



no payday for plaintiffs

MSK Client Alert

February 13, 2019

Last week, in *Goonewardene v. ADP, LLC*, the California Supreme Court addressed the question of whether, when an employer hires an independent payroll service provider (or "payroll company") to take over all the payroll tasks that would otherwise be performed by an internal payroll department, the employee may bring a civil action against not only his or her employer but against the payroll company as well. The Court held that an employee who believes he or she has not been paid the wages due under the applicable labor statutes and Wage Orders may not maintain causes of action for unpaid wages against a payroll service provider for: (1) breach of contract, (2) negligence, or (3) negligent misrepresentation. In reaching this holding, the Court reversed the Court of Appeal's ruling that the employee may maintain those three causes of action for unpaid wages against the payroll company even though a payroll company cannot properly be considered an employer of the hiring business's employee.

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