

A.G. Underwood Announces Settlement With Payment Processing Firm To End Use Of Non-Compete Agreements

Reliance Star Payment Services, Inc. Required to Stop Using Non-Compete Agreements and Discontinue All Pending Litigation Seeking Enforcement

Settlement Follows Complaints from Former Employees Who Were Sued or Blocked from Accepting New Jobs Because of Non-Compete Agreements

LONG ISLAND – Attorney General Barbara D. Underwood today announced a settlement with Reliance Star Payment Services, Inc., a payment processing service firm based in Great Neck, NY and largely serving small retailers in the Chinese-American community, for requiring employees to sign non-compete agreements regardless of position or job duties, exposure to confidential information, or compensation. The non-competes were written only in English even though a number of Reliance Star employees had only limited English proficiency. As part of the settlement, Reliance Star has agreed to stop using and enforcing non-compete agreements against all former, current, and future employees and notify all current and former employees who left within the last three years that the non-competes are no longer in effect. Reliance Star will also discontinue all pending litigation against its workers seeking enforcement of a non-compete.

“Too often, non-compete agreements are misused, particularly with low-wage workers – unreasonably limiting employees’ mobility,” said **Attorney General Underwood**. “Employees’ job opportunities should not be limited by the threat of a lawsuit from their former employer. We’ll continue to work to end these overly broad non-compete agreements and ensure New York workers’ rights are protected.”

In 2017, the Attorney General’s office began an investigation after receiving complaints that Reliance Star routinely required its employees to sign non-competes and other restrictive covenants. The investigation revealed that, since its founding in 2004, Reliance Star regularly required employees to sign employment agreements with non-competes regardless of position, compensation, or exposure to confidential information. New York permits the use of non-compete agreements, but they are generally intended to be used in very limited circumstances, such as when an employee has unique skills or access to trade secrets. In 2014, as a condition of continued employment, Reliance Star required employees to sign non-compete agreements that prohibited them from engaging in any business or enterprise competitive with Reliance Star for up to three years with a wide geographic scope of 16 states, including New York. The employees bound by this agreement earned, on average, less than \$35,000 per year and had little access to proprietary information.

On multiple occasions, Reliance Star attempted to enforce the non-compete agreements against former employees by sending letters threatening litigation or commencing litigation. In some cases, Reliance Star

threatened or brought litigation against former employees even though they had not signed the 2014 non-compete.

The settlement agreement requires Reliance Star to stop using and enforcing non-compete agreements against all former, current, and future employees; discontinue all pending litigation seeking enforcement of a non-compete agreement; and to notify all current and former employees from the last three years that their non-competes are no longer in effect.

Last month, the Attorney General reached an [agreement with WeWork](#) to discontinue its use of non-competes for thousands of employees nationwide. The office has previously reached agreements with other companies to curb the use of non-competes, including Jimmy John's, Law360, and EMSI.

The Attorney General also recently released "[Non-Compete Agreements In New York State – Frequently Asked Questions](#)," which provides easy-to-understand answers to common questions workers have regarding non-competes.

Employees who believe they are subject to an overly broad non-compete agreement are encouraged to contact the New York Attorney General's office at 212-416-8700 or email noncompete@ag.ny.gov with questions or concerns.

This matter was handled by Assistant Attorneys General Jessica Agarwal and Susan Cameron, under the supervision of Labor Bureau Civil Enforcement Section Chief Mayur Saxena. The Labor Bureau is led by Bureau Chief ReNika Moore and Deputy Bureau Chief Julie Ulmet. The Executive Deputy Attorney General for Social Justice is Matthew Colangelo.

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