

FALL 2009

LABOR AND EMPLOYMENT OBSERVER

NEWS ON CONTEMPORARY ISSUES

MESSAGE FROM THE CHAIR

TO THE FRIENDS OF COZEN O'CONNOR:

Our Fall 2009 Labor and Employment Law Observer covers a multitude of topics of interest to in-house counsel, human resources professionals and corporate management. Many of these articles are particularly timely given the changing social climate. These articles include:

- An overview of the new Genetic Information Anti-Discrimination Act;
- A discussion of a recent decision by the Third Circuit Court of Appeals that may affect gender stereotyping claims;
- · The latest developments in employment verification measures; and
- Wellness programs.

You can read about these and other recent labor and employment developments in this issue of the Observer.

We welcome your inquiries on the articles in this Observer, other matters of interest to you and suggestions for future topics.

Mark J. Foley

Chair, Labor & Employment

IN THIS ISSUE

Message from the Chair			
			N VID .
		Philadelphia Atlanta	New York Downtown New York Midtown
		Charlotte	Newark
		Cherry Hill	San Diego
		Chicago	Santa Fe
		Dallas	Seattle
		Denver	Toronto
Harrisburg	Trenton		
Houston	Washington, DC		

W. Conshohocken Wilkes-Barre

Wilmington

London

Miami

Los Angeles

NEWS ON CONTEMPORARY ISSUES

EXPECT MORE "GENDER STEREOTYPING" CLAIMS

Jeffrey L. Braff

t has long been the law of the land that discrimination on the basis of an employee's sex is unlawful. And in 1989, in *Price Waterhouse v. Hopkins*, the U.S. Supreme Court ruled that making employment decisions based upon gender-based stereotypes is a form of unlawful sex discrimination.

Ann Hopkins claimed that she had been denied a partner-ship with Price Waterhouse because she did not conform to the accounting firm's view of how women should behave: she was aggressive; she used profanity; she was not charming; and she did not walk, talk, or dress in a feminine manner. A plurality of the Court noted that "we are beyond the day when an employer [can] evaluate employees by assuming or insisting that they matched the stereotype associated with their group, for in forbidding employers to discriminate against individuals because of their sex, Congress intended to strike at the entire spectrum of disparate treatment of men and woman resulting from sex stereotypes."

However, neither federal law nor most state and local fair employment practice laws prohibit discrimination based upon an employee's sexual orientation. (The City of Philadelphia, which has its own Fair Practices Ordinance, is one exception.) With respect to gay or lesbian employees, this presents an interesting issue. For those employees, isn't discrimination based upon stereotypes regarding their gender (which is unlawful) really discrimination based upon their sexual orientation (which is not unlawful)? The U.S. Court of Appeals for the Third Circuit (which covers Pennsylvania, New Jersey, and Delaware) has just answered this question with a resounding "No".

Prowel v. Wise Business Forms, decided on August 28, 2009 involved a homosexual male who alleged that he was harassed and laid off based upon sexual stereotyping by his employer. More specifically, in contrast to other men at the company, Brian Prowel testified that the adverse actions taken against him were because he had a high voice and did not curse; was very-well groomed; wore what others would consider dressy clothes; was neat; filed his nails instead of ripping them off with a utility knife; crossed his legs and had a tendency to

shake his foot "the way a woman would sit;" walked and carried himself in an effeminate manner; drove a clean car; had a rainbow decal on the trunk of his car; and talked about things like art, music, interior design and décor.

In support of its motion for summary judgment seeking to have the case dismissed without a trial, the company argued that Prowel's lawsuit was merely a claim for sexual orientation discrimination repackaged as a gender stereotyping claim to avoid dismissal. The trial court agreed and granted the company's motion.

On appeal, the trial court's decision was reversed. The Third Circuit acknowledged that discrimination on the basis of sexual orientation is not unlawful, and that it would be inappropriate to convert every case of sexual orientation discrimination (of which there was substantial evidence in the case before it) into a triable case of gender stereotyping discrimination. Nevertheless, the court held that there is no basis in the statute or case law "to support the notion that an effeminate heterosexual man can bring a gender stereotyping claim, while an effeminate homosexual man may not."

"...there is no basis ...'that an effeminate heterosexual man can bring a gender stereotyping claim, while an effeminate homosexual man may not."

Prowel recognizes that an employer's actions can be motivated by both sexual orientation and gender stereotyping, and that the differences between the two may not always be easy to discern. However, with this decision, which will apply equally to lesbians and probably transgendered individuals as well, the court provides a clear roadmap for plaintiffs: focus on evidence of gender stereotyping, and stay away from evidence relating to sexual orientation.

For more information, please contact Jeffrey L. Braff at 215.665.2048 or jbraff@cozen.com.

To obtain additional copies, permission to reprint articles, or to change mailing information, please contact: Eric Kaufman, Director of Marketing Operations at 800.523.2900 or ekaufman@cozen.com.



HAVE YOU MET GINA? NOW IS THE TIME TO GET WELL-ACQUAINTED

Emily S. Miller

he Genetic Information Anti-Discrimination Act of 2008 ("GINA" or "the Act") will take effect on November 21, 2009. Covered employers should start learning about this new anti-discrimination law now, to ensure compliance come November.

THE BASICS

Title II of GINA prohibits discrimination in employment based on a person's genetic information, or the genetic information of a person's family members, and requires covered entities to protect the confidentiality of individuals' genetic information. GINA applies to all entities covered under Title VII of the Civil Rights Act of 1964 ("Title VII"); i.e., employers with 15 or more employees, employment agencies, labor unions, and joint labor-management training programs. It also applies to federal employers covered by Section 717(a) of the Civil Rights Act of 1964, such as military departments, executive agencies, and the United States Postal Service.

The term "genetic information" is generally defined as information about (1) genetic tests that an individual has undergone, (2) the genetic tests of an individual's family members, and (3) the manifestation of a disease or disorder in a family member. More specifically, the term "genetic information" encompasses use of genetic services (such as counseling) or participation in clinical research involving such services. The Equal Employment Opportunity Commission ("EEOC"), which is tasked with enforcing GINA, has issued proposed regulations which state that "genetic information" also includes genetic information of a fetus or an embryo. Final regulations were expected in May, but have not yet been released.

KEY PROVISIONS

GINA makes it unlawful for an employer to "fail or refuse to hire, or to discharge, any employee, or otherwise to discriminate against any employee with respect to the compensation, terms, conditions, or privileges of employment of the employee, because of genetic information with respect to the employee." GINA also prohibits retaliation against an individual due to his or her opposition to genetic discrimination, or to his or her participation in an investigation, hearing, or proceeding addressing alleged genetic information discrimination.

Additionally, an employer generally is not permitted to request, require, or purchase genetic information with respect to an employee or family member of the employee. There is an exception to this prohibition, however, if all of the following apply:

- the employer is offering health or genetic services (such as a wellness program);
- the employee provides "prior, knowing, voluntary, and written authorization" on a form that is easy to understand, specifies the types of information that will be obtained, explains how it will be used, and describes GINA's restrictions on the disclosure of genetic information;
- only the employee (or family member, if the family member is receiving the services) and the health care provider or genetic counselor involved receive individually identifiable information with respect to the results of the services; and
- the employer does not receive any individually identifiable genetic information about the service recipients. (Employers are, however, permitted to receive aggregate results of such services, so long as the identity of specific employees is not disclosed therein.)

GINA also requires that any genetic information a covered entity has about an employee must be kept held in strict confidence. An employer can meet this requirement simply by keeping genetic information in the same file in which it maintains confidential medical information pursuant to the Americans with Disabilities Act.

VIOLATING THE ACT, AND THE CONSEQUENCES

It is important for employers to understand that, even when genetic information is legally obtained or disclosed, that information still cannot be factored into any employment decision. That's because although the prohibitions against acquiring and disclosing genetic information have exceptions, GINA's prohibition against discrimination is absolute. For example, imagine a person applying for a position with an organization that provides services to cancer patients mentions that she is especially interested in the job because many women in her family have had breast cancer. If the

Comments in the Cozen O'Connor Labor and Employment Observer are not intended to provide legal advice. Readers should not act or rely on information in the Observer without seeking specific legal advice from Cozen O'Connor on matters which concern them.

NEWS ON CONTEMPORARY ISSUES

employer finds itself deciding between that woman — whom the employer now knows could be prone to serious illness — and another applicant who did not reveal any such information, the employer cannot take the first applicant's family history into consideration. By the same token, that same employer is not permitted to ask an applicant or employee if he has a history of cancer in his family.

The administrative and enforcement procedures under GINA are the same as those applicable to Title VII. Employers found to have violated GINA can be held liable for compensatory and punitive damages, reasonable attorney's fees, and injunctive relief (including reinstatement and hiring, back pay, and other equitable remedies). Unlike other anti-discrimination laws, GINA currently does not allow for claims based on a theory of disparate impact. However, the Act explicitly leaves the possibility open that disparate impact claims will be permitted in the future.

ACTION ITEMS

Employers and other covered entities should begin bringing themselves into compliance with GINA now, to avoid becom-

ing a test case come November. First, all managers, supervisors, and human resources personnel should familiarize themselves with the basic provisions of the Act. Employers also must update their policies and procedures to include GINA's requirements. In this respect, it is particularly important for employers to understand that, while the Americans with Disabilities Act permits them to obtain family medical histories or conduct genetic tests of job applicants after an offer has been made (provided certain caveats are met), these practices are prohibited under GINA. Therefore, employers should amend their hiring policies and procedures to remove reference to such practices, and must stop engaging in such practices effective November 21, 2009. Finally, all covered entities should contact their labor and employment counsel to assess how GINA is likely to affect them specifically, and should work with counsel to ensure GINA-readiness.

For more information, please contact Emily S. Miller at 215.665.2142 or esmiller@cozen.com.

D.C. CIRCUIT REAFFIRMS THE RIGHT OF A PURCHASER OF A UNIONIZED FACILITY TO SET INITIAL TERMS AND CONDITIONS OF EMPLOYMENT S&F Market Street Healthcare, LLC v. NLRB, 570 F.3d 354 (D.C. Cir. 2009)

Andrew J. Rolfes

nder the National Labor Relations Act ("NLRA"), when an employer purchases the assets of a unionized company, the purchaser will be deemed to be a successor employer, and have an obligation to recognize and bargain with the union representing the seller's employees if there is substantial continuity in operations and a majority of the new employer's workforce is hired from the employees of the seller. As a general rule, a successor employer normally retains the right to set the initial terms and conditions of

employment under which the employees of the predecessor will be hired. *NLRB v. Burns Int'l Security Services*, 406 U.S. 272, 284 (1972). In other words, a successor employer may have to recognize and bargain with the union representing the predecessor's employees, but ordinarily it will not be bound by the terms of the collective bargaining agreement between

"...a successor employer...will not be bound by the terms of the collective bargaining agreement between the predecessor and the union."

the predecessor and the union. There is an exception to this general rule in circumstances where "it is perfectly clear that the new employer plans to retain all of the employees" in the existing bargaining unit. *Burns*, 406 U.S. at 294-95. A *Burns*



"perfectly clear" successor is not permitted to set initial terms and conditions of employment unilaterally, but must bargain with the union before making any changes to the existing contract conditions.

In a recent decision, the U.S. Court of Appeals for the D.C. Circuit rejected the NLRB's expanding interpretation of the "perfectly clear" exception under *Burns*, and reiterated that the analysis of a successor employer's bargaining obligation starts with the presumption that the successor enjoys the right to set its own terms and conditions of employment. *S&F Market Street Healthcare*, *LLC v. NLRB*, 570 F.3d 354 (D.C. Cir. 2009). Because the D.C. Circuit has nationwide jurisdiction over appeals from NLRB decisions, the decision in *S&F* provides some needed comfort and clarity for all employers contemplating an asset purchase that involves a unionized facility.

The employer in S&F acquired a nursing home operated by another company. The seller's employees were represented by a union. Prior to taking over the facility, the purchaser distributed employment applications to the seller's employees, and conducted interviews of those interested in continuing employment with the new owner. Those applications advised applicants that any offer of employment would be contingent upon passing a pre-employment physical and drug test, and noted that the purchaser intended "to implement significant operational changes." During the job interviews, applicants also were told that any employment would be atwill, would be temporary, lasting no more than 90 days, and would be subject to the terms in the company's employee handbook. Employees who were hired also were required to sign an agreement to arbitrate any disputes related to, inter alia, the termination of their employment. The overwhelming majority of the 120 employees initially hired by the new company came from the predecessor's employees.

The union representing the predecessor's employees demanded that the new company recognize and bargain with it over the terms of a new contract. The purchaser refused, and the union filed a number of unfair labor practice charges. An administrative law judge found that the purchaser violated the NLRA by refusing to recognize the union, but rejected

the claim that the purchaser was a "perfectly clear" successor under *Burns*. On appeal, the NLRB held that the purchaser was a "perfectly clear" successor, and therefore was bound by the terms of the predecessor's contract because it had not announced its intent to alter the "core terms and conditions of employment" of the predecessor's employees.

The D.C. Circuit rejected the Board's interpretation of the "perfectly clear" exception. In doing so, the Court of Appeals emphasized that the "perfectly clear" exception is intended to be a narrow one, intended only to "prevent an employer from inducing possibly adverse reliance on the part of employees it misled or lulled into not looking for other work." 570 F.3d at 359. While the purchaser in S&F did not specifically tell the predecessor's employees that they would be working under "different core terms and conditions of employment," it did tell them that employment would be at-will, they would be governed by the new company's employee handbook, and would be subject to a different arbitration procedure. According to the Court, that was more than enough to alert those employees that they should expect changes from the terms and conditions they worked under prior to the transaction. As the Court summarized, "the Board presumed the predecessor's terms and conditions must remain in effect unless the successor employer specifically announced it will change 'core' terms and conditions. Thus does the exception in Burns swallow the rule. Under the proper standard, S&F clearly comes within the protection of the rule, rather than the straightjacket of the exception." Id. at 361-62.

The D.C. Circuit's decision in S&F reigns in the NLRB's recent tendency to apply an overreaching interpretation of the Burns "perfectly clear" rule, and offers protection to employers in asset purchase transactions. Nonetheless, the best advice for any employer contemplating an asset purchase involving a unionized facility remains to make clear its intent to set the initial terms and conditions of employment for all employees to be hired to staff that facility.

For more information, please contact Andrew J. Rolfes at 215.665.2776 or arolfes@cozen.com.

NEWS ON CONTEMPORARY ISSUES

PROMOTING GOOD HEALTH MAY BE COSTLY

Michael C. Schmidt

ellness programs are at the forefront of many employers' workplace agendas, as employers look to provide a public service benefit to their employees, and at the same time perhaps look to reduce the loss of productivity due to sickness or injury. In conjunction with those efforts, some employers promote the use of gym memberships for their employees, either in facilities operated in the company's own building, or through discounted memberships at a nearby gym.

However, a New York appellate court issued a decision this summer finding that the employer in that case was responsible for paying workers' compensation benefits after an employee sustained an injury during his use of a gym. It is imperative, therefore, that employers take steps to review their existing wellness programs and evaluate the potential for liability.

"It is imperative, therefore, that employers take steps to review their existing wellness programs and evaluate the potential for liability."

Every state has enacted a form of workers' compensation scheme to compensate employees who suffer a work-related injury. Workers' compensation coverage is mandatory in most states, including New York where employers are permitted to insure either by a commercial workers' compensation insurance policy, by purchasing the requisite insurance through the New York State Insurance Fund, or by self-insurance upon approval by the New York Workers' Compensation Board ("WCB"). An employer's insurance premiums may be affected by, among other things, the frequency of accidents and claims.

In New York, like many other states, in order to be entitled to workers' compensation benefits, an employee's injury or illness "must arise out of and be in the course and scope of employment." Many activities in which an employee engages, and during which an injury will be sustained, clearly fall within the definition, such as an employee who hurts her

back while bending to add paper to a copy machine. Other activities, however, become more problematic to assess, for example certain recreational activities conducted by an employee during, or even before or after, normal working hours.

In *Torre v. Logic Technology, Inc.*, the Claimant was employed by a company that performed on-site work for General Electric. While participating in an exercise class at a General Electric fitness center, Claimant suffered a spinal cord injury and sought workers' compensation benefits from his employer. An administrative law judge initially determined after a hearing that Claimant's injury did in fact arise out of and in the course of his employment, and thus awarded benefits. That decision was affirmed by the WCB, and was then appealed to New York's Appellate Division.

On appeal, the Appellate Division agreed that Claimant was entitled to workers' compensation benefits. Finding first that Claimant was "neither compensated for nor required to participate in" the gym-related activity (factors that would have supported the grant of benefits in the first instance), the Court held that workers' compensation benefits may still be awarded if the employer "sponsored the activity," which has been interpreted by courts in New York as requiring a showing of "an affirmative act or overt encouragement by the employer to participate."

The Appellate Division in *Torre* found that the Claimant in that case made the required showing:

Claimant was encouraged by the employer to have a gym membership. Indeed, the employer offers reimbursement to its employees for half of their G.E. Fitness Center membership fees, although claimant elected not to seek that reimbursement. Moreover, claimant's position required him to develop contacts with current and prospective clients, and both he and the employer's president stated that participating in the circuit class furthered that function.

Clearly, the *Torre* decision was based solely on an interpretation of New York's workers' compensation scheme. For employers outside of New York, or with offices in multiple states, it is advisable to determine the extent to which other states have taken, or would likely take, a similar position under another workers' compensation scheme. Nevertheless, the

New York Appellate Division's ruling in *Torre* offers some guidance for employers who seek to minimize potential liability in this setting.

For employers seeking to avoid a determination that they "sponsored" a particular recreational or physical activity, an evaluation should be performed to assess where the current benefit or wellness program falls on the spectrum. On one hand, a court is more likely to find the requisite affirmative act or overt encouragement when the employer subsidizes a portion of an activity or gym membership, or otherwise offers other types of incentives for an employee to participate in the gym membership or activity. Similarly problematic may be if the employer strongly encourages a particular gym membership as part of a wellness program, and allows a representative on site to solicit memberships with a group discount for company employees.

On the other hand, courts in New York have found that injuries fall outside the workers' compensation scheme when the

employer exhibited only "passive acquiescence" to employees engaging in physical activity, such as for example when an employer permits a basketball game to be played on the employer's premises as a matter of convenience, even though no overt sponsorship or promotion has occurred. For those employers who accept the possibility that a particular activity might be covered by workers' compensation, steps should be taken to ensure that the activity is safely operated as much as possible, to minimize the patent risks that could lead to a covered injury or illness.

Wellness programs and the promotion of fitness provide a valuable benefit to employees. However, employers should understand the potential liability for injuries sustained by their employees, particularly in situations where the exposure was unintended or previously unknown.

For more information, please contact Michael C. Schmidt at 212.453.3937 or mschmidt@cozen.com.

LEGAL DEVELOPMENTS IN EMPLOYMENT AUTHORIZATION VERIFICATION MEASURES: WHAT EMPLOYERS NEED TO KNOW Elena Park

oon after the Obama Administration put the new head of the Department of Homeland Security (DHS) in place, the agency had to deal with two draft regulations that had been put on the back burner for some time. The first—the so-called social security no-match regulation—was nixed by the DHS without much elaboration. The no-match regulation, introduced by DHS through its police arm, Immigration and Customs Enforcement (ICE), proposed to hold employers liable for constructive knowledge of hiring unlawful workers who were the subject of no-match letters from the Social Security Administration, if the employers did not clear-up or terminate such employees within a prescribed period. The SSA regularly mails out these no-match letters to employers on behalf of certain employees whose social security numbers do not match their names on the

SSA database. Opponents of the no-match regulation argued that the social security numbers bear little correlation to immigration status, and holding employers accountable for clearing up discrepancies would be costly to administer and ineffective in curtailing unlawful employment. With the regulation abandoned, employers again have little guidance on their obligations upon receiving no-match letters from the SSA.

While the DHS backed-off on the social security no-match regulation, in the same announcement the agency expressed support for the regulation requiring E-Verify for federal contractors. After the regulation was upheld by a federal district judge on August 25th, 2009, the effective date of September 8th, 2009 was solidified. This regulation is close to the flipside of the no-match regulation, which aimed to identify suspected unlawful employment using mismatched social security numbers. The purpose of the E-verify regulation is to force federal contractors to match the employee's social security number, as well as other data, to confirm employment authorization. To date, employer participation in E-Verify was voluntary. Pursuant to the regulation, however, most contracts with the United States government after September

NEWS ON CONTEMPORARY ISSUES

8th must contain a provision mandating that the contractor verify the employment eligibility of new hires with E-Verify during the contract term. In addition, the contractor will be required to verify whether current employees who are directly assigned to the contract are authorized to work. Within 30 days after being awarded contracts with the E-Verify clause, contractors are required to register onto E-Verify. The contractor must commence E-Verifying all new employees and those assigned to the contract within 90 days of registration.

While the DHS backs E-Verify as an enforcement device, the system has its limits. The E-Verify system is not error-proof. Individuals who may be unlawful are confirmed as lawful, while those who are authorized to work may have trouble being confirmed on the system. Neither does the E-verify system identify an employee's immigration status, nor fully protect against identity theft. In addition, E-Verify does not provide a safe harbor for employers—companies are still liable for constructive knowledge of unlawful workers, whether

these employees were confirmed in E-Verify or not. On the other hand, zealous over-use of E-Verify is prohibited: except for the narrow exception provided for in the federal contractor regulation, E-Verify cannot be used to verify existing employees, nor can it be used to pre-screen job candidates. Lastly, E-verify does not excuse the proper completion of the DHS' I-9 Employment Verification form: E-Verify must be used in addition to proper adherence to the I-9 verification procedure.

In the DHS' ongoing efforts to enforce immigration laws, the agency will continue to push the use of automatic employment verification systems such as E-Verify. Although E-verify is only required of federal contractors now, the possibility that the system will become mandatory for all employers is in the foreseeable future.

For more information, please contact Elena Park at 610.941.2359 or epark@cozen.com.

CONCERTED REFUSALS TO WORK OVERTIME MAY VIOLATE FEDERAL HEALTHCARE LEGISLATION

Jeffrey I. Pasek

vertime work is controversial in the healthcare industry, and in recent years several states have adopted laws to ban mandatory overtime except in cases of an emergency. Most of these laws have been passed at the urging of unions who argue that tired workers increase patient risks. Of course, these same unions stand to gain members as hospitals and nursing homes increase staffing to comply with the ban on mandatory overtime.

In early August, the healthcare unions got a little lesson of their own when a federal appellate court in California upheld a ruling by the National Labor Relations Board that a local union violated federal law by calling for its members to refuse to perform overtime work without giving the employer at least ten days prior notice. (SEIU, United Healthcare Workers-West v. NLRB, 9th Cir. 8/3/09)

The case arose at a California hospital where the housekeepers and linen aides were represented by a local of the Service Employees International Union. Although their contract prohibited mandatory overtime except in an emergency, the hospital had historically relied on voluntary overtime to make up for staffing shortages. The issue came to a head when the hospital proposed a change in the way that it processed linens that the union claimed would amount to subcontracting in violation of the union contract. Unwilling to file a grievance and just let the grievance process take its course, the union called on its members to refuse to perform any overtime work for a week. Almost immediately, the hospital was unable to find any volunteers to work overtime.

The hospital filed an unfair labor practice charge against the union for failing to provide timely notice of its action. Under Section 8(g) of the National Labor Relations Act, unions must give at least ten days notice of any strike, picketing or other concerted refusal to work at a healthcare institution. The union argued that both state law and the union contract prohibited mandatory overtime.

Recognizing that employees were entitled to decline overtime work, the court observed that no violation of the law would necessarily occur even if all the employees, acting independently, were unwilling to volunteer for overtime. Here, however, the members did not act on an individual basis. Rather, their action was a concerted refusal to work because it was orchestrated by the union.

This case marks a growing trend to find conduct unlawful if done on a group basis even if the same conduct would be protected on an individual basis by an employee in the healthcare industry. Thus, employees are legally protected when they individually refuse to cross a picket line, but are subject to being discharged if they engage in the same conduct on a concerted basis without providing then necessary ten-day notice applicable to the healthcare industry.

The real winners from this decision are members of the public who are insured that the continuity of their healthcare cannot be interrupted without adequate notice as a result of a labor dispute.

For more information, please contact Jeffrey I. Pasek at 215.665.2072 or jpasek@cozen.com.

FEDERAL MINIMUM WAGE INCREASED TO \$7.25 PER HOUR

George A. Voegele, Jr.

n Friday, July 24, 2009, the federal minimum wage increased from \$6.55 to \$7.25 per hour. This was the last of three increases called for by the Fair Minimum Wage Act of 2007. This latest increase raised the minimum wage in thirty states (Alabama, Alaska, Arkansas, Delaware, Florida, Georgia, Idaho, Indiana, Kansas, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Wisconsin and Wyoming) where the state minimum wage was set at or below the federal minimum wage, or there is no state minimum wage.

The law provides certain exceptions to the new federal minimum wage rate. For example, tipped employees can still be paid a lower rate of \$2.13 an hour in direct wages so long as that amount plus the tips received equals the new federal minimum wage. Companies can also pay new employees under twenty years of age a reduced "training wage" during their first ninety days of employment.

It is important to note that some states, including California, Colorado, Connecticut, Illinois, Massachusetts, Michigan, Nevada, New Mexico, Ohio, Oregon, Rhode Island, Vermont and Washington, as well as the District of Columbia, have minimum wage rates higher than the new federal minimum.

Where federal and state law have different minimum wage rates, the higher rate must be paid to covered employees.

It is also important to note that the federal minimum wage increase applies to employees covered by collective bargaining agreements, so that if a company has an agreement which calls for wages below the new federal or state minimums, those wage rates will need to be adjusted in order to comply with federal and state law.

Employers do not need new Federal Minimum Wage Posters, as editions since 2007 have included references to the 2009 increase. (The Fair Labor Standards Act (FLSA) requires that employers post a notice explaining the FLSA's requirements in a conspicuous place at all of their work sites). DOL's approved Minimum Wage Poster is available from the Department of Labor's website at the following link: http://www.dol.gov/esa/regs/compliance/posters/flsa.htm.

The minimum wage rate change may require the attention of an organization's human resources, payroll, or compensation professionals to ensure compliance with federal and state wage and hour laws. If you would like to discuss any aspects of this change and how it might impact your business or organization, please contact any of the Cozen O'Connor Labor and Employment Department lawyers.

For more information, please contact George A. Voegele, Jr. at 215.665.5595 or gvoegele@cozen.com.



DIRECTORY OF OFFICES

PRINCIPAL OFFICE: PHILADELPHIA

1900 Market Street • Philadelphia, PA 19103-3508

P: 215.665.2000 or 800.523.2900

F: 215.665.2013

For general information please contact:

Joseph A. Gerber

ATLANTA

SunTrust Plaza 303 Peachtree Street, NE Suite 2200 Atlanta, GA 30308-3264 P: 404.572.2000 or 800.890.1393 F: 404.572.2199

Contact: Kenan G. Loomis

CHARLOTTE

301 South College Street One Wachovia Center, Suite 2100 Charlotte, NC 28202-6037 P: 704.376.3400 or 800.762.3575 F: 704.334.3351

Contact: T. David Higgins, Jr.

CHERRY HILL

LibertvView 457 Haddonfield Road, Suite 300, P.O. Box 5459 Cherry Hill, NJ 08002-2220 P: 856.910.5000 or 800.989.0499 F: 856.910.5075 Contact: Thomas McKay, III

CHICAGO

222 South Riverside Plaza, Suite 1500 Chicago, IL 60606-6000 P: 312.382.3100 or 877.992.6036 F: 312.382.8910 Contact: Tia C. Ghattas

DALLAS

Comerica Bank Tower 1717 Main Street Dallas, TX 75201-7335 P: 214.462.3000 or 800.448.1207 F: 214.462.3299 Contact: Anne L. Cook

DENVER

707 17th Street, Suite 3100 Denver, CO 80202-3400 P: 720.479.3900 or 877.467.0305 F: 720.479.3890

Contact: Brad W. Breslau

HARRISBURG

305 North Front Street, Suite 400 Harrisburg, PA 17101-1236 P: 717.703.5900 or 877.868.0840 F: 717.703.5901

Contact: Frances R. Roggenbaum

HOUSTON

One Houston Center 1221 McKinney Street, Suite 2900 Houston, TX 77010-2009 P: 832.214.3900 or 800.448.8502 F: 832.214.3905

Contact: Joseph A. Ziemianski

LONDON

9th Floor, Fountain House 130 Fenchurch Street London, UK EC3M 5DJ P: 011.44.20.7864.2000 F: 011.44.20.7864.2013 Contact: Simon D. Jones

LOS ANGELES

777 South Figueroa Street Suite 2850 Los Angeles, CA 90017-5800 P: 213.892.7900 or 800.563.1027 F: 213.892.7999 Contact: Howard Maycon

MIAMI

Wachovia Financial Center 200 South Biscayne Boulevard **Suite 4410** Miami, FL 33131 P: 305.704.5940 or 800.215.2137 F: 305.704.5955 Contact: Richard M. Dunn

NEW YORK DOWNTOWN

45 Broadway Atrium, Suite 1600 New York, NY 10006-3792 P: 212.509.9400 or 800.437.7040 F: 212.509.9492 Contact: Geoffrey D. Ferrer

NEW YORK MIDTOWN

250 Park Avenue New York, NY 10177 P: 212.509.9400 or 800.437.7040 F· 212 509 9492 Contact: Abby M. Wenzel

NEWARK

One Gateway Center, Suite 2600 Newark, NJ 07102-5211 P: 973.353.8400 or 888.200.9521 F: 973.353.8404 Contact: Rafael Perez

SAN DIEGO

501 West Broadway, Suite 1610 San Diego, CA 92101-3536 P: 619.234.1700 or 800.782.3366 F: 619.234.7831

Contact: Blanca Ouintero

SANTA FE

125 Lincoln Avenue, Suite 400 Santa Fe, NM 87501-2055 P: 505.820.3346 or 866.231.0144 F: 505.820.3347 Contact: Harvey Fruman

SEATTLE

1201 Third Avenue, Suite 5200 Seattle, WA 98101-3071 P: 206.340.1000 or 800.423.1950 F: 206.621.8783 Contact: Jodi McDougall

TORONTO

One Queen Street East, Suite 1920 Toronto, Ontario M5C 2W5 P: 416.361.3200 or 888.727.9948 F: 416.361.1405

Contact: Christopher Reain

TRENTON

144-B West State Street Trenton, NJ 08608 P: 609.989.8620 Contact: Rafael Perez

WASHINGTON, DC

The Army and Navy Building 1627 I Street, NW, Suite 1100 Washington, DC 20006-4007 P: 202.912.4800 or 800.540.1355 F: 202.912.4830 **Contact: Barry Boss**

WEST CONSHOHOCKEN

200 Four Falls Corporate Center Suite 400, P.O. Box 800 West Conshohocken, PA 19428-0800 P: 610.941.5400 or 800.379.0695 F: 610.941.0711 **Contact: Ross Weiss**

WILKES-BARRE

120 South Franklin Street Wilkes-Barre, PA 18701 P: 570.970.8030 F: 570.826.1408

WILMINGTON

Chase Manhattan Centre, Suite 1400 1201 North Market Street Wilmington, DE 19801-1147 P: 302.295.2000 or 888.207.2440 F: 302.295.2013 Contact: Mark E. Felger

PLEASE CONTACT ANY OF OUR OFFICES FOR ADDITIONAL INFORMATION OR VISIT US ONLINE AT WWW.COZEN.COM