

THE BKCG BULLETIN

SPRING 2026 EDITION



BURKHALTER KESSLER
CLEMENT & GEORGE LLP

CA Employers: Know Your Rights When It Comes To ICE

California employers face a complex compliance landscape when it comes to employment eligibility verification and government worksite enforcement. Proactive planning can reduce disruption, mitigate risk, and demonstrate good-faith compliance if U.S. Immigration and Customs Enforcement (ICE) or other government agencies conduct an audit or site visit. The following guidance outlines conservative, objective best practices for preparation, understanding legal rights, communicating with employees, and responding during an inspection. Employers should consult counsel to tailor these measures to their operations.

Employers should implement written, consistently applied policies addressing employment eligibility verification and government inspections. Core elements include: (a) designating a trained point of contact to interact with government agents; (b) outlining procedures for receiving, logging, and responding to Notices of Inspection (NOIs), subpoenas, or warrants; (c) establishing document retention and destruction practices that align with legal requirements; and (d) defining escalation to counsel.

When government agents arrive, the company's rights and obligations depend on the nature of the request. For example, NOIs typically provide a short timeline to produce I-9s and supporting documents. Subpoenas or Administrative Summons also will have specific scopes and deadlines, but employers may negotiate reasonable timeframes or scope through counsel.



If the agents have a warrant, they may enter only the areas and seize only the items authorized by the warrant. Employers may request to review the warrant, confirm location(s), scope, and any time limitations, and accompany agents while on site. For warrants, adhere strictly to the scope; do not consent to expand it. For administrative audits, coordinate document production through the designated representative. You should also consult with counsel to determine whether your routine record destruction policies should be suspended.

Importantly, absent a warrant, the employer generally may restrict access to nonpublic areas, which may be designated with "Private" signs or similar identifying markers. If agents seek consent to enter nonpublic spaces or review records without a warrant, your company's designated representative should consult counsel before granting access. If agents seek to interview employees, your employees should be informed of their rights and that participation is voluntary unless legally compelled. Inform employees of their rights in neutral terms. Do not obstruct lawful interviews or provide false information. (continued on page 4)

BKCG Win Named Top Verdict of 2025

BKCG Newsletter readers may recall last year's article about the unanimous defense verdict Dan Kessler and Mike Oberbeck secured for BKCG client, Ralphs Grocery Company, in its case against former employee Mohamed Saifudeen (Fall 2025, "12-0 Verdict Rejects \$7.2 Million Ask"). In February 2026, the Daily Journal, the state's preeminent publication for the legal industry, announced its annual list of top 25 verdicts of the year. BKCG's jury verdict in the Saifudeen v. Ralphs case made that list of "trial verdicts and appellate reversals that changed the California legal landscape in 2025". You can read all about it when you click the link atop our web page at www.bkcglaw.com.

When AI Replaces Roles: Navigating Layoffs, Leave Laws, And Litigation Risk

Artificial intelligence can turbocharge efficiency and, in turn, force hard choices about your headcount. If your California business is reducing staff because AI has eliminated or consolidated roles, plan carefully, especially where employees are on protected medical leave. Unless you devise a plan and carefully execute it, any financial benefits gained from implementing AI may be offset, or even surpassed, by legal fees defending against litigation it inadvertently created.

(continued on page 2)

In This Issue

Page 1

CA Employers: Know Your Rights When It Comes To ICE

BKCG Win Named Top Verdict of 2025

When AI Replaces Roles: Navigating Layoffs, Leave Laws, And Litigation Risk

Page 2

When AI Replaces Roles: Navigating Layoffs, Leave Laws, And Litigation Risk (continued from page 1)

New Law Caps Early Termination Fees In Contracts For Certain Goods And Services

Page 3

2026 California Employment Law Update: What Employers Need To Do Now To Make Sure Their Pay Practices Are Compliant

Page 4

CA Employers: Know Your Rights When It Comes To ICE (continued from page 1)

New Law Caps Early Termination Fees In Contracts For Certain Goods And Services (continued from page 2)



www.bkcglaw.com



When AI Replaces Roles: Navigating Layoffs, Leave Laws, And Litigation Risk (continued from page 1)

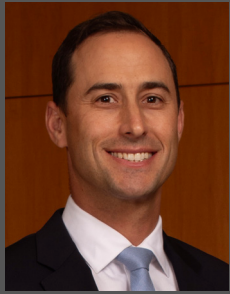
Employers whenever cutting their workforce, due to AI or any other lawful business reason, must anchor any resulting layoffs in clearly documented, legitimate business reasons applied consistently across the workforce. Employees on protected medical leave are not immune from termination during a bona fide reduction in force, but the employer bears the burden of proving the same decision would have occurred regardless of leave status. California law further preserves an employee's seniority for layoff and recall purposes during leave pursuant to the California Family Rights Act (CFRA) and provides a job guarantee to the same or a comparable position, shaping who is selected and in what order when positions are reduced. In practice, this means employers should align selection decisions to demonstrable eliminations of roles or objective criteria, supported by contemporaneous records that predate or are independent of leave.



When protected-leave or disability issues are in play, employers must engage in the interactive process up to the point of termination. Under California's Fair Employment and Housing Act (FEHA), employers must engage employees in good faith to identify reasonable accommodations, which may include job restructuring, reassignment to vacant positions, or modified schedules, to the extent it would not be an undue burden, even amidst a reduction in force. Courts scrutinize terminations where the employer bypassed the interactive process or where timing and documentation suggest pretext rather than applying objective criteria.

AI-driven decisions raise additional discrimination risks if applying a neutral criteria disproportionately affects protected groups. California disparate-impact principles examine whether a facially neutral practice (such as an algorithm selection model) has a significant adverse effect on a protected group. It is important for employers to rigorously test and document such actions before carrying them out in order to ensure that a protected group, like those on protected status or leave, are not disparately impacted. Even with AI and algorithms, it's important that decision-makers apply human review to identify and correct any such unlawful impact.

Significant headcount actions may also trigger statutory notice obligations. California's Worker Adjustment and Retraining Notification Act (WARN) requires 60 days' advance written notice for covered mass layoffs, relocations, or terminations to affected employees and designated public entities, with back pay and civil penalties for noncompliance. If your company is considering mass-reductions, integrate WARN analysis early so that the business timeline for AI implementation aligns with required notices. Coordinate CFRA/FMLA communications alongside WARN notices to avoid confusion and maintain accurate designations of leave and reinstatement rights.



AI can legitimately change your staffing model. To minimize litigation risk, bring these threads together in a unified record. Maintain contemporaneous documentation of the business rationale for the reduction, the objective selection criteria, evidence that protected-leave employees would have been included regardless of leave, completion of the interactive process for disabled employees, seniority and reinstatement rules for leave-takers, and any WARN determinations and notices. Best practices will position employers to demonstrate that AI-enabled restructuring reflects legitimate business needs, not pretext.

Please contact Joshua Malter at jmalter@bkcglaw.com or (949) 975-7500 if you have any questions about this article, or any other related matter.

New Law Caps Early Termination Fees In Contracts For Certain Goods And Services

Toward the end of last year, California signed into law Assembly Bill 483 ("AB483"). This new law regulates early termination fees in fixed term installment contracts and limits such fees to 30% of the total value of the contract. AB483 represents a continued effort by the California legislature to regulate what it views as abusive contract terms in consumer agreements.

What does the new law say? A "seller that uses a fixed term installment contract entered into or modified on or after August 1, 2026, shall not charge a fee to a consumer who terminates the fixed term installment contract unless, at the time of entering the initial contract, the contract includes a clear and conspicuous written disclosure of either of the following, which shall be viewable by the consumer without reliance upon a tooltip, additional hyperlink, or any other feature that requires additional user interaction: (1) the total cost of the early termination fee; (2) the formula used to calculate the early termination fee and highest possible early termination fee under the contract." (See California Business & Professions Code [B&P Code] Section 17810.) A seller that uses a fixed term installment contract entered into or modified on or after August 1, 2026, cannot charge an early termination fee (or similar fee) greater than 30% of the total sum for which the consumer is obligated, exclusive of the termination fee. (See B&P Code Section 17820.) Moreover, parties cannot agree to waive the application of this new law. (See B&P Code Section 17860.)



Let's break this down. What is a "fixed term installment contract" under the law? It means any contract for the sale of goods or the furnishing of services by a seller to a consumer for a price that is paid in installments during a fixed period of time until the price is paid in full. A "good" and a "service" include tangible and intangible goods, **including digital software**. (See B&P Section 17800.) For instance, a one-year agreement for \$5,000 in exchange for a software license, educational services, or even a gym membership which is paid in monthly installments would be examples of contracts likely falling under the new law. (continued on page 4)

2026 California Employment Law Update: What Employers Need To Do Now To Make Sure Their Pay Practices Are Compliant

California employers face significant new compliance obligations in 2026. From minimum wage increases to expanded uses of paid sick leave, and broadened equal pay protection and liability, businesses must take proactive steps to ensure their pay practices are compliant.

Below is a summary of some important developments and practical action items for employers.

Statewide Minimum Wage Increases to \$16.90

Effective January 1, 2026, California's statewide minimum wage increases to \$16.90 per hour for all employers – regardless of size.

This increase also affects exempt employees. To satisfy the salary basis test, exempt employees must earn at least two times the state minimum wage, meaning a minimum annual base salary of \$70,304 in 2026 (in addition to meeting the duties test).

Employers should also remember that many cities have higher minimum wages, and some industries (including healthcare, hospitality, retail, and fast food) may have different wage requirements.

What to Do: Review payroll practices, confirm local compliance, and re-evaluate exempt classifications.

Expanded Paid Sick Leave Rights

California continues to expand the permitted uses of paid sick leave. Starting last year, employees were allowed to begin using paid sick leave for court appearances required by subpoena and jury duty. In addition, California expanded the reasons an employee could use paid sick leave to include crime victim leave and added new reasons connected to victim status.

Beginning January 1, 2026, employees can now also use paid sick leave if: (1) they (or a family member) are a victim of certain felonious crimes and (2) they are attending judicial proceedings related to that crime.

What to Do: Update paid sick leave policies and ensure managers understand the expanded protections.

Broadened Definitions and Increased Equal Pay Act Liability

Key definitions provided under the California Equal Pay Equity Enforcement Act ("EPA"), which prohibits employers from discriminating in determining employees' wages based on enumerated protected classes, have been amended and expanded. By way of example, the act replaced the term "opposite sex" with "another sex" to broaden the protections afforded to employees. The definition of "wages" and "wage rates" was also expanded to include all forms of compensation provided to an employee (i.e. salary, overtime, bonuses, stock, stock options, profit sharing and bonus plans, life insurance, vacation, holiday pay, cleaning or gasoline allowances, hotel accommodations, reimbursements for travel expenses, benefits, etc.).

And notably, the statute of limitations to bring a civil action under the EPA to recover wages was increased from two years to three years (regardless of whether the alleged violation is willful), and employees seek relief for all alleged violations that occurred 6 years. Finally, also, the EPA introduced a "continuing violation" theory to include each time wages are paid under a discriminatory pay decision.

What to Do: Conduct a compensation audit, and review and update compensation structures and pay scales if necessary.

Conclusion

Be proactive. Given that California remains one of the most aggressive jurisdictions for employment litigation and enforcement, proactive compliance is far less costly than defending litigation or agency investigations. If your organization would like assistance reviewing compensation practices or updating policies or if you are involved in litigation, our firm is available to help.

Please contact Tesleem Azeez at tazeez@bkcgclaw.com or (949) 975-7500 if you have any questions about this article, or any other related matter.



CA Employers: Know Your Rights When It Comes To ICE (continued from page 1)

During an inspection, aim for orderly cooperation within the bounds of the law. Employers may verify credentials, request identification, and determine the legal basis for the visit. Employers should request and obtain copies of the NOI, subpoena, or warrant, and provide copies to your legal counsel. Keep a contemporaneous log of documents requested and produced, questions asked, locations visited, and items seized or imaged.



As ICE increases its activity in Orange County, companies should prepare with clear protocols and measured on-site execution in order to minimize business interruption and employee stress and anxiety. By training personnel, organizing records, understanding the limits and obligations associated with different types of government process, communicating accurately with employees, and documenting all interactions, California employers can both meet legal requirements and demonstrate good-faith compliance. Counsel should be engaged to tailor policies, conduct privileged audits, and guide real-time response to inspections.

Please contact [Michael Oberbeck at moberbeck@bkcgllaw.com](mailto:moberbeck@bkcgllaw.com) or (949) 975-7500 if you have any questions about this article, or any other related matter.



New Law Caps Early Termination Fees In Contracts For Certain Goods And Services (continued from page 2)

Second, the law applies to contracts with an “early termination fee”. The fee is defined as an additional fee charged to a consumer that allows the consumer to suspend making installment payments and to end access to the good or service prior to the end of the contract term. In other words, an extra charge you have to pay if you exit early.

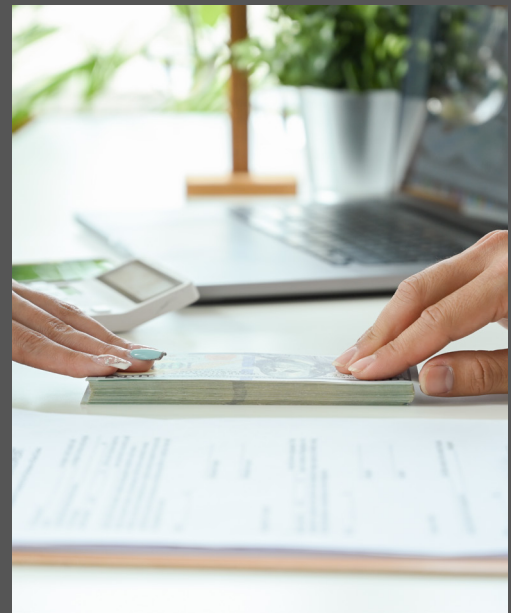
Third, the contract has to have a clause that allows an early exit. In other words, you negotiate up front a fee to end the contract prematurely and plug that fee into the contract.

If all three criteria are met, the new law applies. That is, unless the contract falls within one of the two exceptions. The new law does not apply to installment contracts regulated by state or federal law that provide greater protections to the consumer. (See B&P Section 17850.) And the cap does not apply to a home improvement contract. (Id.)



August is not far off. Between now and August 1, 2026, businesses that use fixed term installment contracts with their customers should take the opportunity to be proactive. Review the company’s contracts. In the event the contracts have early termination fee provisions, such provisions should be modified to comply with the new law.

Please contact [Keith Butler at kbutler@bkcgllaw.com](mailto:kbutler@bkcgllaw.com) or (949) 975-7500 if you have any questions about this article, or any other related matter.



The BKCG Bulletin is Published By:

Burkhalter Kessler Clement & George LLP

2020 Main Street
Suite 600

Irvine, CA 92614
Attn: Daniel J. Kessler
949.975 7500
949.975.7501 fax

Please review our firm at
www.bkcgllaw.com

340 North Westlake Blvd.
Suite 110
Westlake Village, CA 91362
Attn: William C. George
805.373.1500
805.373.1503 fax



Visit our web site at www.bkcgllaw.com



Be sure to visit us on LinkedIn

Burkhalter Kessler Clement & George LLP (BKCG) advises and protects businesses and high net worth individuals through experienced litigation and transactional lawyers. Core practice areas include: Business litigation in state and federal courts, as well as FINRA, AAA and JAMS arbitration and mediation; Corporate, transactional and employment law documentation; and Estate Planning and Probate services through the Firm’s State Bar certified Estate Planning Specialist.

2026© BKCG; Content reproduced with permission of the copyright owner. Further reproduction is prohibited without permission; This newsletter is for informational purposes only and is not legal advice; BKCG is a service mark of Burkhalter Kessler Clement & George LLP; All rights reserved.