

PARMET PC

1 **Matthew S. Parmet** (CSB # 296742)

2 matt@parmet.law

3 **PARMET PC**

4 440 N. Barranca Ave., #1228

5 Covina, CA 91723

6 phone 310 919 3310

7 **James E. Goodley** (*seeking admission pro hac vice*)

8 **Ryan P. McCarthy** (*seeking admission pro hac vice*)

9 **GOODLEY MCCARTHY LLC**

10 1650 Market Street, Suite 3600

11 Philadelphia, PA 19103

12 Telephone: (215) 394-0541

13 james@gmlaborlaw.com

14 ryan@gmlaborlaw.com

15 **Attorneys for Plaintiff and the Putative Class**

16 **UNITED STATES DISTRICT COURT**
17 **NORTHERN DISTRICT OF CALIFORNIA**

18 **TYLER RAMEY, individually and on**
19 **behalf of all others similarly situated,**

20 **Plaintiff,**

21 **vs.**

22 **SCALE AI, INC.;**
23 **OUTLIER AI, INC.; and**
24 **HIREART, INC.**

25 **Defendants.**

26 **Case No. 3:24-cv-06999**

27 **Plaintiff’s Original Class Action**
28 **Complaint for Damages**

1. Violation of Federal WARN Act (29 U.S.C. §§ 2101 *et seq.*)
2. Violation of California WARN Act (Cal. Lab. Code §§ 1400 *et seq.*)

Plaintiff Tyler Ramey (“Ramey” or “Plaintiff”), through his undersigned counsel, individually and on behalf of all persons similarly situated, files this Class Action Complaint against Scale AI, Inc. (“Scale AI”) and Outlier AI, Inc. (“Outlier AI”) (collectively “AI Defendants”), and HireArt, Inc. (“HireArt”) (collectively, “Defendants”), seeking all available relief under the Federal WARN Act, 29 U.S.C. §§ 2101 *et seq.* (“Federal WARN”) and the California WARN Act, Cal. Lab. Code §§ 1400 *et seq.* (“Cal. WARN”).

JURISDICTION AND VENUE

1
2 1. This Court has jurisdiction over the Federal WARN claim pursuant to 28
3 U.S.C § 1331 and 29 U.S.C. § 2104(a)(5).

4 2. This Court has jurisdiction over the Cal. WARN claim, Cal. Lab. Code §§
5 1400 *et seq.*, pursuant to 28 U.S.C. § 1367 because it is so related to the federal WARN claim
6 in its original jurisdiction that both claims form part of the same case or controversy.

7
8 3. Plaintiff brings this claim for violation of the Federal WARN Act, 29 U.S.C.
9 §§ 2101 *et. seq.* and the Cal. WARN Act, Cal. Lab. Code §§ 1400 *et seq.*, (collectively
10 “WARN Acts”) on behalf of himself and on behalf of all other similarly situated former
11 employees, pursuant to 29 U.S.C. § 2104(a)(5), and Fed. R. Civ P. 23(a).

12 4. Venue is proper pursuant 28 U.S.C. § 1391(b) because Defendants Scale AI
13 and Outlier AI each reside in this District and a substantial part of the events or omissions
14 giving rise to the claim occurred here.

15
16 **INTRADISTRICT ASSIGNMENT**

17 5. A substantial part of the events or omissions giving rise to the claim occurred
18 in the City and County of San Francisco, California.

19 6. This matter is therefore properly assigned to the District’s San Francisco or
20 Oakland Divisions. Civ. L.R. 3-2(d).

21
22 **PARTIES**

23 7. Plaintiff Ramey is an adult male who resides in Windsor, New York. Plaintiff
24 worked as an employee for Defendants on a full-time basis from on or about February 6,
25 2024 until on or about August 26, 2024.

26 8. Defendant Scale AI is a Delaware for-profit corporation with corporate
27 headquarters at 155 5th Street, Suite 600, San Francisco, California, 94103.

28 9. Scale AI describes its business and services as follows:

PARMET PC

Our Mission

The age of AI is here. Generative AI has the potential to unseat incumbents, catapult new leaders, or solidify existing moats.

Every industry, from the private sector to public sector is rethinking their strategies to incorporate AI. Despite this explosion in interest, there is no blueprint for organizations to go from inception to deployment for their AI initiatives.

Our products for image annotation, semantic segmentation, 3D point cloud annotation, and LIDAR and RADAR annotation are used by industry leaders and provide world-class accuracy.

Our proprietary Data Engine powers the most advanced LLMs, generative models, and computer vision models with high-quality data. We then apply our experience partnering with leading AI companies building these models to help more organizations customize and Apply AI in their organizations.

...

See <https://scale.com/careers#open-roles> (last accessed 10/3/2024).

10. Defendant Outlier AI is a Delaware for-profit corporation with corporate headquarters at 360 22nd Street, Suite 600, Oakland, California, 94612.

11. AI Defendants are in the business of providing software (including artificial intelligence) creation services for large clients including the U.S. Government, Microsoft and Meta.

12. AI Defendants are together a single employer and an integrated entity, in that they share the same or similar facilities (Headquarters), the same or similar employees, possessed common financial ownership and control, and common human resources and management personnel.

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

14. HireArt advertises itself to prospective clients (such as clients AI Defendants) as an “Employer of Record” (also known as a Professional Employer Organization):

1 As an Employer of Record (EOR), HireArt takes on the administrative and
2 legal responsibilities of hiring, employing, and managing workers on behalf of
3 a client company. By serving as the official employer, the EOR handles
4 various aspects of employment, including payroll, benefits administration,
5 taxes, workers' compensation, **compliance with labor laws**, and human
6 resources management.

7 Companies often use EOR services to save costs, streamline their operations,
8 reduce administrative burdens, and ensure compliance with local and
9 international labor laws. This is especially useful when expanding into new
10 markets or hiring remote employees in different jurisdictions. EORs enable
11 businesses to focus on their core functions while the EOR manages the
12 complexities of employment and compliance.

13 See <https://www.hireart.com/eor> (last accessed October 3, 2024) (emphasis added)

14 15. AI Defendants and HireArt acted as joint employers of Plaintiff and the Class
15 Members in that they shared or codetermined control of the employment of Plaintiff and
16 the Class Members.

17 **CLASS ACTION ALLEGATIONS**

18 16. During all relevant timeperiods, Plaintiff worked remotely from his home in
19 Windsor, New York and reported virtually to AI Defendants' corporate office at 155 5th Street,
20 Suite 600, San Francisco, California (the "AI Headquarters").

21 17. Plaintiff served in the role as an employee Contributor Success Manager for AI
22 Defendants. His duties included auditing and managing the work of approximately 80-140
23 software coders and similar AI Defendants employees.

24 18. Plaintiff and Class Members reported in person and/or virtually to AI
25 Defendants' management located at AI Headquarters.

26 19. During all times relevant to this lawsuit, AI Defendants contractually engaged
27 Defendant HireArt to, among other things: hire Plaintiff and the Class, issue their paychecks,
28 provide their employee benefits, and handle payroll tax and labor law (including WARN Act)
compliance issues. During all times relevant to this lawsuit, AI Defendants vetoed, ratified

1 and/or approved HireArt’s actions relating to Plaintiff and the Class.

2 20. AI Defendants directly supervised and controlled the work of Plaintiff and all
3 Class Members.

4 21. On or about August 26, 2024, Plaintiff and the other employees who reported
5 to AI Headquarters were notified by Defendant HireArt that their employment was
6 terminated, effective immediately.¹

7
8 22. AI Defendants directed Defendant HireArt to terminate the employment of
9 Plaintiff and Class Members without prior notice.

10 23. AI Defendants are together a single employer and an integrated entity, in that
11 they share the same or similar facilities (Headquarters and Surrounding Facilities), the same
12 or similar employees, possessed common financial ownership and control, and common
13 human resources and management personnel.

14 24. Plaintiff brings Counts I and II on behalf of himself and on behalf of all other
15 similarly situated former workers, pursuant to 29 U.S.C. § 2104(a)(5) and Cal. Lab. Code §
16 1404, who worked at, reported to, or received assignments from AI Defendants’ Headquarters
17 and were terminated without cause beginning on or about August 26, 2024, and within 30
18 days of that date, or were terminated without cause as the reasonably foreseeable consequence
19 of the mass layoff and/or plant closing ordered (the “Class”).

20
21 25. The persons in the Class identified above (“Class Members”) are so numerous
22 that joinder of all members is impracticable. Although the precise number of such persons is
23 unknown, the facts on which the calculation of that number can be based are presently within
24 the sole control of Defendants.
25
26

27
28 ¹ See Inc., Aug. 27, 2024, “Scale AI Lays Off Workers Via Email With No Warning.”
(available at: <https://www.inc.com/sam-blum/scale-ai-lays-off-workers-via-email-with-no-warning.html> last accessed 10/3/2024).

PARMET PC

1 26. Defendants employed and/or employs more than 1,000 people in the United
2 States and more than 75 people in the state of California.

3 27. On information and belief, the rate of pay and benefits that were being paid by
4 Defendants to each Class Member at the time of his/her termination is contained in the books
5 and records of the Defendants.

6 28. Common questions of law and fact exist as to members of the Class, including,
7 but not limited to, the following:

8 a. whether the Class Members were employees of one or more of
9 Defendants who worked at or reported to AI Defendants' Headquarters in San
10 Francisco;

11 b. whether one or more of Defendants unlawfully terminated the
12 employment of the Class Members without cause on their part and without giving
13 them 60 days advance written notice in violation of the Federal and/or California
14 WARN Acts;

15 c. whether one or more of Defendants can prove that any exemptions
16 under the Federal and/or California WARN Acts apply; and

17 d. whether Defendant unlawfully failed to pay the Federal WARN Class
18 members 60 days wages and benefits as required by Federal WARN Acts.

19 29. Plaintiff's claims are typical of those of the Class Members.

20 30. Plaintiff, like other Class Members, reported to AI Defendants' Headquarters
21 in San Francisco and was terminated without cause beginning on or about August 26, 2024,
22 due to the mass layoff, termination of operations, and/or transfer of operations ordered by
23 Defendants.

24 31. Plaintiff will fairly and adequately protect the interests of the Class Members
25 as its representative. Plaintiff has retained counsel competent and experienced in complex
26

1 class actions, especially employment litigation.

2 32. On or about August 26, 2024, Defendants terminated Plaintiff's and Class
3 Members' employment as part of a mass layoff as defined by 29 U.S.C. § 2101(a)(2), (3) of
4 Federal WARN Act and Cal. Lab. Code § 1400.5 of the Cal. WARN Act, for which the Class
5 Members were entitled to receive 60 days advance written notice.

6 33. Defendants' August 26, 2024 termination of Class Members' employment
7 failed to provide them with the 60-day advanced notice required under 29 U.S.C. § 2102 and
8 Cal. Lab. Code § 1401.

9 34. Class certification of these claims is appropriate under Fed. R. Civ. P. 23(b)(3)
10 because questions of law and fact common to the Class Members predominate over any
11 questions affecting only individual members of the Class, and because a class action is
12 superior to other available methods for the fair and efficient adjudication of this litigation.

13 35. Class certification will permit a large number of similarly situated persons to
14 prosecute their common claims in a single forum simultaneously, efficiently, and without the
15 duplication of effort and expense that numerous individual actions would entail.

16 36. No difficulties are likely to be encountered in the management of this class
17 action that would preclude its maintenance as a class action, and no superior alternative exists
18 for the fair and efficient adjudication of this controversy.

19 37. The Class is readily identifiable from Defendants' own employment records.
20 Prosecution of separate actions by individual members of the Class would create the risk of
21 inconsistent or varying adjudications with respect to individual Class Members that would
22 establish incompatible standards of conduct for Defendants.

23 38. A class action is further superior to other available methods for adjudication of
24 this controversy in that joinder of all members is impractical. Furthermore, the amounts at
25 stake for many of the Class Members, while substantial, are not great enough to enable them

1 to maintain separate suits against Defendants.

2 39. Without a class action, Defendants will retain the benefit of their wrongdoing,
3 which will result in further damages to Plaintiff and Class Members. Plaintiff envisions no
4 difficulty in the management of this action as a class action.

5 40. Plaintiff intends to send notice to all members of the Class to the extent
6 required by Rule 23 of the Federal Rules of Civil Procedure.
7

8 **COUNT I**
VIOLATION OF THE FEDERAL WARN ACT

9 41. Plaintiff realleges and incorporate by reference all of the allegations contained
10 within the preceding paragraphs.
11

12 42. At all relevant times, Defendants employed more than 100 employees who in
13 the aggregate worked at least 4,000 hours per week, exclusive of hours of overtime, within
14 the United States.

15 43. A “mass layoff” means a reduction in force which is not the result of a
16 transfer or termination of operations and results in employment loss at an establishment
17 during any 30-day period for 50 or more of the employees at or reporting to the place of
18 employment. 29 U.S.C. § 2101(a)(3).
19

20 44. At all relevant times, Defendants were each an “employer,” within the
21 meaning of 29 U.S.C. § 2101(a)(1).

22 45. Plaintiff and each Class Member are “aggrieved employees” of Defendant as
23 defined in 29 U.S.C. § 2104 (a)(7).

24 46. Defendants continued to operate their businesses until they decided to order a
25 mass layoff at AI Defendants’ Headquarters.
26

27 47. On or about August 26, 2024, Defendants ordered a mass layoff at AI
28 Defendants’ Headquarters which resulted in the loss of employment of more than 500

1 individuals.

2 48. Defendants’ mass layoff or plant closing at AI Defendants’ Headquarters
3 resulted in “employment losses,” as defined by 29 U.S.C. §2101(a)(2),(3).

4 49. At least 500 of Defendants’ employees at AI Defendants’ Headquarters as
5 defined by 29 U.S.C. § 2101(a)(8), were terminated.

6 50. Plaintiff and Class Members were terminated by Defendants without cause
7 on their part, as part of or as the reasonably foreseeable consequence of the mass layoff
8 ordered by Defendants at AI Defendants’ Headquarters.

9 51. Defendants were required by the Federal WARN Act to give the Plaintiff and
10 the Class Members at least 60 days advance written notice of their terminations.

11 52. Plaintiff and the Class Members have suffered damages by Defendants’ failure
12 to comply with the Federal WARN Act’s requirements.

13
14 **COUNT II**
15 **VIOLATION OF THE CALIFORNIA WARN ACT**

16 53. Plaintiffs reallege and incorporate all prior paragraphs as if full set forth
17 herein.

18 54. Under the Cal. WARN Act, a “mass layoff” means a “separation from a
19 position for lack of funds or lack of work” during any 30-day period for 50 or more
20 employees at at a facility that “employs or has employed within the preceding 12 months, 75
21 or more persons.” Cal. Lab. Code § 1400.5.

22 55. At all relevant times, Defendants were each an “employer,” within the
23 meaning of the Cal. WARN Act. *Id.*

24 56. The Cal. WARN Act requires employers to provide 60 days advance written
25 notice each employee who experience an employment loss due to a mass termination. Cal.
26 Lab. Code § 1401.
27
28

PARMET PC

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Respectfully submitted,

/s/ Matthew S. Parmet

By: _____

Matthew S. Parmet

PARMET PC

James E. Goodley*

Ryan P. McCarthy*

GOODLEY MCCARTHY LLC

** Pro Hac Vice Application to be Filed*

Attorneys for Plaintiff