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Stiffing on Employee Overtime can Cost Companies Big Time!

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The State and US Dept. of Labor (DOL) are increasingly paying attention to wage-and-hour calculations and thus launching more wage and hour exams.

The Plot Unintentionally or otherwise, a NJ landscaper cut some corners, and recently got raked over by the DOL. Fullerton Grounds Maintenance, a Kenvil-based landscaping service, failed to pay more than \$500,000 in OT to its employees, per the NJ Dept. of Labor & Workforce Development's Division of Wage & Hour Compliance.

The DOL Harvest A 6-month investigation revealed that workers had not been paid \$529,898, collectively, in OT for time worked over 40 hours a week. The employer cooperated with the investigation, according to the State, "and agreed to perform a self-audit to calculate the amounts owed to the 362 employees who were paid improperly."

The NJ DOL investigation also determined that the landscaping company took illegal deductions for uniforms and other items not permitted by the NJ Wage Payment Law.

Another DOL Shopping Spree An employee-generated 2019 NJ DOL audit recovered \$133,490 for nine underpaid supermarket workers. A US DOL exam of R&J Supermarket Corp. in Jersey City, revealed OT, minimum wage and recordkeeping violations. For deficient employee records, the employer paid \$49,349 in penalties.

A Growing Concern The pace of wage-hour investigations — many of which are triggered by employee complaints, is on the rise. In 2018, the US DOL's Wage and Hour Division (WHD) recovered \$304 million in back wages. As these NJ audits reflect, once an agency begins to investigate your firm, there's no telling what it'll turn up.

More Concern US and State agencies aren't the only ones chasing after companies. Employers will confront more wage-hour class action suits as more plaintiff-lawyers take up the charge. There's been "an on-going migration of skilled plaintiffs' class action lawyers into the wage and hour litigation space for close to a decade," according to the *Annual Workplace Class Action Report* by the Chicago law firm Seyfarth Shaw LLP,

An Ounce of Prevention... firms should keep up with the latest developments in State and US wage and hour regulations. They should consult with their legal and accounting advisor regarding any employee classification, overtime or other questions. At Urbach & Avraham, CPAs, we work with many experienced employment attorneys.

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