

California Poised To Enact Wacky Successor Liability Statute

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I have previously [written](#) about California Assembly Member Lorena Gonzalez's bill, [AB 3075](#), that would make successor employers liable for their predecessors' unpaid wage judgments. Last week, Assembly Member Gonzalez amended the bill to provide that successorship is established when someone "[o]perates a business in the same industry and the business has an owner, partner, officer, or director who is an immediate family member of *any* owner, partner, officer, or director of the judgment debtor" (emphasis added).

Family Ties That Bind?

The breadth of this provision is truly breathtaking. As drafted, a corporation with thousands of shareholders seemingly could be held liable for the unpaid wage judgment of another company if one of the corporation's shareholders has an immediate family member that happens to own a minority interest in the judgment debtor. In this situation, the corporation is in no sense a successor to the judgment debtor. Moreover, it is beyond baffling why a business that has no overlapping ownership or management with a judgment debtor should be liable based on the accident of a family tie.

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