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SUPREME COURT PICKS UP SUN VALLEY FARMS CASE: HOW A FAMILY FARM'S FIGHT AGAINST H-2A PENALTIES COULD BE A WIN FOR ALL EMPLOYERS

Insights
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Supreme Court Picks Up *Sun Valley Farms* Case: How a Family Farm's Fight Against H-2A Penalties Could Be a Win for All Employers

The Supreme Court just agreed to hear a case that will decide whether the US Department of Labor (DOL) is allowed to impose financial penalties on agricultural employers for alleged violations of the H-2A temporary visa program, or whether the Constitution provides them a right to a trial before an independent federal judge. This comes after a landmark ruling from the 3rd Circuit Court of Appeals last year, which held that the agency couldn't use its administrative law judge (ALJ) system to impose such penalties. We'll provide some background on the case and explain what's at issue – and at stake for employers – in *DOL v. Sun Valley Orchards.*

Quick Background

Sun Valley Orchards, a family-run farm in New Jersey, was investigated by the DOL over its H-2A practices during the 2015 growing season. The agency determined that the farm had committed several violations and owed back wages and civil penalties.

After Sun Valley requested a hearing, an ALJ issued a decision that mostly aligned with the DOL's determination, requiring the farm to pay over **$500K** to the agency. The

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DOL's Administrative Review Board affirmed the ALJ's decision on appeal.

The farm then sued the DOL in federal court, claiming, among other things, that the agency's administrative system for imposing financial liability was unconstitutional, and that cases involving orders to pay money to the government must be tried before an Article III court. While a federal district court in New Jersey sided with the DOL, the 3rd Circuit reversed in favor of Sun Valley Orchards.

Check out our prior coverage to learn more about the district court's ruling (and additional background on the case) and the 3rd Circuit's landmark decision last year.

The Latest: SCOTUS to Weigh In, Likely Later This Year

Earlier this year, the DOL officially asked the Supreme Court to weigh in on the case, and SCOTUS granted that petition on April 27. The Court will ultimately decide whether the DOL's adjudication system for collecting monetary remedies from employers that have allegedly violated the terms and conditions of employment of H-2A workers (and domestic workers in corresponding employment) is:

- prohibited by Article III of the Constitution; and, if not,
- authorized by the Immigration and Nationality Act (INA) (8 U.S.C. §1188(g)(2)).

The DOL argues that that agency's administrative penalty procedure for H-2A violations is permissible because:

- this procedure involves immigration-related "public" rights;
- Congress may empower the executive branch to impose monetary penalties in cases involving public rights; and
- Congress has done so through Section 1188(g)(2) of the INA, which authorizes the Secretary of Labor to "take such actions, including imposing appropriate penalties…as may be necessary to assure employer compliance with terms and conditions of employment under this section."

On the other hand, Sun Valley Orchards argues that:

- this case is fundamentally a labor dispute involving private contractual rights and therefore falls outside of the narrow

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"public rights" exception (especially in light of the Supreme Court's 2024 decision in *SEC v. Jarkesy*); and

- Section 1188(g)(2) of the INA allows the DOL to pursue penalties in court, but not to create this type of in-house agency court system where they write the rules, prosecute cases, provide witnesses, and then issue judgments.

Oral argument has not yet been scheduled in the case, but we expect it to take place sometime this fall. We expect a final ruling in this in late 2026 at the earliest but more likely in early 2027.

What's at Stake for Employers?

If the appeals court rules in favor of Sun Valley Orchards, agricultural employers will gain a new tool to fight back against monetary penalties assessed by the DOL for H-2A program violations. The DOL would have to bring these types of claims in federal court, which is a slower, more burdensome, and less favorable process for the government. Further, a win for agricultural employers could benefit employers across all industries as it could potentially influence other courts to curb ALJ authority in similar challenges.

Conclusion

We will continue to monitor *DOL v. Sun Valley Orchards* and provide updates as warranted, so make sure you are sure you are subscribed to Fisher Phillips' Insight System to get the most up-to-date information. If you have questions, contact your FP attorney, the authors of this Insight, or any member of our Agriculture Team.