and every delivery decreased her net wages by about \$2.70 (\$.30 x 9 miles).
- 5.26 During Plaintiff Weber's employment with Defendant to date, Plaintiff Weber has worked approximately four hundred and fifty (450) hours making deliveries in her Prius and/or Trailblazer. During Plaintiff Weber's employment with Defendant to date, Plaintiff Weber has delivered approximately 863 orders using her Trailblazer and/or Prius. Thus, Plaintiff Weber has averaged 1.92 deliveries per hour using her Prius and/or Trailblazer. Plaintiff Weber's frequency

of delivery during this time period is a reasonable estimate of the frequency at which Defendant's other drivers make deliveries.

- 5.27 Thus, during the time period relevant to this action, depending on whether Defendant's reimbursement rate is compared to the IRS rate or to a very conservative estimate of Plaintiff Weber's actual expenses, Plaintiff Weber "kicked back" to Defendant between approximately \$5.16 per hour (\$2.70 per delivery x 1.92 deliveries per hour) and \$8.04 per hour (\$4.185 per delivery x 1.92 deliveries per hour). Because Defendant has otherwise been paying Plaintiff Weber at or just under Seattle's minimum wage, and just above Washington's minimum wage, these kickbacks have resulted in Defendant compensating Plaintiff Weber between approximately \$5.16 per hour to \$8.54 per hour less than the City of Seattle's minimum wage, and \$4.13 per hour to \$7.01 per hour less than Washington state's minimum wage. This kickback resulted in an effective hourly wage rate between approximately \$1.96 and \$4.84 in 2015 to January 16, 2016 and \$2.46 and \$5.34 from January 17, 2016 to the present.
- 5.28 During some workweeks, Plaintiff Weber has worked in excess of forty (40) hours per week for Defendant making deliveries. Defendant has paid Plaintiff Weber on an hourly basis, including time and a half for the work she performs in excess of forty (40) hours per workweek.
- 5.29 However, the effect of Defendant's reimbursement policy, as set forth above, has also caused Plaintiff Weber to earn less than the statutory minimum wage rate for work she performs in excess of (40) hours per week. For example, in early January 2016, Defendant paid Plaintiff Weber \$15.00 per hour for the work she performed in excess of (40) forty hours in the workweek (which is actually below Seattle's minimum wage for overtime work at the time (\$15.75 per hour), regardless of the kickbacks from Defendant's reimbursement policy). As set

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forth above, during this time frame, Defendant received kickbacks from Plaintiff Weber that reduced her wages by approximately \$5.16 to \$8.04 per hour. Here, Plaintiff Weber therefore only received \$6.96 per hour to \$11.06 per hour for her overtime work, when Seattle required a minimum overtime wage rate of \$15.75 per hour and Washington State required \$14.21 per hour.

- 5.30 Under Washington law, employers may not use tips as credit towards minimum wages owed to an employee. In addition, under wage and hour laws, once a tip is earned, it is the property of that employee and it is not to be shared with other employees who are not "regularly and customarily" tipped. Here, customers tip drivers who are generally the only employees of Defendant with whom they interact. Yet, Defendant deducts a portion of drivers' tips to dispatch employees, who do not generally have contact with the customers. Additionally, Defendant has failed to provide a written notice of its proposed tip pool to Plaintiffs and the drivers.
- 5.31 Upon information and belief, all of Defendant's other delivery drivers have had similar experiences to those of Plaintiff Weber. They were subject to the same reimbursement and tip pool policies; received similar reimbursements; incurred similar vehicle expenses; completed deliveries of similar distances and at similar frequencies; and, because of this, were paid hourly wages below the applicable state or city minimum wage and were required to kick back a portion of their wages to employees who are not "regularly and customarily" tipped.
- 5.32 Based on the allegations set forth above, Defendant's systematic underreimbursement of vehicle expenses over the prior three (3) years has resulted in company-wide minimum wage violations under both state and local laws.
- 5.33 Upon information and belief, Defendant has been on notice that its reimbursement and tip pooling policies are unlawful.

5.34 Based on the effect of Defendant's flawed reimbursement policy, Plaintiffs and members of the Class have been paid an hourly wage below the applicable state and Seattle minimum wage; they have thereby been systematically deprived of reasonably-approximate reimbursements, resulting in their wages falling below the state and city minimum wage in some or all workweeks.

5.35 Plaintiffs and members of the Class have experienced under-reimbursements for vehicle expenses, which have reduced their wages below the minimum wage rate of the State of Washington and the City of Seattle.

Further Evidence of Defendant's "Kickback" of Delivery Drivers' Wages

5.36 Delivery drivers are required to use their personal cell phones to access order information from Defendant's customers in order to pick up and deliver food orders. They are also frequently required to use their phones to contact customers to complete deliveries. For example, if the driver has to access a secure location that requires the customer to provide the driver access when the driver arrives at a locked gate or door. Although usage of drivers' personal cell phones is required for the benefit of Defendant, Defendant only reimburses drivers approximately \$.04 per hour for the use of their cell phones. Upon information and belief this does not reasonably-approximate reimburse the drivers for the actual cost of using their cell phones during work for the benefit of Defendant.

5.37 RCW 49.12.450 and Washington Department of Labor and Industries Admin. Policy ES.C.8.1 require employers to pay the cost of employees' uniforms. However, Defendant automatically deducts \$25.00 from drivers' initial wages for the cost of the uniforms Defendant requires them to wear during their shifts.

5.38 RCW 49.46.160 applies to employers who impose an automatic service charge related to food, beverages, or porterage provided to customers. Such employers are required to disclose in an itemized receipt and in any menu provided to the customer the percentage of the automatic service charge that is paid or payable directly to the employee serving the customer. Defendant imposes a delivery fee charge, which ranges depending on the length of the delivery, on their customers. Plaintiff and members of the Class do not receive any portion of the service charge.

VI. FIRST CLAIM FOR RELIEF

(Payment of Wages Less Than Entitled: RCW 49.46, et seq., Seattle Municipal Code (SMC) 14.19 et seq., & SMC 14.20 et seq.)

- 6.1 Plaintiffs reallege and incorporates by reference each and every allegation set forth in the preceding paragraphs.
- 6.2 RCW 49.46.120 establishes Washington State's minimum wage and provides for enforcement of more favorable minimum wages that may be established by federal, state, or local law or ordinance
- 6.3 By the actions alleged above, Defendant has failed to pay Plaintiffs and Class members prevailing minimum wage pursuant to RCW 49.46 *et seq.*, SMC 14.19 *et seq.*, and SMC 14.20 *et seq.*
- 6.4 By the actions alleged above, Defendant has violated the provisions of RCW 49.46.020, RCW 49.46.090, RCW 49.46.120, RCW 49.46.130, SMC 14.19 *et seq.*, and SMC 14.20 *et seq.*
- 6.5 As a result of the unlawful acts of Defendant, Plaintiffs and Class members have been deprived of compensation in amounts to be determined at trial, and pursuant to RCW 49.46.090, SMC 14.19.110, and SMC 14.20.090, are entitled to recover such amounts, including

| 1 | interest thereon, and attorneys' fees and costs (and further including liquidated damages under | | |
|----------|---|--|--|
| 2 | SMC 14.19.110 and SMC 14.20.090). | | |
| 3 | | | |
| 4 | VII. THIRD CLAIM FOR RELIEF | | |
| 5 | (Failure to Pay All Service Charges and Tips) | | |
| 6 | 7.1 Plaintiffs reallege and incorporates by reference each and every allegation se | | |
| 7 | forth in the preceding paragraphs. | | |
| 8 | 7.2 RCW 49.46.160 provides that any employer that imposes an automatic service | | |
| 9 | charge related to food, beverages, entertainment, or porterage provided to a customer must | | |
| 10 | disclose in an itemized receipt and in any menu provided to the customer the percentage of the | | |
| 11 | automatic service charge that is paid or is payable directly to the employee or employees serving | | |
| 12 | | | |
| 13 | the customer. | | |
| 14 | 7.3 Defendant failed to make any such disclosure. | | |
| 15 | 7.4 Defendant failed to directly pay its employees any of the imposed service charge | | |
| 16 | 7.5 As such, based on the above allegations, Defendant violated the provisions of | | |
| 17 | RCW 49.46.160. | | |
| 18 19 | 7.6 As a result of the unlawful acts of Defendant, Plaintiffs and the Class have been | | |
| 20 | deprived of compensation in amounts to be determined at trial. | | |
| 21 | | | |
| 22 | VIII. THIRD CLAIM FOR RELIEF | | |
| 23 | (Willful Refusal to Pay Wages: RCW 49.52.050) | | |
| 24 | 8.1 Plaintiffs reallege and incorporates by reference each and every allegation se | | |
| 25 | forth in the preceding paragraphs. | | |
| 26 | | | |
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| 1 | D . | Declare that the actions complained of herein violate washington's statutes, | |
|----------|---|--|--|
| 2 | Seattle's ordinances, and administrative codes; | | |
| 3 | E. | Award Plaintiffs and Class members compensatory, liquidated, and exemplary | |
| 4 | damages; | | |
| 5 | F. | Award attorneys' fees and costs to Plaintiffs' attorneys, as allowed by law; | |
| 6 | G. | Award pre-judgment and post-judgment interest to Plaintiffs and Class members, | |
| 7 | as provided by law; | | |
| 8 | Н. | Grant and injunction against Defendant from engaging in the unlawful and | |
| 9 | wrongful conduct set forth herein; and, | | |
| 10 | | | |
| 11 12 | I. | Grant such other and further relief as this Court deems necessary. | |
| 13 | DATED this 10 th day of June, 2016. | | |
| 14 | | REKHI & WOLK, P.S. | |
| 15 | | By: s/ Gregory A. Wolk | |
| 16 | | Gregory A. Wolk, WSBA #28946 Hardeep S. Rekhi, WSBA #34579 | |
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