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Employer May Pursue Multiple Claims Against Competitor for Raiding Employees and Customers

California Employment Law Update on **June 10, 2026**

The California Court of Appeal has revived a host of tort claims against a company that allegedly executed a plan to recruit a competitor's employees, divert its customers, and appropriate its pipeline of active loan applications. *Guild Mortgage Co. v. CrossCountry Mortgage LLC*, 2026 WL 1505950 (Cal. Ct. App. 2026).

Guild Mortgage alleged that over an 18-month period, CrossCountry Mortgage (CCM) induced and conspired with several Guild employees to "gut" Guild's Kirkland, Washington branch while those employees were still employed by and receiving compensation from Guild. According to the complaint, CCM and its alleged coconspirators accessed Guild's computer systems and, without authorization, copied valuable information, including confidential customer, employee, and prospective borrower data. Guild further alleged that CCM used this information to gain a competitive advantage. The alleged scheme culminated in the mass resignation of all, or virtually all, of the branch's employees.

In an arbitration proceeding against its former employees, Guild recovered nearly $11 million in lost profits, exemplary damages, restitution, attorneys' fees, and costs. In a parallel civil action against CCM, Guild asserted claims for: (1) intentional interference with prospective economic advantage; (2) negligent interference with prospective economic advantage; (3) tortious interference with contract; (4) violation of California Penal Code section 502, the Comprehensive Computer Data Access and Fraud Act (CCDAFA); (5) unfair competition under Business and Professions Code section 17200; and (6) aiding and abetting tortious conduct.

After two rounds of amended pleadings, the trial court sustained CCM's demurrer, concluding that Guild's claims were displaced by the California Uniform Trade Secrets Act (CUTSA) and dismissed the complaint.

The Court of Appeal reversed. It held that the former employees owed Guild an "undivided duty of loyalty" and that the former branch manager also owed Guild a fiduciary duty. The court further rejected CCM's argument that CUTSA displaced Guild's claims and specifically held that CUTSA does not preempt the CCDAFA. As the court explained: "Whereas CUTSA is geared toward combatting and remedying predatory conduct directed at certain types of intellectual property, the CCDAFA is geared toward combatting and remedying predatory conduct directed at electronic data and the ways in which it can be hosted, stored, and manipulated." The decision outlines and endorses a variety of claims that may be available to employers when a competitor allegedly raids their workforce, customer base, and electronic data.

Related Professionals

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