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MEMORANDUM

TO: All Employers

FROM: Jennifer McClain

DATE: June 1, 2009

RE: Arbitration Agreements

In a victory for employers, the court in *Sonic-Calabasas A, Inc. v. Moreno* (CA2/4 B204902 5/29/09), enforced a valid arbitration agreement. In this decision, the Court of Appeals held that a properly drafted employment arbitration agreement may be used by an employer to dismiss an employee's administrative wage claim against his former employer for unpaid vacation pay.

In *Sonic v. Moreno*, an auto dealership employed Moreno, who signed a predispute agreement that required both parties to submit their employment disputes to "binding arbitration under the Federal Arbitration Act." When the employee brought a wage claim before the California Labor Commissioner under section 98.2 of the California Labor Code, the employer sought to dismiss the administrative wage claim and compel arbitration. The court decided that the employee waived his right to an administrative proceeding and found that the agreement met the requirements for arbitration set forth in *Armendariz v. Foundation Health* (2000) 24 Cal.4th 83 and *Gentry v. Superior Court* (2007) 42 Cal.4th 443.

Employers should review employment arbitration agreements to ensure that the agreements meet the requirements of *Armendariz* and *Gentry* to avoid having to litigate wage claims before the California Labor Commissioner. For more information regarding employment arbitration agreements, contact Jennifer McClain at jennifer@mrjlaw.net or (714) 972-2333.