

EMPLOYERS ARE REQUIRED TO PAYCHECK STANDARDS

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Labor Code Section 212 states that no employer shall issue to an employee any order, check, draft, note, memorandum or other acknowledgment of indebtedness, unless it is negotiable and payable in cash, on demand, without discount, at some established place of business in the state, the name and address of which must appear on the instrument. Further, at the time of its issuance and for a reasonable time thereafter, which must be at least 30 days, the employer must have sufficient funds in, or credit arrangement or understanding with, the issuing institution for its payment. The purpose of Section 212 is to require that any instrument used in place of money to pay wages shall readily convert into money at an established place of business, which must be prepared to pay cash on demand to the holder of the instrument. Put differently, employees should not suffer a disadvantage resulting from the use of modern payment instruments instead of cash. For example, even a small check-cashing fee is forbidden.

Employers must comply with all seven requirements of the statute, that the instrument: (1) be negotiable; (2) payable in cash; (3) on-demand; (4) without discount; (5) at an established place of business in the state; (6) the name and address of which appears on the instrument; and (7) which place of business has been prepared for the payment. Pursuant to Labor Code Section 215, the violation of Section 212 constitutes a misdemeanor, punishable by imprisonment in a county jail, not exceeding six months, or by a fine not exceeding one thousand dollars, or both.