

CERTIFIED FOR PUBLICATION

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT

DIVISION FOUR

TIFFANY DIANE MOLINA,

Plaintiff and Respondent,

v.

TRIUMPH RESIDENTIAL
SERVICES, INC.,

Defendant and Appellant.

B350252

(Los Angeles County
Super. Ct. No. 24STCV29642)

APPEAL from a judgment of the Superior Court of Los Angeles County,
Carolyn Kuhl, Judge. Affirmed.

Ecoff Campain & Kay, Lawrence C. Ecoff and Alberto J. Campain for
Defendant and Appellant.

Wilshire Law Firm, John G. Yslas, Brian Louis, Roger Ricardez and
Jose Maria D. Patino Jr. for Plaintiff and Respondent.

INTRODUCTION

Labor Code section 432.6¹ makes it illegal for an employer to require, as a condition of employment, that an employee agree to arbitrate certain employment law claims.

An agreement to arbitrate is a contract. Normally, courts do not enforce contracts that are illegal to form. However, section 432.6 contains the following provision: “Nothing in this section is intended to invalidate a written arbitration agreement that is otherwise enforceable under the Federal Arbitration Act (9 U.S.C. § 1 et. seq.) [FAA].” (§ 432.6, subd. (f).) Thus, for arbitration agreements enforceable under the FAA, section 432.6 creates an unusual rule. An employer may enforce an arbitration agreement that was illegal to form.

As we discuss below, the Legislature included this odd feature of section 432.6 for a specific reason. The Legislature hoped that doing so would keep federal courts from ruling that section 432.6 is preempted by federal law. That did not happen. In cases where the FAA applies, the United States Court of Appeals for the Ninth Circuit has held that section 432.6 is preempted by the FAA. (*Chamber of Commerce of the United States v. Bonta* (9th Cir. 2023) 62 F.4th 473, 478 (*Bonta*).)

How do these features of section 432.6 work when the FAA is not at issue and federal preemption does not apply? In this case, an employer, Triumph Residential Services, Inc., seeks to enforce an arbitration agreement. A former employee, Tiffany Diane Molina, argues that the arbitration agreement was required as a condition of employment in violation of section 432.6. All parties agree that the FAA does not apply to the arbitration agreement and that there is no federal preemption. In this

¹ All undesignated section references are to the Labor Code.

context, can the arbitration agreement be enforced by Triumph, even if it was illegally formed under section 432.6?

We conclude that the answer is no. We reject Triumph’s arguments to the contrary. In our view, section 432.6 was intended to allow only arbitration agreements “enforceable under the [FAA]” to be enforced despite being formed illegally. Since the arbitration agreement in this case is concededly not “enforceable under the [FAA],” it may not be enforced if it violates section 432.6.

We further conclude that the trial court had enough evidence before it to conclude that the arbitration agreement here violated section 432.6. Since the agreement violated section 432.6 and since the FAA does not apply, Triumph may not enforce it.

We therefore affirm the trial court’s order denying Triumph’s motion to compel arbitration.

FACTUAL AND PROCEDURAL BACKGROUND

A. *Complaint*

Triumph is a Los Angeles-based property management company that manages residential buildings in Southern California. Triumph employed Molina from approximately April 2023 to approximately September 2024.

In November 2024, Molina filed a class action complaint against Triumph. Molina brought eight causes of action alleging wage-and-hour violations under the Labor Code and unfair business practices under Business and Professions Code section 17200.

B. *Motion to Compel Arbitration*

1. *Motion*

Triumph filed a motion seeking to compel arbitration of Molina’s individual claims, dismiss class claims, and stay the action pending

arbitration. Triumph expressly asserted that California law applies, not the FAA. On appeal as well, Triumph does not argue that the FAA applies.

The vice president of Triumph, Hiren Rajput, stated in a declaration that Molina was provided with the arbitration agreement and other documents as “part of the hiring and onboarding” process at Triumph. In the arbitration agreement, the parties agreed that “any claim, complaint, or dispute that relates in any way to the Parties’ employment relationship ... shall be submitted to binding arbitration.” The agreement stated that all class and representative claims were waived.

The arbitration agreement further stated, “By executing this Agreement the Parties represent that they have been given the opportunity to fully review, comprehend and negotiate the terms of this Agreement. The Parties understand the terms of this Agreement and freely and voluntarily sign this Agreement.” The agreement bore a signature purporting to be Molina’s.

Triumph asserted that arbitration was warranted because the arbitration agreement encompassed all of Molina’s claims, and was not unconscionable or otherwise unenforceable. It argued that the agreement was voluntary, so Molina “was free to accept the Arbitration Agreement, attempt to negotiate out of it or look for other employment.”

2. Opposition and Reply

Molina opposed Triumph’s motion. As relevant to this appeal, she argued that “California law prohibits compelled arbitration of claims arising under the Labor Code, absent” preemption under the FAA. Molina cited

section 432.6, subdivision (a).² Triumph filed a reply, which did not address Molina’s section 432.6 argument.

3. *Further Briefing*

At the initial hearing on the motion, the court ordered the parties to submit further briefing about the effect of section 432.6.

In Molina’s supplemental briefing, she argued that section 432.6 rendered the arbitration agreement unenforceable. She asserted that it was “undisputed that [Molina] signed the Agreement as a condition of employment,” but she cited no evidence in support.

In Triumph’s supplemental briefing, it argued that section 432.6 “is inapplicable because there is no evidence, either in the express language of the arbitration agreement or [Molina’s] declaration, that entering into the arbitration agreement was a condition of [Molina’s] employment” at Triumph. It argued that “[t]o the contrary, the Arbitration Agreement provides that both [Molina] and [Triumph] ‘freely and voluntarily’ entered into the Arbitration Agreement.” As such, the “four corners of the Arbitration Agreement make it clear that it was not a ‘condition of employment.’”

4. *Court Ruling*

The trial court denied Triumph’s motion in a written ruling.³ The court stated that “the Legislature enacted section 432.6 to render certain arbitration agreements unlawful,” and “the Legislature was aware that

² Molina also cited section 229, which states that certain actions for the collection of unpaid wages may be maintained despite an arbitration agreement. Molina argued that sections 229 and 432.6 barred compelled arbitration, thereby rendering the arbitration agreement unenforceable. Molina further argued that the arbitration agreement was procedurally and substantively unconscionable.

³ No reporter’s transcript is in the record on appeal.

unlawful contracts are void and unenforceable.” The court noted that section 432.6, subdivision (f) states, “Nothing in this section is intended to invalidate a written arbitration agreement that is otherwise enforceable under the [FAA].” The court continued, “The implication of this language is clear: the language of section 432.6 *does invalidate* arbitration agreements when California law governs.”

The court rejected Triumph’s argument that the language of the agreement itself was sufficient to demonstrate that it was not required as a condition of employment. The court stated, “It is the burden of the party seeking to enforce arbitration to prove by a preponderance of the evidence that the arbitration agreement is valid and enforceable. [Citation.] [Triumph] has not done so here.” The court further stated that Triumph “was afforded supplemental briefing to address the application of section 432.6 to this case, and [Triumph] did not offer (or seek to offer) evidence that employees of [Triumph] were not required to sign the Agreement.”

The court concluded, “A contract is ‘unlawful’ if it is ‘contrary to an express provision of law.’ (Civ. Code, § 1667, subd. (1).) Because the object of the Agreement is to require [Molina] to arbitrate claims brought under the Labor Code as a condition of employment, and because this object is unlawful under Labor Code section 432.6, the Agreement is ‘void’ and cannot be enforced by this court.”

Triumph timely appealed. (Code Civ. Proc., § 1294, subd. (a).)

DISCUSSION

Appellate review of an order regarding an arbitration agreement’s validity is de novo where, as here, the evidence is not in conflict and the ruling is based entirely on an interpretation of law. (*Ramirez v. Charter Communications, Inc.* (2024) 16 Cal.5th 478, 493.)

We asked the parties to file supplemental briefs addressing whether an arbitration agreement formed in violation of section 432.6 is enforceable when the arbitration agreement is governed by California law. We turn first to that threshold question.

A. *A Violation of Section 432.6 Renders an Arbitration Agreement Unenforceable Under California Law*

Section 432.6, subdivision (a), states in full that: “A person shall not, as a condition of employment, continued employment, or the receipt of any employment-related benefit, require any applicant for employment or any employee to waive any right, forum, or procedure for a violation of any provision of the California Fair Employment and Housing Act (Part 2.8 (commencing with Section 12900) of Division 3 of Title 2 of the Government Code) or this code, including the right to file and pursue a civil action or a complaint with, or otherwise notify, any state agency, other public prosecutor, law enforcement agency, or any court or other governmental entity of any alleged violation.”

Section 432.6, subdivision (b) states that an employer may not retaliate against an applicant or employee for refusing to sign an arbitration agreement. Subdivision (c) provides, “For purposes of this section, an agreement that requires an employee to opt out of a waiver or take any affirmative action in order to preserve their rights is deemed a condition of employment.”

Section 432.6, subdivision (f) states, “Nothing in this section is intended to invalidate a written arbitration agreement that is otherwise enforceable under the Federal Arbitration Act.” Finally, section 433 makes a violation of certain Labor Code provisions, including section 432.6, a misdemeanor.

Taking these provisions together, it is illegal (indeed, criminal) for an employer to require an employee to submit certain employment disputes to arbitration as a condition of employment. However, an agreement “enforceable under the Federal Arbitration Act” may nonetheless be enforced, even if the formation of that agreement was illegal. (§ 432.6, subd. (f).)

We also note the general black-letter rule in California barring enforcement of illegally formed contracts. “Under general principles of California contract law, a contract is unlawful, and therefore unenforceable, if it is [c]ontrary to an express provision of law.” (*Sheppard, Mullin, Richter & Hampton, LLP v. J-M Manufacturing Co., Inc.* (2018) 6 Cal.5th 59, 73, quoting Civ. Code, § 1667; see also Civ. Code, § 1607 [“The consideration of a contract must be lawful within the meaning of [Civil Code, §] 1667”]; *McIntosh v. Mills* (2004) 121 Cal.App.4th 333, 344 [“where the illegal consideration goes to the whole of the promise, the entire contract is illegal”].)⁴

With this background in mind, the question before us is the following. May an arbitration agreement that (i) was formed illegally under section 432.6, subdivision (a), because an employer required it as a condition of employment, and (ii) is not “otherwise enforceable under the Federal Arbitration Act,” nonetheless (iii) be enforced by the employer? No published California opinion that we have found answers this question.

⁴ We note that “the law regarding the illegality of contracts is sometimes confusing and difficult to understand.” (*Tufeld Corp. v. Beverly Hills Gateway, L.P.* (2022) 86 Cal.App.5th 12, 27.) It contains a number of nuances that we need not address here. For example, we do not address whether an agreement made in violation of section 432.6 is void or voidable. (*Id.* at pp. 26–29 [discussing rules applicable to determining difference between voidable and void illegal contracts].)

Triumph says the answer is yes. It notes that section 432.6, subdivision (f) makes arbitration agreements illegally formed under subdivision (a) valid and enforceable. And it argues that such illegally formed agreements are enforceable by an employer even when the FAA does not apply. Molina says the answer is no. She argues that subdivision (f) carves out an enforceability exception only for arbitration agreements “otherwise enforceable under the [FAA].” She asserts that, for contracts not enforceable under the FAA, we should apply the general California rule that an agreement that was formed illegally is unenforceable.

This is an issue of statutory interpretation. “We begin with the fundamental rule that our primary task is to determine the lawmakers’ intent.” (*Delaney v. Superior Court* (1990) 50 Cal.3d 785, 798.) ““We first examine the statutory language, giving it a plain and commonsense meaning.” [Citation.] We do not consider statutory language in isolation; instead, we examine the entire statute to construe the words in context. [Citation.] If the language is unambiguous, “then the Legislature is presumed to have meant what it said, and the plain meaning of the language governs.” [Citation.] “If the statutory language permits more than one reasonable interpretation, courts may consider other aids, such as the statute’s purpose, legislative history, and public policy.”” (*Madrigal v. Hyundai Motor America* (2025) 17 Cal.5th 592, 602.)

We see no ambiguity in the statute. In section 432.6, subdivision (f), the Legislature imposed an exception to the general rule that illegally formed contracts may be invalidated. That exception is limited to contracts “otherwise enforceable under the [FAA].” Thus, if an arbitration agreement violates subdivision (a) and is not enforceable under the FAA, it is invalid or can be invalidated under the usual rules governing illegal contracts.

This is how we normally interpret statutory language. “[I]f exemptions are specified in a statute, we may not imply additional exemptions unless there is a clear legislative intent to the contrary.” (*Sierra Club v. State Bd. of Forestry* (1994) 7 Cal.4th 1215, 1230 [when the Legislature specifically exempted certain projects from a statute, it was improper to read the statute as exempting other projects].) “The proper rule of statutory construction is that the statement of limited exceptions excludes others, and therefore the judiciary has no power to add additional exceptions; the enumeration of specific exceptions precludes implying others.” (*S.V. v. Superior Court* (2017) 13 Cal.App.5th 1174, 1182.)⁵

This interpretation is also compelled by legislative purpose. The overall purpose of section 432.6 is clear. The Legislature wanted to prevent employers from requiring employees to enter into agreements to arbitrate employment law claims as a condition of employment. That intent is obvious from the text of section 432.6, subdivision (a). It is also made manifest in the preamble of Assembly Bill No. 51 (2019-2020 Reg. Sess.) (AB 51), which enacted what became section 432.6. (Stats. 2019, ch. 711, § 1 [“The Legislature finds and declares that it is the policy of this state to ensure that all persons have the full benefit of the rights, forums, and procedures established in the California Fair Employment and Housing Act ... and the Labor Code”].) And it is clear from the legislative history. The bill’s author,

⁵ It is true that this statutory construction principle, sometimes referred to by the Latin phrase *expressio unius est exclusio alterius*, does not apply invariably and does not apply ““if its operation would contradict a discernible and contrary legislative intent.”” (*Moore v. Superior Court* (2020) 58 Cal.App.5th 561, 580.) But here, there is nothing in the statutory language—or anything extrinsic to the statute that we have found—suggesting that the Legislature intended the enforceability exception in section 432.6, subdivision (f) to apply beyond contracts governed by the FAA.

Assembly Member Lena Gonzalez, described a “need for this bill” because “[f]orced arbitration is among the most harmful practices that have enabled widespread abuse to go undetected for decades. Workers are forced to sign away their rights in order to get hired. When they seek to report violations, they are denied the ability to go to court or a state agency for help. Instead, they are trapped in the employer’s handpicked arbitration system.” (Sen. Rules Com., Off. of Sen. Floor Analyses, 3d reading analysis of AB 51, Sept. 1, 2019, p. 4.)

The purpose of the exception in section 432.6, subdivision (f), is also clear—to steer clear of United States Supreme Court precedent concerning FAA preemption. Subdivision (f)’s history and purpose was examined at length in *Bonta*: “Legislative reports made clear why AB 51 provided that criminal conduct—entering into an arbitration agreement with an employee—does not affect the enforceability of the resultant agreement to arbitrate. The California Senate Judiciary Committee report on AB 51 asserted that AB 51 ‘successfully navigates around’ Supreme Court precedent and avoids preemption by applying only to the condition in which an arbitration agreement is made, as opposed to banning arbitration itself. S. JUDICIARY COMM. REPORT, Reg. Sess., at 8 (Cal. 2019); see also ASSEMBLY COMM. ON LAB. & EMP. REPORT, Reg. Sess., at 3 (Cal. 2019) (same). According to these reports, AB 51 was designed to give the legislature ‘a reasoned case’ that the bill would not be preempted, S. JUDICIARY COMM. REPORT, at 7, given that ‘[t]here has not been a preemption case in the absence of an arbitration agreement,’ ASSEMBLY COMM. ON LAB. & EMP. REPORT, at 3. In short, ‘AB 51 seeks to sidestep the preemption issue’ relating to arbitration agreements. S. COMM. ON LAB., PUB. EMP., & RET. REPORT, Reg. Sess., at 4 (Cal. 2019). In other

words, the legislature was persuaded by the legal theory that the FAA did not preempt a state rule that inhibits the formation of an arbitration agreement, but does not render such an agreement unenforceable once executed.” (*Bonta, supra*, 62 F.4th at p. 480.)

Put simply, the Legislature intended to prohibit employers from requiring arbitration of employment claims as a condition of employment—and also hoped to avoid federal preemption. As we have noted, this anti-federal-preemption purpose did not ultimately succeed in persuading the federal courts. But an attempt to avoid FAA preemption was the point of subdivision (f).

Thus, it is not plausible to conclude that the Legislature meant section 432.6, subdivision (f) to allow employers to enforce illegally formed arbitration agreements when those agreements are subject only to California law, and federal preemption is not at issue.⁶

Resisting this conclusion, Triumph points to language in *Bonta* that suggests section 432.6 does not render arbitration agreements unenforceable, without distinguishing between agreements that are and are not governed by the FAA. (E.g., *Bonta, supra*, 62 F.4th at p. 487 [describing AB 51 as regulating “the conduct of employers before an arbitration agreement is formed, rather than affecting the validity or enforceability of the executed arbitration agreement itself”].) But the Ninth Circuit in *Bonta* was not considering a case in which the FAA did not apply. The issue in *Bonta* was whether, in a case where the FAA did apply, the FAA preempted section

⁶ We have not found any indication in the legislative history that the Legislature meant arbitration agreements illegal under section 432.6, subdivision (a) to be valid and enforceable when the arbitration agreement is not enforceable under the FAA.

432.6. (*Bonta*, 62 F.4th at p. 478.) So, the Ninth Circuit had no occasion to consider the distinction that concerns us here.

Triumph also points to several federal district court cases finding that even under California law a violation of section 432.6 does not render an arbitration agreement unenforceable. (See, e.g., *Bahamonde v. Amazon.com Services LLC* (N.D. Cal., July 18, 2025, No. 25-CV-03499-JSC); *Kittrell v. USA Debusk LLC* (N.D. Cal., Oct. 31, 2025, No. 25-CV-02432-MMC); *Bacajol v. ALDI Foods Inc.* (C.D. Cal., Mar. 19, 2026, No. EDCV 25-2963 JGB (DTBX)).) But these cases followed the reasoning of *Bonta* without examining why section 432.6, subdivision (f) excepts only arbitration agreements subject to the FAA. These cases do not meaningfully engage with the issue we face, and we thus do not find them helpful.

In short, our holding is as follows. Requiring an employee to enter into an arbitration agreement as a condition of employment is illegal under section 432.6, subdivision (a). When this provision is violated, the resulting arbitration agreement is unenforceable under the ordinary California contract law barring the enforceability of unlawful contracts. The enforceability exception in section 432.6, subdivision (f) applies only to written arbitration agreements that are otherwise enforceable under the FAA. Because all parties here agree that the agreement was not enforceable under the FAA, the enforceability exception of section 432.6, subdivision (f) does not apply.

For the sake of clarity, we note that we say nothing about the scope of FAA preemption. We do not address whether or under what circumstances an arbitration agreement is “otherwise enforceable” under the FAA for purposes of section 432.6, subdivision (f). We conclude only that when, as here, it is established that an arbitration agreement is not enforceable under

the FAA, that agreement may not be enforced as a matter of California law if it violates section 432.6, subdivision (a).

B. *The Evidence Demonstrated a Violation of Section 432.6*

Thus, if the arbitration agreement in this case was formed as a result of Triumph's violation of section 432.6, Triumph cannot enforce it. We turn to whether the agreement's formation violated the statute. No party disputes the relevant facts for purposes of appeal, and the application of law to undisputed facts is a legal question we review de novo. (*Enmark v. KF Community Care, LLC* (2024) 105 Cal.App.5th 463, 471.)

The parties disagree about which party had the burden of showing that Triumph violated section 432.6. Triumph argues that section 432.6 is a "defense to arbitration" so Molina bore the burden of showing that Triumph violated the statute. Molina disagrees. She argues that the party seeking to compel arbitration always bears the burden to present a valid arbitration agreement. So, she argues, Triumph had to demonstrate that the arbitration agreement was not required as a condition of Molina's employment.

We need not resolve this dispute. No matter which party had the burden, the evidence (which Molina does not dispute for purposes of this appeal) and argument that Triumph submitted with its motion demonstrated that the agreement violated section 432.6.

The vice president of Triumph, Hiren Rajput, stated in his declaration that as "part of the hiring and onboarding" at Triumph, Molina "was provided with numerous documents to review and sign," including the arbitration agreement. Triumph argued in its motion that Molina "freely and voluntarily" entered into the arbitration agreement, and stated that Molina's options were as follows: she "was free to accept the Arbitration Agreement, attempt to negotiate out of it or look for other employment."

The two “options” of being “free to” either accept the agreement or look for other employment clearly violate section 432.6, subdivision (a). Indeed, these two “options” are simply another way of stating that Molina’s assent to an arbitration agreement was a condition of her employment. Under these two options, Molina had a choice of either signing the arbitration agreement or not being employed by Triumph—i.e., her employment was conditioned on agreeing to arbitration.

The other option, that Molina could “attempt to negotiate out of” the arbitration agreement, also makes clear that the agreement violated section 432.6. Negotiating “out” of the agreement would require Molina to take affirmative action to avoid signing the agreement. Such a requirement is barred by section 432.6, subdivision (c). That provision states, “For purposes of this section, an agreement that requires an employee to opt out of a waiver or take any affirmative action in order to preserve their rights is deemed a condition of employment.”

Moreover, Triumph’s statement that Molina could avoid the arbitration agreement through an “attempt to negotiate” suggests that Molina would be required to give something up in exchange for not signing the agreement. For example, she might negotiate lower pay if Triumph agreed to waive the requirement of an arbitration agreement. Requiring such a compromise would violate section 432.6, subdivision (b), which prohibits any retaliation or discrimination against a prospective employee that refuses to sign an arbitration agreement.

Thus, no matter which party bore the burden to demonstrate a violation of section 432.6, we conclude, based solely on evidence submitted by the moving party, that section 432.6 was violated. As a result, the

arbitration agreement was unenforceable. The trial court did not err in denying Triumph's motion to compel arbitration on this basis.

DISPOSITION

The trial court's order denying Triumph's motion to compel arbitration is affirmed. Molina is entitled to recover her costs on appeal.

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DAUM, J.

We concur:

ZUKIN, P. J.

TAMZARIAN, J.