

Class Action Alert!

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What do Target, Guess?, Bebe, Banana Republic, Bugle Boy, Linens' N Things, Staples, Albertson's, Hertz, Bridgestone/Firestone, Pep Boys, Best Buy, Kinkos, and Little Caesar all have in common? They and at least a dozen other companies have been sued in California courts since the beginning of the year in class actions for alleged failure to pay overtime. These cases are all based on the allegation that the companies misclassified employees as exempt from overtime when the employees allegedly should have been classified as non-exempt.

California employers need to carefully review the exempt/non-exempt classification of their employees. Misclassification can expose employers to significant liability. For example, in mid-January 2000, Mervyn's reportedly agreed to pay \$7.3 million to settle allegations in an Orange County lawsuit that it improperly classified some of its employees as exempt from overtime.

Employers should keep in mind that the standards for exempt status in California are in many cases different and more stringent than those under federal law. An employee must meet both the state and federal standards in order to be exempt. Employers should also remember that simply paying an employee a salary does not make the employee exempt from the overtime laws. Employees must meet several other requirements as well, for example duties requirements. Moreover, the rules regarding exemptions have changed significantly in California since AB60 became effective on January 1, 2000.

We are currently performing wage and hour audits for several of our clients to ensure that they are in compliance with the various laws governing this area. Some preventative maintenance at this time could go a long way to avoiding a costly class action lawsuit in the future. At the very least, you should review your employee classifications to ensure that employees are properly classified as exempt or non-exempt.

If we can be of any assistance, please call at your convenience.

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