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**NO FEE PURSUANT TO  
GOVERNMENT CODE § 6103**

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12 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
13 COUNTY OF SAN FRANCISCO  
14 UNLIMITED JURISDICTION

16  
17 **PEOPLE OF THE STATE OF CALIFORNIA,**  
18 Plaintiff,  
19 v.  
20 **UBER TECHNOLOGIES, INC., A DELAWARE**  
21 **CORPORATION; LYFT, INC., A DELAWARE**  
22 **CORPORATION; AND DOES 1-50, INCLUSIVE,**  
23 Defendants.

Case No.

**COMPLAINT FOR INJUNCTIVE  
RELIEF, RESTITUTION, AND  
PENALTIES**

**[VERIFIED ANSWER REQUIRED  
PURSUANT TO CODE OF CIVIL  
PROCEDURE SECTION 446]**

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26  
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1 Plaintiff, the People of the State of California (“People”), by and through Xavier Becerra,  
2 Attorney General of the State of California; Michael N. Feuer, Los Angeles City Attorney; Mara  
3 W. Elliott, San Diego City Attorney; and Dennis J. Herrera, San Francisco City Attorney, bring  
4 this action against Uber Technologies, Inc. (“Uber”), Lyft, Inc. (“Lyft”), and Does one through  
5 fifty (collectively “Defendants”), and allege as follows:

## 6 INTRODUCTION

7 1. In their early stages, when Uber and Lyft started selling ride-hailing services in 2010  
8 and 2012, respectively, they made the calculated business decision to misclassify their on-demand  
9 drivers as independent contractors rather than employees. Both companies continue to  
10 misclassify their drivers—and have exploited hundreds of thousands of California workers—in  
11 direct contravention of California law.

12 2. By misclassifying their drivers, Uber and Lyft evade the workplace standards and  
13 requirements that implement California’s strong public policy in favor of protecting workers and  
14 promoting fundamental fairness for all Californians. This longstanding policy framework  
15 includes a comprehensive set of safeguards and benefits established by the State of California  
16 (“State”), cities, and counties, such as minimum wages, overtime premium pay, reimbursement  
17 for business expenses, workers’ compensation coverage for on-the-job injuries, paid sick leave,  
18 and wage replacement programs like disability insurance and paid family leave. Uber and Lyft  
19 owe their drivers these benefits and protections.

20 3. Recognizing the serious problem of employee misclassification and the harms it  
21 inflicts on workers, law-abiding businesses, taxpayers, and society more broadly, the California  
22 Legislature enacted Assembly Bill 5, which took effect on January 1, 2020. (Assem. Bill No. 5  
23 (2019-2020 Reg. Sess.) (“A.B. 5”).) A.B. 5 codified and extended the California Supreme  
24 Court’s landmark, unanimous decision in *Dynamex Operations W., Inc. v. Superior Court* (2018)  
25 4 Cal.5th 903, reh. denied (June 20, 2018) (“*Dynamex*”). California law is clear: for the full  
26 range of protections afforded by California’s Wage Orders, Labor Code, and Unemployment  
27 Insurance Code, workers are generally presumed to be employees unless the hiring entity can  
28

1 overcome this presumption by establishing each of the three factors embodied in the strict “ABC”  
2 test.

3 4. Uber and Lyft cannot overcome this presumption with respect to their drivers. Uber  
4 and Lyft are traditional employers of these misclassified employees. They hire and fire them.  
5 They control which drivers have access to which possible assignments. They set driver quality  
6 standards, monitor drivers for compliance with those standards, and discipline drivers for not  
7 meeting them. They set the fares passengers can be charged and determine how much drivers are  
8 paid.

9 5. Uber and Lyft are transportation companies in the business of selling rides to  
10 customers, and their drivers are the employees who provide the rides they sell. The fact that Uber  
11 and Lyft communicate with their drivers by using an app does not suddenly strip drivers of their  
12 fundamental rights as employees.

13 6. But rather than own up to their legal responsibilities, Uber and Lyft have worked  
14 relentlessly to find a work-around. They lobbied for an exemption to A.B. 5, but the Legislature  
15 declined. They utilize driver contracts with mandatory arbitration and class action waiver  
16 provisions to stymie private enforcement of drivers’ rights. And now, even amid a once-in-a-  
17 century pandemic, they have gone to extraordinary lengths to convince the public that their  
18 unlawful misclassification scheme is in the public interest. Both companies have launched an  
19 aggressive public relations campaign in the hopes of enshrining their ability to mistreat their  
20 workers, all while peddling the lie that driver flexibility and worker protections are somehow  
21 legally incompatible.

22 7. Uber’s and Lyft’s motivation for breaking the law is simple: by misclassifying their  
23 drivers, Uber and Lyft do not “bear any of [the] costs or responsibilities” of complying with the  
24 law. (*Dynamex, supra*, 4 Cal.5th at p. 913.) When addressing investors, Uber pulls no punches:  
25 “Our business would be adversely affected if Drivers were classified as employees instead of  
26 independent contractors.” (Uber Securities and Exchange Com. (“SEC”) S-1, p. 28 [Filing Date:  
27 April 11, 2019].)

28

1 8. As one federal district judge recently observed: “[R]ather than comply with a clear  
2 legal obligation, companies like Lyft are thumbing their noses at the California Legislature . . . .”  
3 (*Rogers v. Lyft* (N.D. Cal. Apr. 7, 2020, No. 20-CV-01938-VC) \_\_\_ F.Supp.3d \_\_\_ [2020 WL  
4 16484151, at \*2].)

5 9. The State’s laws against employee misclassification protect all Californians. They  
6 protect workers by ensuring they receive the compensation and benefits they have earned through  
7 the dignity of their labor. (*Dynamex, supra*, 4 Cal.5th at p. 952.) They protect “law-abiding”  
8 businesses from “unfair competition,” and prevent the “race to the bottom” that occurs when  
9 businesses adopt “substandard wages” and “unhealthy [working] conditions,” threatening jobs  
10 and worker protections across entire industries. (*Id.* at pp. 952, 960.) They protect the tax-paying  
11 public, who is often called upon to “assume responsibility” for “the ill effects to workers and their  
12 families” of exploitative working arrangements. (*Id.* at p. 952-53.) They are a lifeline and  
13 bulwark for the People against the “erosion of the middle class and the rise in income inequality.”  
14 (A.B. 5, § 1(c).)

15 10. The time has come for Uber’s and Lyft’s massive, unlawful employee  
16 misclassification schemes to end. The People bring this action to ensure that Uber and Lyft ride-  
17 hailing drivers—the lifeblood of these companies—receive the full compensation, protections,  
18 and benefits they are guaranteed under law, to restore a level playing field for competing  
19 businesses, and to preserve jobs and hard-won worker protections for all Californians.

#### 20 **JURISDICTION AND VENUE**

21 11. The Superior Court has original jurisdiction over this action pursuant to Article VI,  
22 Section 10 of the California Constitution.

23 12. The Superior Court has jurisdiction over each Defendant named above because:  
24 (i) each Defendant is headquartered in the State of California; (ii) each Defendant is authorized to  
25 and conducts business in and across this State; and (iii) each Defendant otherwise has sufficient  
26 minimum contacts with and purposefully avails itself of the markets of this State, thus rendering  
27 the Superior Court’s jurisdiction consistent with traditional notions of fair play and substantial  
28 justice.

1 13. Venue is proper under Code of Civil Procedure section 393(a), because each  
2 Defendant named above is headquartered in the City and County of San Francisco and thousands  
3 of the illegal acts described below occurred in the City and County of San Francisco.

4 **PARTIES**

5 **I. PLAINTIFF**

6 14. Plaintiff is the People of the State of California, by and through: Xavier Becerra, the  
7 Attorney General of the State of California; Michael N. Feuer, the Los Angeles City Attorney;  
8 Mara W. Elliott, the San Diego City Attorney; and Dennis J. Herrera, the San Francisco City  
9 Attorney (collectively referred to as “Plaintiff” or the “People”).

10 15. Xavier Becerra is the Attorney General of the State of California and is the chief law  
11 officer of the State. (Cal. Const., art. V, § 13.) The Attorney General is empowered by the  
12 California Constitution to take whatever action is necessary to ensure that the laws of the State  
13 are uniformly and adequately enforced. He has the statutory authority to bring actions in the  
14 name of the People of the State of California to enforce California’s Unfair Competition Law  
15 (“UCL”). (Bus. & Prof. Code, § 17200 et seq.) He also has the statutory authority to bring an  
16 action for injunctive relief to prevent the continued misclassification of employees under A.B. 5.  
17 (Lab. Code, § 2750.3(j).)

18 16. The Los Angeles City Attorney, Michael N. Feuer, has the statutory authority to bring  
19 actions in the name of the People of the State of California to enforce California’s UCL. As the  
20 City Attorney of a city with population in excess of 750,000, he also has the express statutory  
21 authority under A.B. 5 to bring an action for injunctive relief to prevent the continued  
22 misclassification of employees. (Lab. Code, § 2750.3(j).)

23 17. The San Diego City Attorney, Mara W. Elliott, has the statutory authority to bring  
24 actions in the name of the People of the State of California to enforce California’s UCL. As the  
25 City Attorney of a city with population in excess of 750,000, she also has the express statutory  
26 authority under A.B. 5 to bring an action for injunctive relief to prevent the continued  
27 misclassification of employees. (Lab. Code, § 2750.3(j).)

1 18. The San Francisco City Attorney, Dennis J. Herrera, has the statutory authority to  
2 bring actions in the name of the People of the State of California to enforce California’s UCL. As  
3 the City Attorney of a city and county, he also has the express statutory authority under A.B. 5 to  
4 bring an action for injunctive relief to prevent the continued misclassification of employees.  
5 (Lab. Code, § 2750.3(j).)

## 6 **II. DEFENDANTS**

7 19. Defendant Uber Technologies, Inc. is a California corporation with its principal place  
8 of business in San Francisco, California.

9 20. Defendant Lyft, Inc. is a California corporation with its principal place of business in  
10 San Francisco, California.

11 21. The true names or capacities of Defendants sued as Doe Defendants 1 through 50 are  
12 unknown to the People. The People are informed and believe, and on this basis, allege that each  
13 of the Doe Defendants, their agents, employees, officers, and others acting on their behalf, as well  
14 as subsidiaries, affiliates, and other entities controlled by Doe Defendants 1 through 50 (hereafter  
15 collectively referred to as “DOES 1 through 50”), are legally responsible for the conduct alleged  
16 herein. The names and identities of defendants DOES 1 through 50 are unknown to the People,  
17 and when they are known the People will amend this Complaint to state their names and  
18 identities.

## 19 **FACTUAL ALLEGATIONS**

### 20 **I. UNDER *DYNAMEX* AND A.B. 5, CALIFORNIA USES THE ABC TEST TO** 21 **DETERMINE EMPLOYEE STATUS.**

22 22. The California Supreme Court’s 2018 decision in *Dynamex, supra*, 4 Cal.5th 903,  
23 along with the passage of A.B. 5, which went into effect January 1 of this year, have established  
24 that the ABC test governs the determination of whether a worker is properly classified as an  
25 employee or independent contractor for purposes of the Labor Code, the Unemployment  
26 Insurance Code, and the Wage Orders of the Industrial Welfare Commission (“I.W.C.”).

27 23. Under the ABC test, for a worker to be properly classified as an independent  
28 contractor rather than an employee, a hiring party, such as Uber or Lyft, has the burden of

1 establishing that *all* of the following three conditions are satisfied: (A) the worker is free from  
2 the control and direction of the hiring entity in connection with the performance of the work, both  
3 under the contract for the performance of the work and in fact; (B) the worker performs work that  
4 is outside the usual course of the hiring entity’s business; and (C) the worker is customarily  
5 engaged in an independently established trade, occupation, or business of the same nature as the  
6 work performed. (Lab. Code, § 2750.3(a)(1); see generally *Dynamex, supra*, 4 Cal.5th at p. 957.)  
7 These three requirements are referred to as Parts A, B, and C of the ABC test, respectively.

8 24. Because the hiring entity must establish all three parts of the ABC test in order to  
9 lawfully classify a worker as an independent contractor, the hiring entity’s failure to satisfy any  
10 one part of the ABC test results in the worker in question being classified as an employee rather  
11 than an independent contractor. (*Dynamex, supra*, 4 Cal.5th at p. 963.)

12 **II. EACH DEFENDANT OPERATES A TRANSPORTATION SERVICE THAT**  
13 **SELLS ON-DEMAND RIDES PROVIDED BY DRIVERS WHOM EACH**  
14 **DEFENDANT HAS MISCLASSIFIED AS INDEPENDENT CONTRACTORS.**

15 25. For the purpose of this Complaint, “Drivers” refers to individuals who fall into one or  
16 both of the following two categories. *First Category*: All individuals who have driven for Uber  
17 as ride-hailing drivers in the State of California at any time since May 5, 2016 and who (1) signed  
18 up to drive as a ride-hailing driver directly with Uber or an Uber subsidiary under their individual  
19 name or with a fictional/corporate name *and* (2) are/were paid by Uber or an Uber subsidiary  
20 directly under their individual name or with a fictional/corporate name for their services as ride-  
21 hailing drivers. *Second Category*: All individuals who have driven for Lyft as ride-hailing  
22 drivers in the State of California at any time since May 5, 2016 and who (1) signed up to drive  
23 directly with Lyft or a Lyft subsidiary as ride-hailing drivers under their individual name or with  
24 a fictional/corporate name *and* (2) are/were paid by Lyft or a Lyft subsidiary directly under their  
25 individual name or with a fictional/corporate name for their services as ride-hailing drivers.  
26 “Passengers” refer to individuals who receive Uber and/or Lyft ride-hailing services through such  
27 Drivers.

28 26. Each Defendant operates a ride-hailing transportation service in which Passengers  
may request and pay for on-demand rides from either Defendant by using that Defendant’s



1 smartphone application (the “Uber App,” the “Lyft App,” “App” or “Defendant’s App”  
2 respectively, and collectively, “Apps” or “Defendants’ Apps”).

3 27. Each Defendant has hired hundreds of thousands of ride-hailing Drivers across the  
4 State of California to provide on-demand rides throughout the State to Passengers who book such  
5 rides through either Defendant’s App.

6 28. Lyft was founded in 2012 as a ride-hailing service of Zimride. Zimride later changed  
7 its name to Lyft, and subsequently sold the “Zimride” component of its business (a long-distance  
8 carpooling service) to focus on offering on-demand rides. As of January 2, 2020, Lyft had a  
9 market capitalization of approximately \$13 billion.

10 29. Uber was founded in 2009 as a ride-hailing service. As of January 2, 2020, Uber had  
11 a market capitalization of approximately \$53 billion.

12 30. Among the various ride-hailing options offered by Defendants, by far the largest is an  
13 option in which individuals with non-commercial drivers’ licenses provide on-demand rides to  
14 Passengers via each Defendant’s App using ordinary passenger vehicles. Lyft refers to this on-  
15 demand option as a “Lyft.” Uber refers to this option as “UberX.”

16 **III. UNDER THE ABC TEST, EACH DEFENDANT MISCLASSIFIES ITS**  
17 **DRIVERS.**

18 31. Since first launching their ride-hailing services, each Defendant has misclassified, and  
19 continues to misclassify, its Drivers as independent contractors instead of employees.

20 32. Each Defendant requires its Drivers, as a pre-condition of providing rides through  
21 Defendant’s App, to agree to standard-form contracts and addenda. Each Defendant’s contracts  
22 and addenda contain standardized terms and conditions that each Defendant sets regarding its  
23 Drivers’ work. Each Defendant’s contracts and addenda also contain boilerplate language  
24 unilaterally designating each Defendant’s Drivers as independent contractors.

25 **A. Part A of the ABC Test (“control and direction”)**

26 33. Each Defendant retains all necessary control over its Drivers’ work, which is to  
27 transport Passengers from point A to point B in a car.  
28

1           34. Each Defendant's App, in combination with each Defendant's policies, functions like  
2 an algorithmic manager that effectively supervises its Drivers like a human manager.

3           35. Each Defendant determines what Drivers are eligible to provide ride-hailing services  
4 on its App and can change its Driver standards in its discretion.

5           36. Each Defendant dictates the types of cars its Drivers may use on its app, as well as the  
6 standards its Drivers' vehicles must meet. Each Defendant can change its vehicle standards in its  
7 discretion.

8           37. Drivers' tenure with each Defendant is for an indefinite time, but each Defendant  
9 retains the right to terminate or pause a Driver's tenure at any time in accordance with terms,  
10 conditions, and policies that each Defendant sets in its discretion.

11           38. Each Defendant sets the fares that Passengers pay for rides received through its App.

12           39. Each Defendant, not its Drivers, collects fare payments directly from Passengers.

13           40. Each Defendant sets the amount of compensation that it pays its Drivers for providing  
14 ride-hailing services to Passengers on its App.

15           41. Each Defendant handles invoicing, claim and fare reconciliation, and resolution of  
16 complaints that arise from its Drivers and Passengers.

17           42. Each Defendant mediates and resolves conflicts involving its Drivers in its discretion,  
18 ranging from Driver-Passenger disputes, to allegations of Driver or Passenger misconduct, to lost  
19 items, damaged vehicles, cleaning fees, and Driver complaints of not receiving the full amount of  
20 compensation for ride-hailing services provided through the App.

21           43. Each Defendant monitors its Drivers' work hours and logs a Driver off its App for six  
22 hours if the Driver reaches a twelve-hour driving limit.

23           44. Each Defendant does not freely permit its Drivers to choose their routes. For  
24 example, if a Passenger complains to a Defendant about the route used by a Driver, each  
25 Defendant reserves the right to adjust the fare if it decides that the Driver took an inefficient  
26 route.

1           45. Each Defendant provides its Drivers with their work and pay by controlling the  
2 dispatch of individual Passengers to individual Drivers through each Defendant's App. Each  
3 Defendant's App controls which Drivers receive which ride requests and when.

4           46. Each Defendant controls and limits the information available to its Drivers and  
5 Passengers through each Defendant's App, which each Defendant may change at any time  
6 without notice.

7           47. When a Passenger requests an on-demand ride through Defendant's App, the App  
8 shows and matches that Passenger with only one Driver at a time, regardless of the number of  
9 nearby Drivers. Similarly, when a Driver is available to provide an on-demand ride, the App  
10 shows and matches that Driver with only one Passenger at a time, regardless of the number of  
11 nearby Passengers. Drivers and Passengers do not freely negotiate over the terms of an on-  
12 demand ride. Instead, they are selectively steered to one another through the centralized direction  
13 of the App.

14           48. Each Defendant's App hides from its Passengers key information about its Drivers'  
15 experience and vehicles, limiting Drivers' ability to differentiate themselves and increase their  
16 earnings in the way a true independent contractor or entrepreneur typically would.

17           49. Each Defendant's App allows its Drivers only approximately fifteen seconds to  
18 accept or reject a trip request.

19           50. Drivers for each Defendant who consistently do not accept or reject trip requests  
20 within the fifteen-second time limit may be temporarily logged out from each Defendant's App.  
21 The length of this bar is within each Defendant's discretion.

22           51. Each Defendant's App tracks its Drivers. Drivers for each Defendant must notify the  
23 respective Defendant through its App of the Driver's trip status at every key step of the on-  
24 demand ride: (1) acceptance of the Passenger's ride request, (2) arrival to the pick-up location of  
25 the Passenger, (3) start of the trip, and (4) end of the trip. Each Defendant uses its App to  
26 constantly monitor and control its Drivers' behavior while its Drivers are logged into the App.

27           52. Each Defendant specifies detailed rules for Drivers to follow to create a uniform ride  
28 experience from which each Defendant derives its brand recognition, reputation, and value.

1 These rules, which each Defendant bills as “suggestions” or “tips,” cover matters such as music,  
2 how to pick-up Passengers, and what its Drivers can and cannot say to the Passengers.

3 53. Each Defendant retains the right to suspend or terminate its Drivers, or to cease  
4 dispatching ride requests to its Drivers through its App at any time if its Drivers behave in a way  
5 that Defendant deems inappropriate or in violation of a Defendant-mandated rule or standard.  
6 These Driver behaviors can include, among other infractions, canceling too many rides, not  
7 maintaining sufficiently high Passenger satisfaction ratings, or taking trip routes each Defendant  
8 deems inefficient.

9 54. Each Defendant monitors, and ultimately controls, its Drivers through feedback it  
10 solicits from its Passengers on every ride via a rating system that each Defendant uses to assess its  
11 Drivers’ performance. Each Defendant’s App solicits feedback and prompts its Drivers and  
12 Passengers to rate one another from one to five stars for each Defendant’s benefit, as each  
13 Defendant uses the ratings for its own discipline of Drivers.

14 55. Each Defendant determines the type of data and feedback its Drivers and Passengers  
15 may submit via its App. Each Defendant also defines on what basis its Passengers and Drivers  
16 may provide feedback through its App.

17 56. Each Defendant uses information from its Passenger ratings to make decisions about  
18 disciplining or terminating its Drivers. If the average rating of a Defendant’s Driver falls below a  
19 certain threshold set by Defendant, Defendant may suspend or terminate that Driver from  
20 providing ride-hailing services on Defendant’s App.

21 57. Each Defendant frequently experiments with software features that directly impact its  
22 Drivers, creating an environment in which Drivers are subject to ever-shifting working  
23 conditions, all determined in each Defendant’s discretion. According to Lyft, “We frequently test  
24 driver incentives on subsets of existing drivers and potential drivers, and these incentives . . .  
25 could have other unintended adverse consequences.” (See Lyft SEC 10-K, p. 20 [Filing Date:  
26 February 28, 2020].) According to Uber, “[t]here are over 1,000 experiments running on our  
27 platform at any given time.” (Deb et al., Under the Hood of Uber’s Experimentation Platform  
28 (Aug. 28, 2018), <<https://eng.uber.com/xp/>> (as of May 1, 2020).)

1           58. Each Defendant introduces and then takes away features from its App in accordance  
2 with its own business decisions. Each Defendant exerts control over its App, and thereby over its  
3 Drivers.

4           **B. Part B of the ABC Test (“usual course of business”)**

5           59. Each Defendant’s Drivers are engaged in work that is within the usual course of each  
6 Defendant’s business: the provision of on-demand rides. Each Defendant is a transportation  
7 company that sells on-demand rides to its customers, i.e., its Passengers, who book and pay for  
8 such rides through the Defendant’s App.

9           60. Drivers provide the on-demand ride. They are an integrated and essential part of each  
10 Defendant’s transportation business. The immediate availability and temporal convenience of an  
11 on-demand ride is the service that each Defendant sells to its Passengers.

12           61. Each Defendant publicly holds itself out to the public as a transportation company in  
13 the business of selling on-demand rides.

14           62. Lyft has trademarked the slogan, “Your Friend with a Car.” Lyft advertises: “Get a  
15 Ride Whenever You Need One”; “A ride in minutes”; and “Our drivers are always nearby so you  
16 can get picked up, on demand, in minutes.”

17           63. Uber has trademarked the slogan, “Everyone’s Private Driver.” Uber advertises: “We  
18 built Uber to deliver rides at the touch of a button”; “Always the ride you want”; “Request a ride,  
19 hop in, and go”; “Sign up to ride. Rides on demand”; and “Get a reliable ride in minutes, at any  
20 time and on any day of the year.”

21           64. Each Defendant represents to Passengers that it prescribes the qualifications of  
22 Drivers on its App, as well as standards for Drivers’ quality of services. Each Defendant bills its  
23 Passengers directly for the entire amount of the on-demand ride, and each Defendant’s Passengers  
24 pay the fare for the service to each Defendant, not to the Driver. If a Passenger has an issue with  
25 the quality of the on-demand ride provided through Defendant’s App, they report that problem to  
26 Defendant, and Defendant may refund or cancel the Passenger’s fare.

27           65. Each Defendant is financially integrated with and dependent on its Drivers. Each  
28 Defendant only generates income for its ride-hailing business if its Drivers transport and provide

1 rides to its Passengers. Each Defendant sets the fare its Passengers pay, collects the entire  
2 amount of the fare from its Passengers, and then disburses a percentage of those fares to its  
3 Drivers as compensation for providing the on-demand ride its Passenger ordered while keeping  
4 the remainder of the fare for itself. Without its Drivers' labor to provide Defendant's service, the  
5 on-demand ride, each Defendant's ride-hailing business would not exist.

6 66. Defendants do not facilitate a marketplace or matchmaking service between  
7 independent Drivers and Passengers. Instead, they utilize their substantial resources and  
8 technology to shape every facet of the service they sell to Passengers—a branded, on-demand  
9 ride. To offer an on-demand ride, Defendants use their technology to choreograph the  
10 deployment of countless Drivers in a localized geographic area, and integrate themselves into  
11 every aspect of how those Drivers provide the service of getting Passengers to their destinations.

12 67. Far from being a mere technology company, each Defendant is deeply enmeshed in  
13 the provision of transportation services. Each Defendant controls its Passengers' access to its on-  
14 demand ride service and its Drivers' access to providing such services. Each Defendant  
15 prescribes qualifications for its Drivers, determines its Driver supply, and designs and monitors  
16 the level and quality of service that its Drivers must provide to Defendant's Passengers. Each  
17 Defendant sets the fees, pricing, and incentives on its rides, and each Defendant uses its App to  
18 distribute its Drivers across a geographic area to provide an on-demand ride at a price and  
19 quantity that each Defendant, in its business discretion, deems the most beneficial to its business  
20 model and delivery of services.

21 68. Each Defendant also engages in extensive data collection and surveillance of its  
22 Drivers, tracking its Drivers' hours, movements, quality of services, and other metrics from when  
23 the Drivers log on to Defendant's App until they log off. Each Defendant uses this data to  
24 monitor and make disciplinary decisions regarding its Drivers, as well as for other business  
25 purposes.

26 69. Lyft's prospectus for its 2019 initial public offering ("IPO") describes how its overall  
27 business strategy depends on its Drivers. Lyft describes its growth strategy as "continu[ing] to  
28 add density to our ridesharing marketplace *by attracting and retaining drivers* to our platform to

1 further improve the rider experience.” (See Lyft SEC S-1, p. 1 [Filing Date: March 1, 2019],  
2 emphasis added.) The prospectus identifies a “key factor” affecting Lyft’s performance as  
3 “*maintaining an ample number of drivers* to meet rider demand in our ridesharing marketplace.”  
4 (Id., at p. 88, emphasis added.) In response to the fundamental question underlying Lyft’s  
5 business model, “Why Lyft Wins,” Lyft’s IPO prospectus definitively answers: because Lyft is  
6 “Driver-Centric.” (Id., at p. 3.)

7 70. Uber’s prospectus for its 2019 IPO also describes how Drivers, and the labor they  
8 furnish providing on-demand rides, are the lifeblood of its business strategy. Uber does not  
9 mince words: “If we are unable to attract or maintain a critical mass of Drivers . . . our platform  
10 will become less appealing to platform users, *and our financial results would be adversely*  
11 *impacted . . . . Any decline in the number of Drivers . . . using our platform would reduce the*  
12 *value of our network and would harm our future operating results.”* (See Uber SEC S-1, *supra*,  
13 at pp. 29-30, emphasis added.) Uber’s business model begins and ends with its Drivers.

14 **C. Part C of the ABC Test (“independently established trade, occupation, or**  
15 **business”)**

16 71. Each Defendant’s Drivers are not engaged in an independently established trade,  
17 occupation, or business of the same nature as the work they perform for each Defendant. Driving  
18 itself is not a distinct trade, occupation, or business.

19 72. When driving for each Defendant, Drivers are not engaged in their own transportation  
20 business, but are instead driving Passengers and generating income for the respective Defendant.

21 73. There are no specialized skills or training necessary to drive passengers on a ride-  
22 hailing service. Consequently, each Defendant permits Drivers without any such skills or training  
23 to provide on-demand rides on its App. For example, both of Defendant’s largest ride-hailing  
24 options, “Lyft” and “UberX,” permit Drivers to offer ride-hailing services with an ordinary  
25 driver’s license and a personal vehicle.

26 74. Each Defendant provides its Drivers with a necessary tool and instrumentality to  
27 perform their on-demand, ride-hailing services—its App.  
28

1           75. Each Defendant's App is the exclusive means by which Passengers and Drivers can  
2 connect to, request, and provide each Defendant's on-demand rides.

3           76. Each Defendant's Drivers generally invest little to no capital to drive for each  
4 Defendant. To offer ride-hailing services on each Defendant's App, Drivers only need a  
5 smartphone and a car.

6           77. Each Defendant directly shapes its Drivers' earnings, and thereby effectively prevents  
7 its Drivers from attaining the profits and losses that would ordinarily be the hallmarks of running  
8 their own independent businesses.

9           78. Each Defendant, not its Drivers, prescribes the key factors that determine its Drivers'  
10 earnings. Each Defendant sets the prices charged to its Passengers, and controls its Drivers' rate  
11 of pay, its Drivers' territory, the supply of its Drivers on the overall App, and the marketing and  
12 advertising of each Defendant's brand.

13           79. The limited economic levers that each Defendant leaves to its Drivers, such as  
14 whether to drive at busier times or for more hours, are not consistent with the level of decision-  
15 making normally exercised by entrepreneurs or those operating their own independent businesses.

16           80. Each Defendant limits its Drivers' ability to freely decline and cancel rides that  
17 Drivers think will be unprofitable.

18           81. Each Defendant limits its Drivers' ability to see all ride requests in an area, and thus  
19 to gauge their potential earnings based on demand for their services.

20           82. Each Defendant limits its Drivers' ability to share their accounts with other Drivers,  
21 thereby curtailing its Drivers' ability to individually expand their business offerings.

22           83. Each Defendant prohibits its Drivers from soliciting Passenger information, limiting  
23 the ability of its Drivers to market themselves independently for repeat rides outside of  
24 Defendant's App.

25           84. Each Defendant limits its Drivers' ability to take advantage of its App's financial  
26 incentives in an entrepreneurial fashion. Each Defendant specifically targets individual Drivers it  
27 invites to participate in various, time-limited financial incentives that, for example, reward  
28 Drivers for driving longer, or for driving at certain times and places. These financial incentives



1 are targeted to individual Drivers based on each Defendant’s own opaque criteria as implemented  
2 by the algorithmic decision-making engines in its App. By selecting which Drivers will be  
3 invited to participate in which financial incentives and on what individualized terms, each  
4 Defendant, in effect, chooses which Drivers are financial “winners” and “losers.” Each  
5 Defendant as the employer, not the Driver as an “entrepreneur,” determines the Driver’s earnings.

6 85. Each Defendant controls its Drivers’ ability to earn compensation via its App, making  
7 trade-offs between its Drivers’ earnings and the price each Defendant charges to Passengers to the  
8 benefit of each Defendant’s profit.

9 86. Lyft describes these trade-offs in its 2019 annual SEC report reporting that “changes”  
10 made by Lyft “may be viewed positively from one group’s perspective (such as riders)” and  
11 “negatively from another’s perspective such as (drivers).” (See Lyft SEC 10-K, *supra*, at p. 24.)

12 87. Uber’s SEC filings describe how the “greatest impact” on Uber’s Take Rate (the  
13 company’s “take” on the difference between the Passenger’s fare on a ride and what the ride-  
14 hailing company pays out to the Driver) has “historically” come through Uber’s unilateral  
15 “adjustments to Driver incentives.” (See Uber SEC S-1, *supra*, at p. 100.) In its 2019 IPO  
16 prospectus, Uber freely admits the control it exerts over its Drivers’ earnings—and the fact that  
17 Uber’s own profit comes at its Drivers’ expense: “[A]s we aim to reduce Driver incentives to  
18 improve our financial performance, we expect Driver dissatisfaction will generally increase.”  
19 (*Id.*, at p. 30.)

20 **IV. DEFENDANTS’ UNLAWFUL MISCLASSIFICATION OF DRIVERS**  
21 **RESULTS IN UNLAWFUL AND UNFAIR BUSINESS PRACTICES.**

22 88. It is evident that neither Uber nor Lyft can meet their burden of showing that their  
23 Drivers are independent contractors under California’s ABC test for misclassification as adopted  
24 in *Dynamex*, *supra*, 4 Cal.5th 903, and as codified in A.B. 5. Under Part A of the ABC test,  
25 Defendants exercise control over their Drivers through their Apps, which, in combination with  
26 their policies, function like algorithmic managers that effectively supervise Defendants’ Drivers  
27 like human managers. Under Part B of the ABC test, Drivers perform services within  
28

1 Defendants’ usual course of business—providing on-demand rides. Under Part C of the ABC  
2 test, Defendants cannot show that Drivers have established independent businesses.

3 89. Uber claims that “Drivers are at the heart of our service” and Lyft claims that Drivers  
4 are “what makes Lyft ... Lyft.” But by misclassifying their Drivers, Defendants have devised an  
5 unlawful business model that denies these very same Drivers the protections and benefits they  
6 have rightfully earned as employees, and thereby gained an unlawful and unfair competitive  
7 advantage in the marketplace. Defendants’ misclassification scheme hurts vulnerable Drivers,  
8 undermines law-abiding competitors, evades Defendants’ responsibility to contribute their share  
9 as employers into the State’s social insurance programs, and harms taxpayers who are often called  
10 upon to address the negative consequences to Drivers and their families of Defendants’  
11 exploitative employment practices.

12 **A. Defendants’ unlawful misclassification deprives Drivers of their rights as**  
13 **employees.**

14 90. Defendants’ misclassification of their Driver workforce has allowed Defendants to  
15 gain an unlawful competitive advantage over their competitors by circumventing the protections  
16 and benefits that the law requires employers to provide to their employees. The laws violated by  
17 Defendants include, but are not limited to, requirements relating to minimum wages, overtime  
18 wages, business expenses, meal and rest periods, wage statements, paid sick leave and health  
19 benefits, and social insurance programs.

20 **1. Minimum Wages**

21 91. The law requires Drivers to be paid the applicable state or local minimum wage for  
22 each hour worked, regardless of the compensation formula or method.

23 92. Defendants do not guarantee their Drivers a minimum wage under state and local  
24 laws. Instead, each Defendant pays its Drivers for completed rides based on the time and distance  
25 of the ride and other factors dictated by each Defendant, including, but not limited to, dynamic  
26 pricing pay surges, base rates, and minimum fares.

27 93. Defendants do not pay their Drivers for all their hours worked. Examples where each  
28 Defendant fails to pay its Drivers include, but are not limited to, time spent refueling, time spent

1 cleaning and maintaining their vehicles, time spent for off-duty rest periods, time spent driving to  
2 and returning from rides, and time spent logged on and monitoring each Defendant's App for ride  
3 requests. Defendants cannot provide on-demand rides without the performance of these tasks.

4 94. Defendants have failed—and continue to fail—to meet their minimum wage  
5 obligations with respect to their Drivers, including hours that are entirely unpaid and hours that  
6 are paid at less than the applicable minimum wage.

## 7 **2. Overtime Wages**

8 95. The law requires Drivers to be paid the applicable overtime rate of pay—one-and-  
9 one-half times or two times the Drivers' regular rate of pay—for all hours worked in excess of  
10 forty per week, for all hours worked in excess of eight per day, and for all hours worked on the  
11 seventh consecutive day of work in a workweek.

12 96. Defendants do not pay their Drivers overtime as required by law, despite the fact that  
13 Drivers working overtime help Defendants to ensure the steady and constant supply of rides on  
14 which Defendants' businesses depend.

15 97. Defendants have failed—and continue to fail—to meet these overtime pay obligations  
16 with respect to their Drivers.

## 17 **3. Business Expenses**

18 98. The law requires Drivers to be paid or reimbursed for the necessary expenses in  
19 performing their work.

20 99. Drivers pay for business expenses they incur in the course and scope of performing  
21 their work for Defendants, including, but not limited to, vehicle expenses (wear-and-tear,  
22 registration, insurance, gas, maintenance, repairs, etc.) and phone and data expenses associated  
23 with using Defendants' Apps.

24 100. These expenses are substantial. For example, the Internal Revenue Service publishes  
25 a "standard mileage rate," which currently estimates the cost of operating a vehicle for business  
26 purposes at 57.5 cents per mile. Drivers provide ride-hailing services for Defendants using their  
27 vehicles, without any reimbursement for this significant, work-related expense.

28

1           101. Defendants impose all the costs of operating the vehicles necessary to perform their  
2 ride-hailing business on Drivers, though Defendants could not operate their ride-hailing business  
3 without them.

4           102. Defendants have failed—and continue to fail—to meet these expense reimbursement  
5 obligations with respect to their Drivers.

#### 6                   **4. Meal and Rest Periods**

7           103. The law requires Drivers to be provided with one 30-minute duty-free meal period for  
8 a work period of more than five hours, and a second 30-minute duty-free meal period for a work  
9 period more than ten hours. The law further requires Drivers to be provided a ten-minute, paid,  
10 off-duty rest period for every four hours worked, or major fraction thereof. Authorized or  
11 required rest period time shall be counted as paid time worked.

12           104. Defendants do not provide for off-duty meal periods and do not authorize or permit  
13 paid, off-duty rest periods. Defendants do not provide a premium of one hour of pay at the  
14 employee's regular rate of compensation for each failure, as required by law.

15           105. Defendants have failed—and continue to fail—to meet these meal and rest period  
16 obligations with respect to their Drivers.

#### 17                   **5. Wage Statements**

18           106. The law requires Drivers to receive regular and complete itemized wage statements  
19 from Defendants, which include, as applicable, gross and net wages earned, hours worked, hourly  
20 wages, piece rate wages, rest period pay, and nonproductive time pay.

21           107. Defendants do not provide Drivers with itemized wage statements in conformance  
22 with California law.

23           108. Defendants have failed—and continue to fail—to meet these wage statement  
24 obligations with respect to their Drivers.

#### 25                   **6. Paid Sick Leave and Health Benefits**

26           109. The law requires Drivers to be provided paid sick leave benefits as specified under  
27 California law and various local laws, including, but not limited to, the Los Angeles, San Diego,  
28 and San Francisco sick leave ordinances.

1 110. The law currently requires Drivers in San Francisco to receive health care  
2 expenditures of \$3.08 per hour. In recent years the rate has ranged between \$2.53 and \$3.08 per  
3 hour.

4 111. Drivers do not accrue the paid sick leave benefits or receive the health care  
5 expenditures from Defendants that employers are required to provide under state and local law.

6 112. Defendants have failed—and continue to fail—to meet these sick leave and health  
7 care expenditure obligations with respect to their Drivers.

## 8 **7. Social Insurance Programs**

9 113. The law requires Defendants to remit contributions or take other mandatory actions  
10 under the State’s social insurance programs, including, but not limited to, unemployment  
11 insurance, disability insurance, paid family leave, workers’ compensation, and San Francisco’s  
12 Paid Parental Leave Ordinance.

13 114. These programs are intended to provide wage replacement and other benefits in the  
14 event an employee loses a job, becomes disabled or injured (whether on the job or off), needs to  
15 care for a family member, or is otherwise unable to work.

16 115. Defendants have failed—and continue to fail—to meet these social insurance  
17 program obligations with respect to their Drivers.

### 18 **B. Defendants’ unlawful misclassification harms law-abiding competitors and** 19 **would-be competitors.**

20 116. Defendants’ unfair and unlawful treatment of their Drivers also confers an unfair  
21 advantage on Defendants over their law-abiding competitors and would-be competitors.  
22 Defendants utilize the illegitimate savings they gain from depriving their Drivers of the full  
23 compensation and benefits they earn as employees to offer their ride-hailing services at an  
24 artificially low cost, decimating competitors and generating billions of dollars in private investor  
25 wealth off the backs of vulnerable Drivers.

26 117. Defendants’ misclassification of their Drivers allows both companies to unlawfully  
27 reduce a substantial portion of the labor and vehicle fleet costs they would otherwise incur if they  
28

1 lawfully classified and compensated their Drivers as employees, including reimbursing Drivers  
2 for their vehicle maintenance and fuel expenses.

3 118. Because driver compensation, along with vehicle maintenance and fuel expenses,  
4 generally constitutes the lion's share of operating costs for a car service, Defendants' illicit  
5 savings allow them to gain an out-sized competitive advantage over other transportation  
6 providers. Defendants' misclassification scheme unlawfully shifts the substantial labor and  
7 vehicle costs of running a transportation service from well-resourced Defendants onto their  
8 under-resourced Drivers, placing law-abiding competitors who bear those costs themselves at a  
9 substantial competitive disadvantage.

10 119. In addition to avoiding paying Drivers for the full compensation and reimbursements  
11 they earn as employees under state and local wage and hour laws, Defendants also avoid paying  
12 their share of state and local payroll taxes and workers' compensation insurance premiums.

13 120. On information and belief, the illicit cost savings Defendants have reaped as a result  
14 of avoiding employer contributions to state and local unemployment and social insurance  
15 programs totals well into the hundreds of millions of dollars. Defendants' denial to Drivers of the  
16 full compensation and benefits they are guaranteed under law as employees pushes the total  
17 amount of Defendants' illicit cost savings over their law-abiding competitors—or would-be  
18 competitors who cannot enter the market—even higher.

19 **FIRST CAUSE OF ACTION**

20 **INJUNCTIVE RELIEF, RESTITUTION, AND PENALTIES FOR VIOLATIONS OF**  
21 **BUSINESS AND PROFESSIONS CODE SECTION 17200**  
22 **(Against all Defendants)**

23 121. The People reallege and incorporate by reference each allegation contained in the  
24 above paragraphs as if fully set forth herein.

25 122. Defendants have engaged, and continue to engage, in acts or practices that are  
26 unlawful, unfair, or fraudulent and which constitute unfair competition within the meaning of  
27 section 17200 of the Business and Professions Code. These acts or practices include, but are not  
28 limited to, the following:

- 1 a. Failing to classify Drivers as employees as required by Labor Code section 2750.3,  
2 I.W.C. Wage Order 9-2001, and California law;
- 3 b. Failing to pay Drivers at least the California minimum wage for all time worked as  
4 required by Labor Code sections 1182.12, 1182.13, 1194, 1197, I.W.C. Wage Order 9-  
5 2001, section 4 (currently \$13.00 per hour for employers with 26 or more employees),  
6 and the California Minimum Wage Order (MW-2019);
- 7 c. Failing to pay Drivers who worked in San Francisco at least the San Francisco  
8 minimum wage for all time worked as required by the San Francisco Minimum Wage  
9 Ordinance, San Francisco Administrative Code, Chapter 12R (currently \$15.59 per  
10 hour);
- 11 d. Failing to pay Drivers who worked in Los Angeles at least the Los Angeles minimum  
12 wage for all time worked as required by the Los Angeles Minimum Wage Ordinance,  
13 Los Angeles Municipal Code, Chapter 18, Article 7, section 187.00 et seq. (currently  
14 \$14.25 per hour);
- 15 e. Failing to pay Drivers who worked in San Diego at least the San Diego minimum wage  
16 for all time worked as required by the City of San Diego Earned Sick Leave and  
17 Minimum Wage Ordinance, San Diego Municipal Code, Chapter 3, Article 9, Division  
18 1 (currently \$13.00 per hour);
- 19 f. Failing to pay Drivers the appropriate premium for overtime hours worked as required  
20 by Labor Code sections 510, 1194, 1198, and I.W.C. Wage Order 9-2001, section 3(A);
- 21 g. Failing to reimburse Drivers for business expenses and losses as required by Labor  
22 Code section 2802;
- 23 h. Failing to provide meal periods and pay meal period premiums as required by Labor  
24 Code sections 226.7, 512, and I.W.C. Order 9-2001, section 11;
- 25 i. Failing to authorize, permit, and pay for rest periods and rest period premiums as  
26 required by Labor Code section 226.7 and I.W.C. Wage Order 9-2001, section 12;
- 27  
28

- 1 j. Failing to provide Drivers with itemized written statements as required by Labor Code  
2 section 226, and failing to maintain and provide Drivers with records as required by  
3 I.W.C. Wage Order 9-2001, section 7;
- 4 k. Failing to provide paid sick leave to Drivers as required by Labor Code section 246;
- 5 l. Failing to provide paid sick leave to Drivers who worked in San Francisco, as required  
6 by the San Francisco Paid Sick Leave Ordinance, San Francisco Administrative Code,  
7 Chapter 12W;
- 8 m. Failing to provide paid sick leave to Drivers who worked in Los Angeles, as required by  
9 the City of Los Angeles Paid Sick Leave Ordinance, Los Angeles Municipal Code  
10 section 187.00 et seq.;
- 11 n. Failing to provide paid sick leave to Drivers who worked in San Diego, as required by  
12 the City of San Diego Earned Sick Leave and Minimum Wage Ordinance, San Diego  
13 Municipal Code Chapter 3, Article 9, Division 1;
- 14 o. Failing to make health care expenditures on behalf of Drivers who worked in San  
15 Francisco as required by the San Francisco Health Care Security Ordinance, San  
16 Francisco Administrative Code, Chapter 14;
- 17 p. Failing to pay Drivers who worked in San Francisco as required by the San Francisco  
18 Paid Parental Leave Ordinance, San Francisco Police Code, Article 33H;
- 19 q. Failing to pay unemployment insurance taxes for Drivers as required by Unemployment  
20 Insurance Code section 976;
- 21 r. Failing to pay Employment Training Fund taxes for Drivers as required by  
22 Unemployment Insurance Code section 976.6;
- 23 s. Failing to withhold and remit State Disability Insurance taxes for Drivers as required by  
24 Unemployment Insurance Code section 986;
- 25 t. Failing to withhold and remit state income taxes for Drivers as required by  
26 Unemployment Insurance Code sections 13020 and 13021;
- 27 u. Failing to provide workers' compensation for Drivers as required by Labor Code  
28 section 3700; and



1 v. Failing to provide other rights and benefits to Drivers under the Labor Code, I.W.C.  
2 Wage Order 9-2001, and other local employee protection laws.

3 123. Each Defendant's misclassification of its Drivers as independent contractors and  
4 accompanying failure to comply with numerous provisions of the California Labor Code,  
5 including the employee classification provision of Labor Code section 2750.3, and applicable  
6 local ordinances, constitutes an unlawful and unfair business practice and, therefore, violates  
7 California's Unfair Competition Law. (Bus. & Prof. Code, §17200 et seq.)

8 **SECOND CAUSE OF ACTION**

9 **INJUNCTIVE RELIEF FOR VIOLATIONS OF A.B. 5 (Labor Code § 2750.3)**  
10 **(Against all Defendants)**

11 124. The People reallege and incorporate by reference each allegation contained in the  
12 above paragraphs as if fully set forth herein.

13 125. A.B. 5 permits an action for injunctive relief to prevent the continued  
14 misclassification of employees as independent contractors. (Lab. Code, § 2750.3(j).) This action  
15 may be prosecuted by the Attorney General, or by a City Attorney of a city having a population in  
16 excess of 750,000, or by a City Attorney in a city and county.

17 126. Each Defendant continues to misclassify its Drivers as independent contractors.

18 127. The People seek an order of this Court, pursuant to Labor Code section 2750.3(j), to  
19 prevent the continued misclassification of each Defendant's Drivers as independent contractors.

20 **PRAYER FOR RELIEF**

21 WHEREFORE, the People pray for the following relief:

22 1. Pursuant to Business and Professions Code section 17203, that each Defendant, their  
23 successors, agents, representatives, employees, and all persons who act in concert with each  
24 Defendant, be permanently enjoined from engaging in unfair competition as defined in Business  
25 and Professions Code section 17200 et seq., including, but not limited to, the acts and practices  
26 alleged in this Complaint;

1           2. Pursuant to Business and Professions Code section 17203, that the Court enter all  
2 judgments as may be necessary to restore to any person in interest any money or property that  
3 may have been acquired by violations of Business and Professions Code section 17200 as may be  
4 proved at trial;

5           3. Pursuant to Business and Professions Code section 17206, that each Defendant be  
6 assessed a civil penalty in an amount up to \$2,500 for each violation of Business and Professions  
7 Code section 17200 et seq., as proven at trial;

8           4. Pursuant to Business and Professions Code section 17206.1, that each Defendant be  
9 assessed an additional civil penalty in an amount up to \$2,500 for each violation of the UCL  
10 perpetrated against a senior citizen or disabled person, as proven at trial;

11          5. Pursuant to Labor Code section 2750.3(j), an order to prevent each Defendant from  
12 continuing to misclassify its Drivers as independent contractors;

13          6. That the People recover their costs of suit; and

14          7. Such other and further relief that the Court deems appropriate and just.

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Dated: May 5, 2020

Respectfully Submitted,

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