STATE OF CALIFORNIA PETE WILSON, Governor

DEPARTMENT OF INDUSTRIAL RELATIONS
DIVISION OF LABOR STANDARDS ENFORCEMENT
LEGAL SECTION
45 Fremont Street, Suite 3220
San Francisco, CA 94105
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H. THOMAS CADELL, JR., *Chief Counsel*

February 21, 1997

Baldwin Bobe
3506 Willow Wren Place
Fremont, CA 94555

Re: **Your Letter of January 16th Addressed To Roberta Mendonca, State Labor Commissioner**

Dear Mr. Bobe:

The Labor Commissioner has asked me to respond to your letter of January 16, 1997, wherein you set out the following scenario and ask for an opinion on the legality of your employer's requirements.

> Your job requires you to travel on company business. TRW, your employer, has demanded that you apply for an American Express credit card since your employer has developed reduced rates from various vendors encountered in travel which require the use of the American Express card.
>
> According to the information you supplied, the company expects you to apply for the corporate card based on your personal credit information. The company has notified you, however, that in the event you are denied a corporate card based on your credit, special arrangements will be made.
>
> There is no cost involved in the application for the American Express Credit Card. There is a cost, however, which might be applied in the event you do not make timely payments on your credit card balance.

Labor Code § 450 provides that no employer may require an employee to purchase anything of value from the employer or a third person. Here, however, you are not asked to purchase anything. You are only asked to apply for a credit card and there is no cost attached to that application. Therefore, the company policy does not violate Labor Code § 450.

Labor Code § 2802 of the California Labor Code provides that an employer must indemnify his employee for all that the employee necessarily expends or loses in direct consequence of the discharge of his duties as such, or of his obedience to the directions of the employer. Again, it appears that the company has every intention of paying the expenses you incur. In the event the company did not pay those expenses, you would have a right to an action to recover the expenses you incurred.

We can point to no law which would prevent the employer, under the limited circumstances listed above, from requiring you to apply for a corporate card for use in charging travel expenses incurred as a result of your work with the company.

Your truly,

H. THOMAS CADELL, JR.
Chief Counsel

c.c. Fred Duscha, Staff Counsel, Oakland