

TO: Members of California State Senate

**SUBJECT: AB 2416 (STONE) LIENS: LABORERS AND EMPLOYEES  
OPPOSE**

We respectfully **OPPOSE AB 2416 (Stone)**, as amended on August 15, 2014, as it would cripple California businesses by allowing any employee, governmental agency, authorized representative, or any entity to which a portion of the employee's wages are payable, to record liens on an employer's real property, personal property or any property where an employee "performed work" for an alleged, yet unproven, wage claim.

Although we agree with the intent of **AB 2416** to provide employees with payment for wages properly due, the real and unintended consequences of **AB 2416** will be to unfairly burden California property owners and businesses with meritless wage liens on their property, which will require time and legal costs to resolve. Specifically, **AB 2416**:

- **Provides Pre-Judgment Lien:** Allows an employee to seize an employer's or third party's property through the recordation of a wage lien before a court or the Labor Commissioner has determined the employee is entitled to the alleged unpaid wages;
- **Harms Innocent Third Parties:** Allows an employee to file a lien on the property of a third party where work was performed, despite the fact that the third party had no knowledge or control over the wages paid to or withheld to the employee;
- **Creates More Burden on the Judicial Branch:** Forces a third party property owner as well as an employer to incur legal fees by pursuing an action before the Labor Commissioner or a court in order to have an invalid lien removed from their property, which will create more litigation and more cost to the overburdened judicial branch;
- **Interferes With Transfer or Sale of Real Property:** Any wage lien recorded on real property will halt the sale or transfer of that property until the lien can be resolved between the parties or through judicial action. This will severely disrupt both commercial and personal real estate in California, which is now just seeing signs of improvement.
- **No Protections to Prevent the Lien from Being Recorded:** The alleged protections for innocent third parties in **AB 2416**, such as a surety bond, judicial review, or the exemption of someone's principal residence, will not arise until **AFTER** the lien has been recorded on the property. Because there is no judicial or Labor Commissioner oversight in **AB 2416 BEFORE** the lien is recorded, invalid liens will be placed on real and personal property and it will be the burden of the property owner to pay legal fees in order to prove it falls within one of the various exclusions in the bill.
- **New Protections Against Wage Theft Already Exist:** Recent legislative and administrative action is trying to resolve the wage theft issue, without creating the above-listed unintended consequences. Through the passage of AB 1386 (2013) that just went into effect on January 1, 2014, the Labor Commissioner can now assert a post-judgment lien on an employer's property. Moreover, the Labor Commissioner launched a statewide campaign in April 2014 to tackle wage theft in California: [www.wagetheftisacrime.com](http://www.wagetheftisacrime.com). We should allow these new tools to take effect before adopting such sweeping and detrimental legislation as **AB 2416**.

For these reasons, we are **OPPOSED** to **AB 2416** and urge you to vote "**NO.**"