



CALIFORNIA FASHION ASSOCIATION



CFA provides information about our industry's vulnerable business issues. The current issue's importance sends a clear "Protect Yourself" message and is part of CFA's continuing effort to assist our members.

 The linked image cannot be displayed. The file may have been moved, renamed, or deleted. Verify that the link points to the correct file and location.

October 2019

"PROTECT YOURSELF"



UPDATE Employee Status (AB 5.)

This legislation is expected to have a greater impact on California employers than any law enacted in many decades.

AB 5 codifies the "ABC test" to determine employee status --under which **a worker is considered to be an employee unless the business can demonstrate all of the following factors:**

- A) The business is not able to control or direct what the worker does, either by contract or in actual practice
- B) The worker performs tasks outside of the entity's usual business
- C) The worker is engaged independently in the established trade, occupation, or business.

Due to strong lobbying by certain favored industry associations, there are a number of exemptions--- **but most independent contractors will need to be reclassified as employees.**

Penalties: If it is determined an employer misclassified a worker as an Independent contractor, **liability for an intentional violation is \$10,000 to \$25,000 per misclassified worker, along with back wages, meal and rest break penalties, along with and a whole host of other penalties.**

Employer protection: Your labor-law attorney can assist with contractual relationships that may help clients avoid reclassification, along with other protections to lessen the financial impact of reclassification on employers.

For additional information contact:

Laura P. Worsinger | LWorsinger@dykema.com | D: 213-457-1744 | O: 213-457-1800 |
M: 818-378-1314 | www.dykema.com | 333 South Grand Avenue, Suite 2100, Los Angeles, CA 90071