



S.7539 (Ramos)/A.7752 (Rosenthal)

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BILL S.7539 (Ramos)/A.7752 (Rosenthal)
SUBJECT Provides grounds for attachment and relates to procedures where employees may hold shareholders of non-publicly traded corporations personally liable for wage theft
DATE April 02, 2024
OPPOSE

This act proposes to allow for the creation of an order of attachment on the largest shareholders of non-publicly traded company for the purposes of securing payment for alleged violations of state labor law. The Business Council of New York State, Inc., on behalf of its more than 3,200 members, supports vigorous enforcement of the State’s wage and hour laws. Wage theft is a crime. An order of attachment, however, is not a reasonable nor necessary response. For the reasons stated below, The Business Council opposes this legislation.

Both State and Federal labor law provide mechanisms for employees to recover unpaid wages by rogue employers who ignore wage and hour laws. Allowing this mechanism merely on a claim of wage and hour violations, as proposed in this legislation, is counterproductive and will discourage businesses from operating in the State

In addition to the obvious chilling effect on current and future New York business development, an order of attachment based merely on allegations of wage theft would have other serious consequences for New York’s business community: limitations on the availability of credit; discouraging private business investors who fear such orders; and encouraging personal and business bankruptcies to remove such attachments.

New York’s Wage Theft Prevention Act already provides both civil and criminal penalties on employers and individuals (including managers and supervisors) responsible for wage theft. The act already goes as far as to impose personal liability on the members of a limited liability company’s ten largest owners for the failure of the company to pay wages owed to its employees, with similar liability imposed on shareholders of business and banking corporations. Likewise, the state’s Labor Law requires the state Department of Labor to pursue wage theft claims and recovery unpaid wages on behalf of impacted employees.

As stated above, workers who may have been victims of wage theft have legal recourse for the recovery of those wages. For these reasons, The Business Council strongly opposes this bill.