

WAGE AND HOUR/FLSA CLAIMS EXAMPLES FOR SMALL BUSINESSES



The Fair Labor Standards Act (FLSA) is crucial for small businesses to ensure compliance with minimum wage, overtime pay, recordkeeping, and youth employment standards. In fiscal year 2023, the U.S. Department of Labor recovered over \$156 million in back wages and assisted more than 135,000 workers. These figures highlight the significant financial and reputational risks for businesses that fail to adhere to FLSA requirements or their applicable state/local regulations regarding payment of employees. The data clearly shows the ongoing need for businesses of all sizes to remain vigilant in their compliance efforts to avoid similar outcomes.

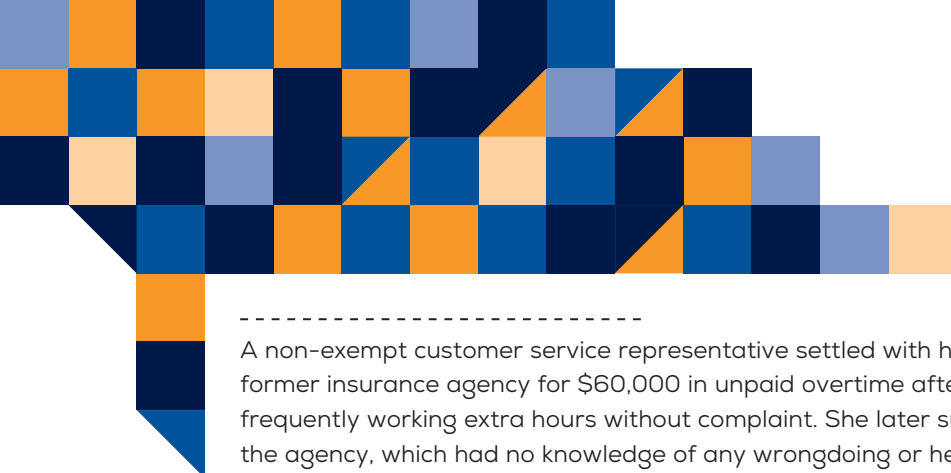
CLAIM EXAMPLES

A marketing firm faced a lawsuit from 35 technical support employees who were reclassified as non-exempt after being previously classified as exempt, which led to unpaid overtime. Initially offered two years of back pay for the unpaid overtime, the employees sued for better terms and were awarded three years of back overtime pay and liquidated damages for intentional misclassification, totaling over \$200,000, with an additional \$40,000 in defense costs. The lawsuit against the marketing firm by technical support employees, reclassified from exempt to non-exempt, underlines the complexity and potential risks of employee classification under FLSA. The increased back pay award and liquidated damages highlight the legal and financial implications of misclassification errors.

Twenty current and former employees sued a chain of fitness centers for being required to work through lunch, break periods, mandatory meetings, and training sessions without pay, which violated FLSA regulations. They were awarded over \$67,500 for the unpaid time worked and an additional \$21,000 in attorney's fees. The fitness center chain's lawsuit, where employees worked unpaid during lunch and other activities, underscores the importance of compensating all work-related activities under FLSA. This case serves as a reminder of the costly consequences of not properly compensating employees for all hours worked.

A manufacturing company was sued by 27 employees for over \$112,000 in unpaid wages and \$50,000 in attorney's fees due to uncompensated duties performed before and after their shifts. These duties included putting on employer-issued uniforms and taking security measures before clocking in, which are compensable under the FLSA. The manufacturing company's lawsuit for unpaid wages related to pre- and post-shift activities demonstrates the breadth of what constitutes compensable work under the FLSA. This case emphasizes the importance of understanding and complying with the nuances of compensable work activities under federal labor laws.

A retail store was ordered to pay \$49,000 to 19 underage employees for willful violations of the FLSA youth employment provisions. The store had minors working more than seven days in a row and operating dangerous equipment in the warehouse, which is prohibited under FLSA regulations. The claim also cost an additional \$24,000 in attorney's fees. The retail store's violation of FLSA youth employment provisions, with underage employees working excessively and in hazardous conditions, illustrates the crucial need for employers to understand and adhere to specific regulations concerning young workers to avoid significant legal repercussions.



A non-exempt customer service representative settled with her former insurance agency for \$60,000 in unpaid overtime after frequently working extra hours without complaint. She later sued the agency, which had no knowledge of any wrongdoing or her additional hours worked. Unable to disprove her calculations, the agency settled the case and paid an additional \$15,000 in attorney's fees. The insurance agency's settlement with a non-exempt employee for unpaid overtime showcases the potential risks of not actively monitoring employee hours. This case highlights the importance of accurate timekeeping practices, even in situations where employees do not voice concerns about overtime.



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