

# **Avoid Wiping Out Your Small Business From A Wage & Hour Class Action Lawsuit**

A Practical Guide to the Perils of Ignoring the  
Mundane Laws of Payment of Wages

**Report for Small Business Owners/Managers  
Prepared by Vision Law Corporation  
Publication Date: April 1, 2007**

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- ◆ This is intended for CALIFORNIA businesses only. State laws in every 50 state are different. Unless you are a California business or a “foreign” corporation/business doing business in California, you will be wasting your time, and the report is rather lengthy.
- ◆ This obviously hits only what we deem highlights of wage and hour class action law in California. It equally obviously does not and cannot come close to covering all wage and hour law or class action law, federal and Californian. We would need all 640 gigabytes of your server’s hard drive to do that.
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# Avoid Wiping Out Your Small Business From A Wage & Hour Class Action Lawsuit

SUM-100

## SUMMONS (CITACION JUDICIAL)

FOR COURT USE ONLY  
(SOLO PARA USO DE LA CORTE)

### NOTICE TO DEFENDANT:

(AVISO AL DEMANDADO):

YOUR COMPANY NAME HERE;

YOUR NAME HERE;

YOUR MANAGER'S NAME HERE, and DOES 1-100

### YOU ARE BEING SUED BY PLAINTIFF:

(LO ESTÁ DEMANDANDO EL DEMANDANTE):

VINDICTIVE FORMER EMPLOYEE NAME HERE

You have 30 CALENDAR DAYS after this summons and legal papers are served on you to file a written response at this court and have a copy served on the plaintiff. A letter or phone call will not protect you. Your written response must be in proper legal form if you want the court to hear your case. There may be a court form that you can use for your response. You can find these court forms and more information at the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), your county law library, or the courthouse nearest you. If you cannot pay the filing fee, ask the court clerk for a fee waiver form. If you do not file your response on time, you may lose the case by default, and your wages, money, and property may be taken without further warning from the court.

There are other legal requirements. You may want to call an attorney right away. If you do not know an attorney, you may want to call an attorney referral service. If you cannot afford an attorney, you may be eligible for free legal services from a nonprofit legal services program. You can locate these nonprofit groups at the California Legal Services Web site ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), the California Courts Online Self-Help Center ([www.courtinfo.ca.gov/selfhelp](http://www.courtinfo.ca.gov/selfhelp)), or by contacting your local court or county bar association.

*Tiene 30 DÍAS DE CALENDARIO después de que le entreguen esta citación y papeles legales para presentar una respuesta por escrito en esta corte y hacer que se entregue una copia al demandante. Una carta o una llamada telefónica no lo protegen. Su respuesta por escrito tiene que estar en formato legal correcto si desea que procesen su caso en la corte. Es posible que haya un formulario que usted pueda usar para su respuesta. Puede encontrar estos formularios de la corte y más información en el Centro de Ayuda de las Cortes de California ([www.courtinfo.ca.gov/selfhelp/espanol/](http://www.courtinfo.ca.gov/selfhelp/espanol/)), en la biblioteca de leyes de su condado o en la corte que le quede más cerca. Si no puede pagar la cuota de presentación, pida al secretario de la corte que le dé un formulario de exención de pago de cuotas. Si no presenta su respuesta a tiempo, puede perder el caso por incumplimiento y la corte le podrá quitar su sueldo, dinero y bienes sin más advertencia.*

*Hay otros requisitos legales. Es recomendable que llame a un abogado inmediatamente. Si no conoce a un abogado, puede llamar a un servicio de remisión a abogados. Si no puede pagar a un abogado, es posible que cumpla con los requisitos para obtener servicios legales gratuitos de un programa de servicios legales sin fines de lucro. Puede encontrar estos grupos sin fines de lucro en el sitio web de California Legal Services, ([www.lawhelpcalifornia.org](http://www.lawhelpcalifornia.org)), en el Centro de Ayuda de las Cortes de California, ([www.courtinfo.ca.gov/selfhelp/espanol/](http://www.courtinfo.ca.gov/selfhelp/espanol/)) o poniéndose en contacto con la corte o el colegio de abogados locales.*

The name and address of the court is:

(El nombre y dirección de la corte es):

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
IN AND FOR THE COUNTY OF PLACER

CASE NUMBER: CV 50001  
(Número del Caso):

The name, address, and telephone number of plaintiff's attorney, or plaintiff without an attorney, is:

(El nombre, la dirección y el número de teléfono del abogado del demandante, o del demandante que no tiene abogado, es):

DATE:  
(Fecha)

Clerk, by \_\_\_\_\_, Deputy  
(Secretario) (Adjunto)

(For proof of service of this summons, use Proof of Service of Summons (form POS-010).)

(Para prueba de entrega de esta citación use el formulario Proof of Service of Summons, (POS-010)).

[SEAL]

### NOTICE TO THE PERSON SERVED: You are served

- as an individual defendant.
- as the person sued under the fictitious name of (specify):
- on behalf of (specify):  
under:  CCP 416.10 (corporation)  CCP 416.60 (minor)  
 CCP 416.20 (defunct corporation)  CCP 416.70 (conservatee)  
 CCP 416.40 (association or partnership)  CCP 416.90 (authorized person)  
 other (specify):
- by personal delivery on (date):

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That is known as a “Summons.” A “Complaint” is usually attached. This is how the lawsuit process starts.

This report - ***Avoid Wiping Out Your Small Business From A Wage & Hour Class Action Lawsuit*** - is intended to help your small business avoid this nasty and potentially devastating lawsuit “du jour” courtesy of the plaintiffs’ bar.

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## California Class Action Overview

Since approximately 2000, wage and hour class action litigation has exploded in California. Wage and hour laws are some of the oldest labor laws in the United States and have been around since 1913. However, thanks to the legislature’s actions in 1999 we have moved into a period of the “golden age” of California wage and hour class actions. Wage and hour class actions have become a lethal weapon for the plaintiffs’ bar to line their coffers.

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### Setting the Stage

What would you do if your small business was handed a wage and hour class action Summons & Complaint requiring a response within 30 days and demanding \$7.9M in damages, the alternative being a default judgment being taken against your business?

You start reading the Complaint and the “first cause of action” is for failure to pay overtime. The “second cause of action” is for failure to provide rest periods. The “third cause of action” is for failure to provide meal periods. The “fourth cause of action” is for penalties under Labor Code section 226.7 for failure to provide rest and meal periods. The “fifth cause of action” is for Labor Code section 203 penalties for willful failure to pay wages when due. The “sixth cause of action” is for failure to keep itemized wage statements in accordance with the Labor Code and wage order applicable to your business.

You continue reading and realize this isn’t about just one employee – it’s brought by one of your *former* employees as a representative on behalf of 67 of his *former* coworkers “similarly situated” (the “class”).

You find the last page where the “representative” is asking on behalf of himself and the “class” \$1.9 million in “damages.”

Can your small business afford to defend such a lawsuit, known as the “class action?”

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## Class Actions & Business & Professions Code 17200 Actions

The “class action” is an interesting creature found in both state and federal law that give short shrift to the classic legal idea that everyone should have his or her own “day in court.” Rather than make each individual alleged victim prove their own case, a “representative” plaintiff can prove their own case on behalf of themselves and many others at the same time.

In employment lawsuits this means an employer can be held liable to an entire “class” of employees, perhaps 10’s, 100’s or 1000’s, in a single lawsuit. This of course is over simplifying the matter, but you get the point

Business and Professions Code section 17200 actions (also known as “Unfair Competition Law” or UCL) are a form of “representative action” similar in concept to “class actions.”

Recently enacted California law for all intents and purposes closes the gap between “class actions” and UCL actions. UCL employee plaintiffs must now follow class action “certification” procedures. This should make it much harder for plaintiffs’ attorneys to file UCL actions.

The focus in “class certification” is on how similar the representative plaintiff’s claims and factual proof are compared to those of the non-named “class members.” If the claims and proof are too dissimilar or require individualized proof then class treatment is inappropriate.

One key difference in UCL actions is the statute of limitations period (legal jargon for how far back defendant has to pay “remedies”) is four years. Most statute of limitations in employment claims are one to three years. The UCL statute of limitations as a practical matter increases the statute of limitations in the appropriate circumstance.

Prior to 2000, class action litigation in employment and labor law was rare. When it did happen, the defendant was usually a Fortune 1,000, 500, 100 or 50 company like Wal-Mart.

The changes in wage and hour laws under California law after 2000 have made class action lawsuits

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profitable for plaintiffs' class action lawyers suing small businesses.

The reason is that wage and hour laws as reincarnated by the California legislature are easily applied to broad classes of employees. As a result, they are uniquely positioned to be the basis of liability to entire "class of employees similarly situated."

Further, the addition of Labor Code section 226.7 penalties<sup>1</sup> for failure to provide rest and meal periods to the already formidable section 203 penalties<sup>2</sup> has enhanced plaintiffs' class counsel motivation to file class action lawsuits.

To help California employers small and large avoid this "hot" area of employment litigation, let's review some of the basics of wage and hour law, most of which can be the basis for a wage and hour class action.

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## **Most Common Wage & Hour Class Action Claims:**

Classic examples of wage and hour class and representative actions include:

1. Misclassifying employees as independent contractors;
2. Misclassifying non-exempt employees as overtime exempt employees;
3. Misapplying overtime rules (state and/or federal);
4. Failing to comply with wage and hour laws that reoccur (e.g., failing to keep accurate time records, failing to provide meal periods or rest periods, failing to pay for travel time,

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<sup>1</sup> "If an employer fails to provide an employee a meal period or rest period in accordance with an applicable order of the Industrial Welfare Commission, the employer shall pay the employee one additional hour of pay at the employee's regular rate of compensation for each work day that the meal or rest period is not provided." Cal. Labor Code section 226.7.

<sup>2</sup> "If an employer willfully fails to pay . . . any wages of an employee who is discharged or who quits, the wages of the employee shall continue as a penalty from the due date thereof at the same rate until paid or until an action therefor is commenced; but the wages shall not continue for more than 30 days." Cal. Labor Code section 203.

failing to pay for prep time, improper use of makeup time, improper alternative workweek schedules, payment of commissions, etc.);

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## **California Wage & Hour Law**

### **1. The Threshold Question: Independent Contractor or Employee**

Do you understand the difference between an employee and an "independent contractor?"

This question is much more complex than most realize.

The bottom line is whether you think you do or not, the distinction is critical. There really are only two ways to characterize someone who does work for your business: independent contractor or employee.<sup>3</sup>

If the worker is your employee then you have liability for their actions while working for you, have to withhold taxes, have to pay for workers' compensation, pay wages, including overtime wages, and have to provide rest and meal periods, etc, etc, etc.

Great – let's make all workers' "independent contractors!" That way we can save on workers' compensation, insurance, employer's taxes, overtime, etc, etc, etc.

Wrong! At least as far as the feds and the State of California is concerned. And neither really cares whether you and the worker think and, in fact, intend to create an "independent contractor relationship."

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## **Multi-Factor Analysis**

Understand that each applicable federal and State agency apply their own "multi-factor" "independent contractor" test. For example each of the following government agencies applies their own specific multi-factor test: federal Department of Labor, Internal Revenue Service, and Equal Employment Opportunity Commission, California Employment Development Department, Workers' Compensation Appeals Board,

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<sup>3</sup> Ok – well there are "volunteers" and "family," both of which have their own unique issues, no pun intended. We'll ignore these two relationships at the moment.

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Department of Industrial Relations, Department of Labor Standards Enforcement, and Department of Fair Employment and Housing.

Granted, all of the tests are similar and all have one overriding test known as the “right to control” test, but from practical real world experience with all of the above, we at Vision know that just because one agency allows a business to treat its alleged independent contractors as “independent contractors” by no means does that mean another will.

All a “multi-factor” test means is that there is ample wiggle room for the bureaucrats to throw a couple of factual “bones” in your general direction while still concluding based on the other factors or the “totality of circumstances” your “independent contractor” is really your “employee” with the resulting unintended consequences.

And depending on which auditor or judge you have reviewing the facts, the outcome could go either way.

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## The “Common Law” Test

For the sake of example, the EDD and the DLSE use the “common law” test to determine whether an “employment relationship” exists. The common law test evaluates:

1. The “right” to control “manner, method, mode and means” of performing the details of the work;
2. Whether the relationship is terminable “at-will;”
3. Whether the one performing services is engaged in a distinct occupation or business;
4. The kind of occupation, with reference to whether, in the locality, the work is usually done under the direction of the principal or by a specialist without supervision;
5. The skill required in the particular occupation;
6. Whether the principal or the worker supplies the instrumentalities, tools, and the place of work for the person doing the work;
7. The length of time for which the services are to be performed;

8. the method of payment, whether by the time or by the job;
9. Whether or not the work is a part of the regular business of the principal;
10. Whether or not the parties believe they are creating the relationship of employer-employee.

One of the key cases on the common law test is a California Supreme Court case called *Borello*.

In *Borello*, the business was a farm that grew and sold cucumbers. The farm got the idea they would hire “independent contractor” migrant agricultural workers to “pick” the cucumbers. Arguing the cucumber pickers controlled all aspects of the details of picking cucumbers and that the farm only paid the pickers as to results – the picked cucumbers – the farm stood by its position all the way to California’s highest court.

Unfortunately, the farm provided the land, cultivated the cucumbers, chose and planted the crop, obtained the sale price formula from the buyer, supplied bins and boxes, removed the harvested fruit, transported it to the buyer, sold it, maintained documentation on the proceeds, and handed out the checks to the pickers.

Applying the common law factors, the Supreme Court concluded harvesting was simple manual labor, the growers exercised pervasive control over the whole operation, and it appeared the “independent contractor” agreement resulted from no real bargaining.

The underlying issue in *Borello* was whether the farm had to provide workers’ compensation insurance to the farm workers. The number of migrant workers involved was 50. That’s a decent sized workers’ compensation premium.

Remember, the DOL, IRS, EEOC, DFEH apply their own tests for independent contractor status.

## Vision Law Tips:

Proper evaluation of independent contractor versus employee status is critical as all other legal obligations arising in the employment and labor law context flow from it.

At Vision we realize we are at a point in history where the “world is flat” so to speak where a major trend is occurring towards free agent independent contractors.

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However, law is about tradition. And tradition is sometimes slow to change.

## 1. My Company Already Uses Independent Contractors:

If your business is currently using independent contractors, ask yourself at a “gut level” do the workers really operate as a separate and distinct business from yours?

If you have to start justifying in your mind that they are, you can rest assured, if investigated by any of the aforementioned government bodies, they will most likely err on the side of caution and to them that means “employee” status.

And no, they won’t care that you have signed “independent contractor” agreements with all of your IC’s; so much for “freedom of contract.”

If you don’t have a lot of “independent contractors” then your risk is lowered. If you have a lot of contractors, it might be worth your while and money to obtain a legal analysis and opinion as to their probable status and make corrections as deemed appropriate before there is any problem.

Usually the problems in this area translate to large dollars. Even if we are talking about 30-40 misclassified workers, say IT personnel, home care givers, nurses, courier or truck drivers and others, the kinds of assessments we are talking about can easily be in the serious six figures.

## 2. My Company Is Thinking About Converting Certain Employee’s To Independent Contractor Status:

Whatever the reasoning (perhaps to “save money”), we suggest you do not do so.

If the workers were already operating as employees, the government agencies will definitely have a hard time understanding why all of a sudden the same workers are doing the same work, yet now you call them “independent contractors.”

## 3. So Is There Such An Animal Called An Independent Contractor?

Yes – us lawyers. Not only are we animals, but independent contractors as well.

This is the classic independent contractor relationship. Business has legal problems, business hires law firm to fix them. Law firm has own tools and

equipment, own attorney employees, negotiates freely its own outlandish rates.

Presumably, business does not have the expertise to fix legal problem, otherwise they would not need lawyer’s services. Lawyer is engaged in totally separate business from business (unless the business happens also to be a law firm).

Most critically, business controls lawyer as to result only; business does not tell, nor does it have the right to tell, lawyer on all details of how the result will be accomplished.

Lawyer is clearly operating a business separate and distinct from yours.

The same can be said for your business’ outside tax accountants, window cleaners, plumbers, maintenance service providers, drug testing laboratory, etc.

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## 2. The Next Key Question: Exempt or Non-Exempt

Once you have “employees” this distinction is equally as critical. In our experience, however, most employers, including large employers, have misclassified one or more classes of employees.

The consequences can be devastating. For example, a non-exempt employee must be paid overtime. If a business has improperly classified an employee as exempt (and therefore exempt from overtime pay) and the employee has worked overtime without being paid overtime, let’s hope the employee never figures out he/she has been misclassified.

The statute of limitations on such a claim is 3 years under the Civil Procedure Code and up to 4 years if the employee files a “representative action” under Business & Professions Code section 17200. That’s a long time on which to base “damages.”

And no, paying an employee a “salary” as opposed to an hourly wage does not magically make them “exempt.” While paying twice the minimum wage in *salary* is a necessary condition for exempt status, it is not a sufficient one. There are detailed factual tests the state and feds make us apply to determine exempt versus non-exempt status in addition to paying the employee on a “salary basis.”

We lawyers assume large employers (like the Fortune 500) can afford good legal counsel to get this all straight. Judging from the “class action” lawsuits

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brought against large employers in the past few years on issues concerning exempt versus non-exempt status, overtime pay, meal, rest periods and Labor Code section 203 “waiting time” penalties, we guess not.

Just ask Farmers Insurance Exchange, Sav-On Drugstores, Microsoft, Intel, Wal-Mart, FedEx, UPS, IKEA, IBM, Long’s Drugs Stores, Abercrombie & Fitch, Bed Bath and Beyond, Verizon, Radio Shack, Wells Fargo Bank, Starbucks, Borders, to name a few, all of whom have been hit with huge wage and hour class action lawsuits since 2000, many of which turned on “exempt” v. “non-exempt” status.

### 3. The Details Of Wage & Hour Law Compliance for Non-Exempt Employees.

We do not use the word “detailed” lightly here. All of you HR managers out there know what we’re talking about. The only more detailed area of the law, probably, is tax law. That’s as mind numbing as it gets for us lawyers.

#### *Some of the Details (and Definitely Not All)*

Most employers generally know they have to do things like pay the minimum wage. Employers also generally understand they must pay overtime if an employee works more than 40 hours in a workweek.

Moreover, employees are entitled to rest periods and meal periods depending on how long they work. Fail to keep accurate time records, and your company will be held accountable, not your employees. That includes when they fail to record their time, work off the clock, work unauthorized overtime, etc.

Wages (which includes things like accrued vacation and bonuses) must be paid within certain time limits both on an ongoing payroll basis and also upon termination. Fail to pay “wages” on time and the employer is subject to penalties of up to 30 days wages.

“Use it or lose it” vacation policies are unlawful under California law. Yet, many California employers still have one.

If you loan an employee money or provide a vacation advance out of the goodness of your heart, be prepared to write the amount off. Deducting the outstanding balance due from the employee’s final

paycheck, while common sense, is a violation of California law.

Many other potential landmines lurk in wage and hour law. These include independent contractor status, alternative work week schedules, make up time, split shifts, calculation of the “regular rate” of pay for overtime purposes, tools and uniforms, preparation and travel time, overnight travel, to name a few.

As an aside, just because this section focuses on “non-exempt” employees, that does not mean that none of them apply to “exempt” employees as well. Some of them do.

Here is just a list, non-exhaustive, of some of the compliance issues with respect to “non-exempt” employees, all of which can serve as a basis for a wage and hour class action:

1. Pay minimum wage (\$7.50 as of 1/1/07 under California law);
2. Pay overtime for all hours > 8 hours in a “workday,” 40 hours in a “workweek” and for the first 8 hours worked on the seventh day in a “workweek;”
3. Pay double time for all hours > 12 in a “workday” and all hours in excess of the first 8 on the seventh day worked in a “workweek;”
4. Overtime must be calculated on the basis of the employees “regular rate” of pay. Under California law, calculating the “regular rate” of pay is a serious mathematical challenge if your company pays its non-exempt employees anything but on a per hour basis. If it pays non-exempt employees on a commission, piece rate, salary, or weekly bonus tied to production, etc, the calculation of the “regular rate of pay” for overtime purposes can be quite complex;
5. Provide a paid 10 minute rest period for each 4 hours worked or major fraction thereof;
6. Provide a 30 minute off duty unpaid meal for each five hours worked (there are multiple exceptions to this rule);
7. Provide itemized wage statements showing:
  - Gross wages earned
  - Total hours worked

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- Piece rate units earned
  - All deductions
  - Net wages earned
  - Inclusive dates for pay period
  - Name of employee
  - Last four digits of SSN
  - Name and address of legal entity that is the employer
  - All applicable hourly rates
8. Allow employees to inspect or copy (at their expense) the itemized wage statements described in 7. above within 21 days of request.

## 4. Real Class Action Case Study

If you are thinking, "... well, I have a small business, I'm not on the radar like the Fortune 500," we have news for you. The same rules apply to your business as the Fortune 500.

A case Vision Law defended may bring home the point.

Three separate small businesses were all named as defendants in a "class action" lawsuit brought by 4 former employees represented by self styled plaintiff "wage and hour class action" experts in the Bay Area.

Each business had multiple locations, each with no more than 8 to 24 employees at each place. The lawsuit was filed in a California Superior Court.

The "class" involved non-exempt (not in dispute) employees totaling approximately 650 individuals. The key allegations were failure to pay overtime, to provide meal/rest periods and to provide itemized wage statements. Class allegations were also made that the class members were forced to work "off the clock."

The "class" claimed unpaid wages, "waiting" time penalties, meal and rest period penalties, attorneys' fees, costs and interest. Total claimed, approximately \$7.9M, including "attorneys' fees and costs."

The plaintiffs argued all three employers, although separately owned, were "joint employers" and tried to lump all class members into one "class." As a result Vision had to secure separate counsel for one of the corporate defendants and retained representation of the other two, including the primary/lead defendant.

Vision vigorously defended the defendants' positions and ultimately positioned the case for mediation at the class plaintiffs' counsel's request. At the mediation all defendants settled with the entire "class" for approximately \$180,000 and \$150,000 in attorneys' fees to class counsel, but only after 15 months of very aggressive defense brought the plaintiffs and their class counsel to their knees.

Now if you are thinking \$330,000 (not to mention payment of your own attorneys fees) does not sound like that great of a deal to you, you are right. It is much better to avoid the whole process in the first place. This is why we have published this report, to help you avoid the problems before they come knocking.

While one can never be "happy" with having to settle for any amount and pay their own attorneys' fees to boot, the defendant employers in the above real case were very pleased with the outcome. The clients have continued to retain Vision. Mathematically speaking, paying about 4¢ on the dollar (\$330,000/\$7.9M) to resolve all class issues and to terminate the litigation is a pretty good business decision.

## Vision Law Tips:

Don't let Plaintiff class action counsel latch on to your business like a blood sucking leach.

Protect your business by evaluating the following areas of wage and hour law especially vulnerable to "class action" treatment:

- Employee v. Independent Contractor Status. Properly classify your workers as "employees." Independent contractor status is the alternative, but many detailed fact based tests apply – for more information on independent contractor status, see <http://VisionLaw.com>. While you may think independent contractors can save you a ton of money in workers' compensation and other insurance, employment taxes, overtime, etc., they must truly be independent contractors and not employees.
- Exempt v. Non-Exempt Employee Status. Properly classify your employees as "non-exempt" or "exempt" (if you wish to try this

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analysis on your own, see <http://VisionLaw.com> resources links to the State Labor Commissioner, <http://www.dir.ca.gov/> and the US Department of Labor <http://www.dol.gov/> or call your employment/labor lawyer.

- For *non-exempt* employees:
  - Keep *written daily* time records, preferably with a time clock, if not, then a daily time sheet prepared in *ink*;
  - At a minimum make sure employees are advised in writing they are *authorized* and *permitted* to take a ten minute rest period for each 4 hours worked or major fraction thereof;
  - Ensure meal periods are *recorded* on the time sheet as “out” and “in” for lunch (at least 30 minutes if the employee works 5 or more hours);
  - Ensure exact work times are recorded on the time sheet/punch card (i.e. no rounding, at least by the employee);
  - Pay all overtime based on the properly calculated “*regular rate of pay*”;
  - Pay all overtime in accordance with California and federal law. Overtime = greater than 8 hours in a workday, greater than 40 hours in a workweek and/or the first 8 hours on the seventh day worked in a workweek. Double time = hours greater than 12 hours in a workday or greater than 8 hours worked on the seventh day worked in a workweek;
  - Ensure your employees are not showing up early to work or staying after work as this could lead to challenges with respect to “working off the clock;”
  - For involuntary terminations, pay all wages (including accrued unused vacation) immediately at time of termination; for voluntary terminations (resignation) pay within 72 hours of termination.

### Conclusion

Earlier we said “knowledge is power.” Just check out <http://wagelaw.typepad.com/> and <http://www.lawyersandsettlements.com/> and you can get a sense of the employment plaintiff bar’s efforts to keep all of your employees “in the know” about the multitude of ways in which they can sue you.

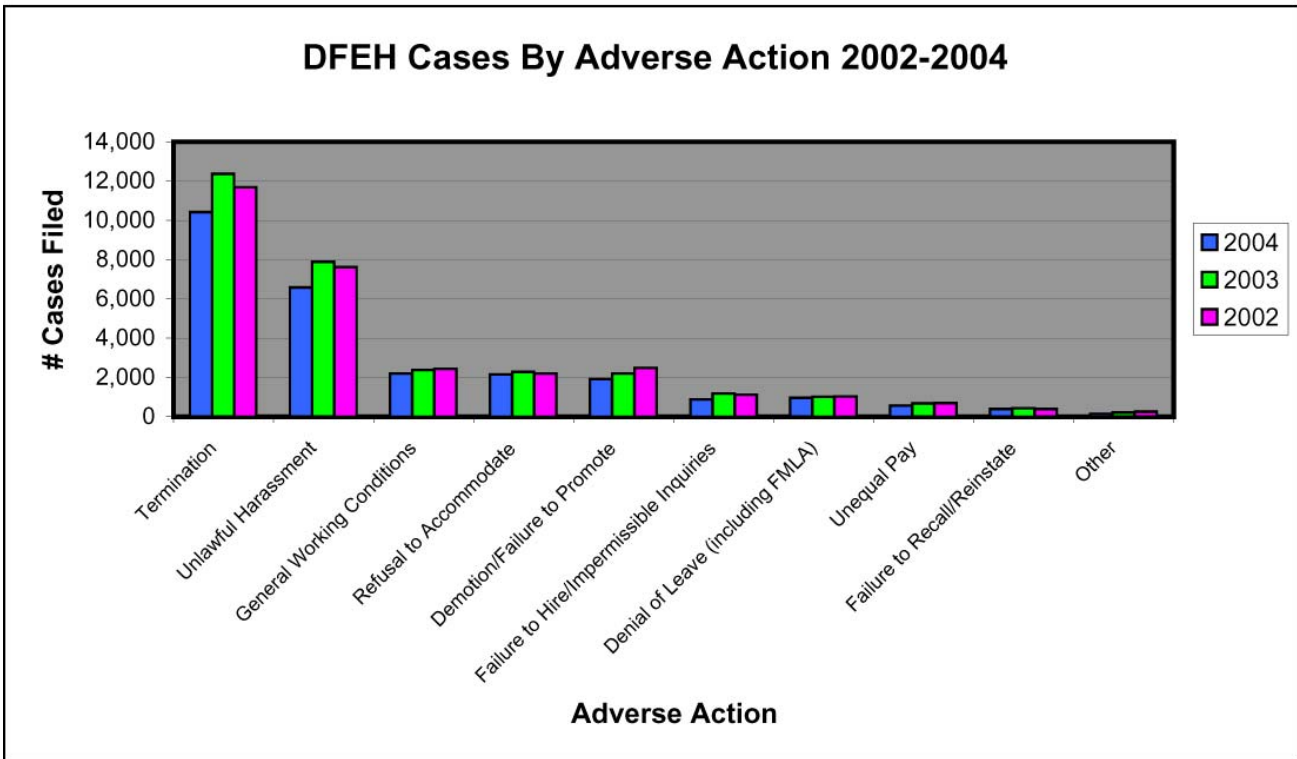
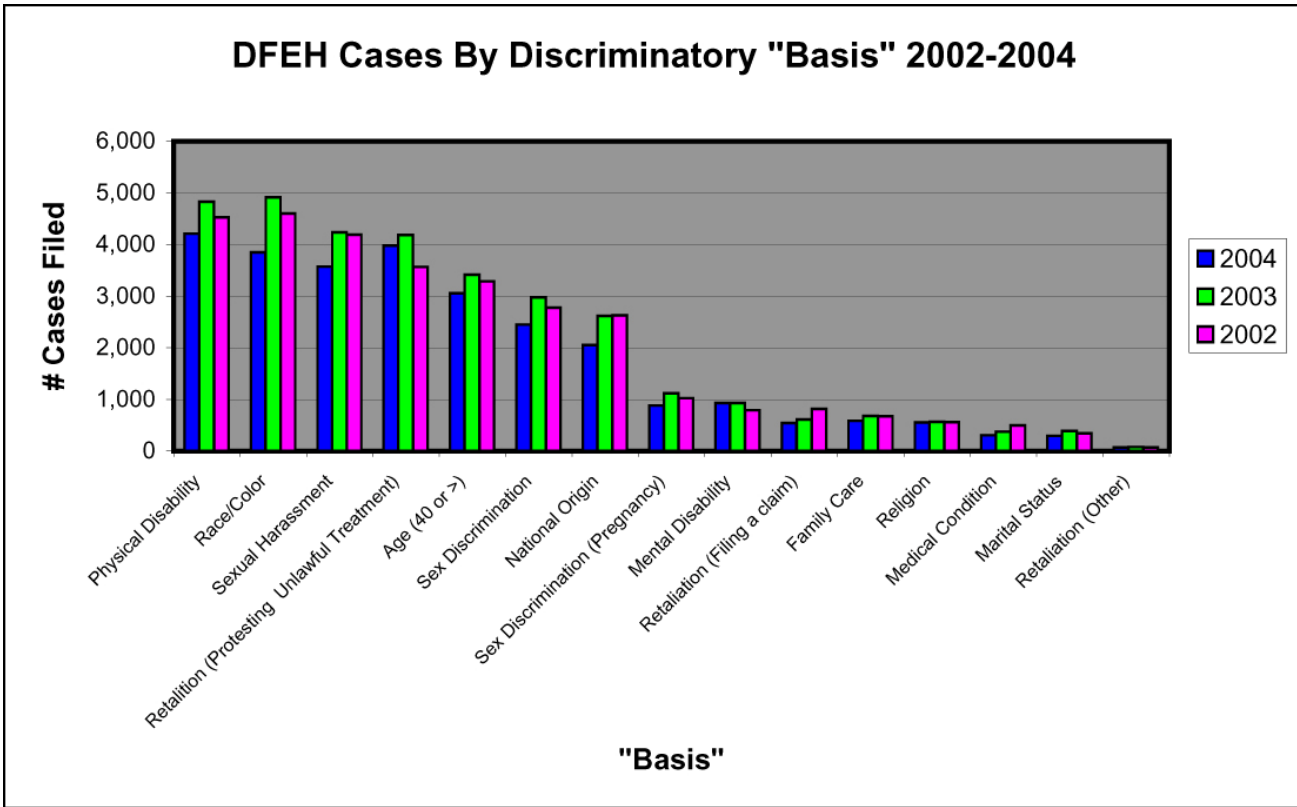
Even better is to have aggressive Fortune 500 Employment & Labor Counsel on your team. It’s time for small business owners to fight back.

For more information on how Vision Law can help you and your small business with employee legal issues, visit our website at <http://visionlaw.com>. We offer a unique monthly flat rate unlimited employment/labor law advice program. We also offer an innovative litigation defense program where we “share in your risk” (SIR<sup>SM</sup>). As a monthly flat rate subscriber you enjoy an additional discount off our Vision SIR<sup>SM</sup> program. Both are discussed in detail at <http://visionlaw.com>.

See Our Charts of DFEH Filing Statistics and Small Business Survey Results on the next few pages:

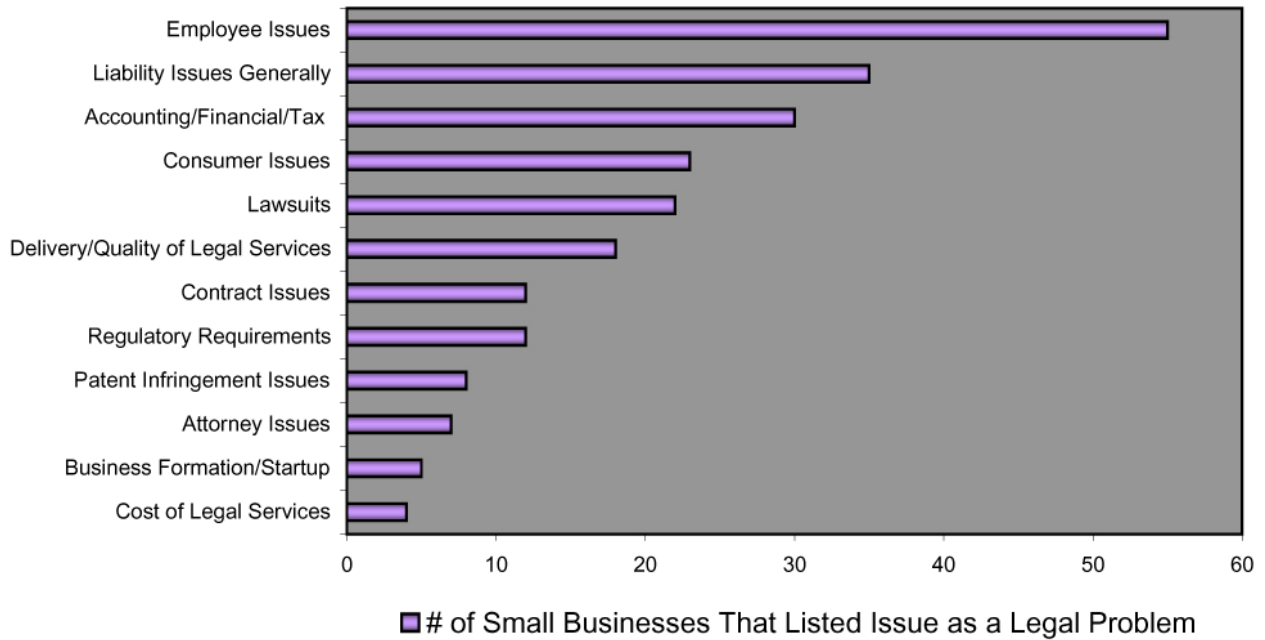
- DFEH Cases By Discriminatory “Basis”
- DFEH Cases By Adverse Action
- Top Legal Problems Facing Small Business
- Employee Legal Problems Facing Small Business
- Small Business Problems with Lawyers/Legal Information
- Negative Consequences If Not Proactive
- Willingness To Pay to Reduce/Manage Legal Risk

## Avoid Wiping Out Your Small Business From A Wage & Hour Class Action Lawsuit

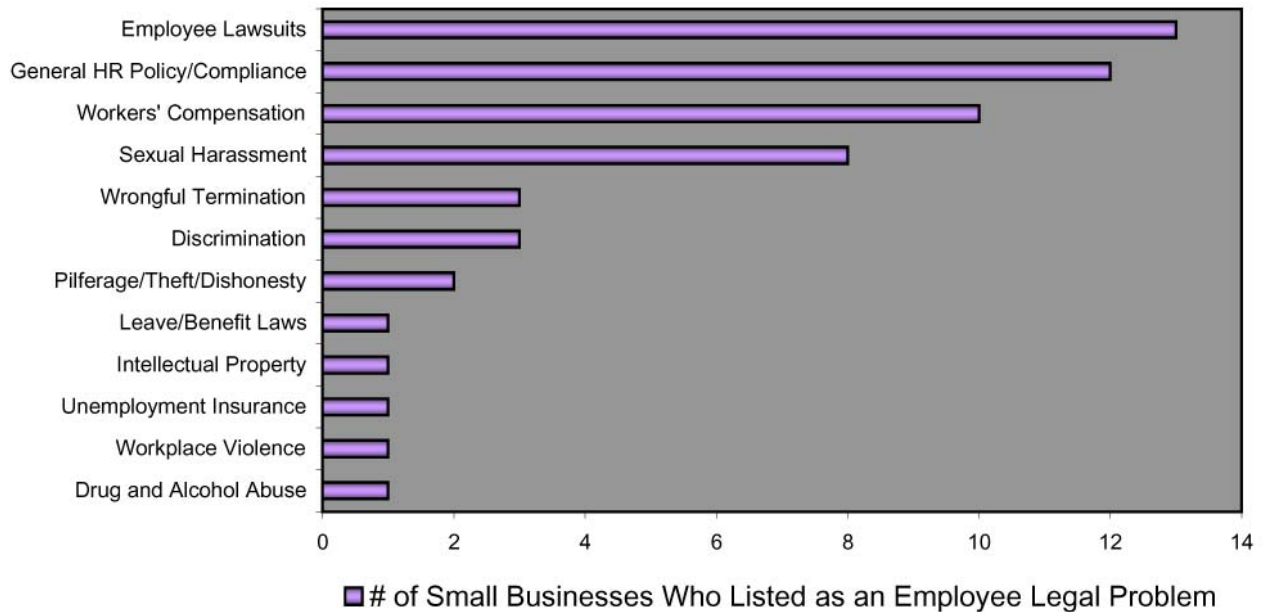


## Avoid Wiping Out Your Small Business From A Wage & Hour Class Action Lawsuit

### Top Legal Problems Facing Small Business

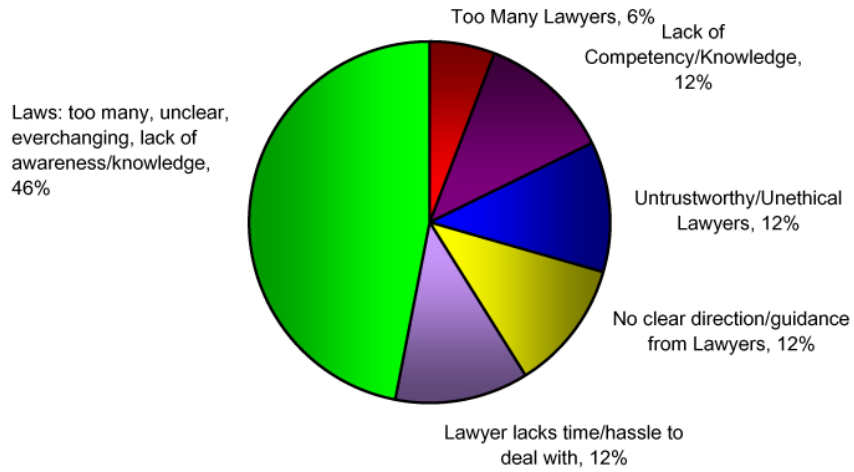


### Employee Legal Problems Facing Small Business

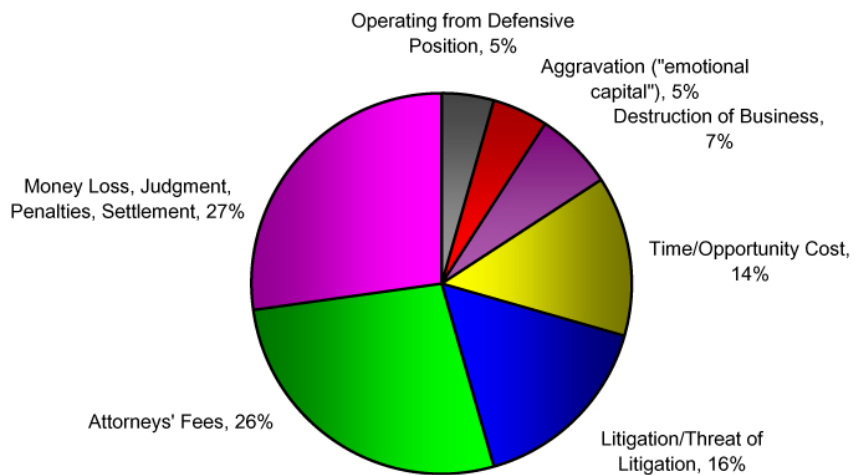


## Avoid Wiping Out Your Small Business From A Wage & Hour Class Action Lawsuit

### Small Business Problems with Lawyers/Legal Information



### Small Business Survey -- Negative Consequences If Not Proactive



## Avoid Wiping Out Your Small Business From A Wage & Hour Class Action Lawsuit

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### Small Business Willingness to Pay to Reduce/Manage Legal Risk

