

# FLSA Lawsuits are on the rise ...



Prior to the year 2000, the average number of FLSA lawsuits hovered near 1,500 cases annually.

Since that time, we have seen a fairly dramatic increase to over 7,000 lawsuits in 2012 alone. The millions of dollars in penalties continue to pile up, and the list of affected companies is as impressive as it is long:

*Walmart Staples Merrill Lynch JPMorgan Chase AT&T CVS Oracle*

... just to name a few ...

If you haven't yet been faced with this challenge, it is becoming more likely that you will in the future.



## DETERMINING VIOLATIONS

Generally speaking, investigators look at five areas to determine violations:



Earnings codes



Deductions codes



Earnings & pay stubs



Time clock rules



Time records



## Earnings codes.

Perhaps the easiest way to identify compensation which is being improperly excluded from the regular rate is a review of your company's **earnings codes**.

**During an FLSA lawsuit investigation, these are the items investigators tend to look at first:**



Safety



Incentives



Bonus



Auto allowance



Operator incentive

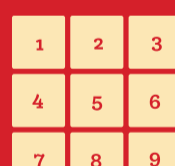


Per diem



Per diem amounts may reveal wage problems such as paying below minimum wage or needing to include the amount in the hourly rate.

## Deduction codes.



Looking at your list of deductions codes can also reveal existing issues. Do you have the employee's permission when needed? Are the deductions appropriate? Do the deductions reduce wages below minimum wage?



Investigators will pay special attention to:



Advances



Laundry



Safety glasses



Tools



Uniform fees & shoes



Union dues

These are just a few examples.

**Don't become one of the FLSA lawsuit numbers. Make sure your systems have consistent rules across the board, maintain documentation, have easy data management and reports to prove your compliance.**