

Law of the Workplace

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CLIENT ALERT

DOL AND IRS SET TO INCREASE ENFORCEMENT EFFORTS

The Obama Administration is sending an aggressive message to employers through its Department of Labor (DOL): comply with federal employment and labor standards or else. Last month, the DOL announced a significant increase in its investigation and enforcement practices, hiring 250 new wage and hour investigators - a staff increase of more than one third. The substantial increase in investigators is an attempt to provide enhanced enforcement efforts and ensure prompt response to complaints of federal employment law violations. The DOL is expected to focus on violations of wage and hour laws and misclassification of employees as independent contractors.

In the DOL's announcement, Secretary of Labor Hilda Solis stated that "[t]here is no excuse for employers who disregard federal labor standards - especially those that are designed to protect the most vulnerable in the workplace." Secretary Solis cited the fact that the DOL has recently recovered substantial sums of money through settlement of enforcement investigations - suggesting there is much more to come.

The Internal Revenue Service is following the DOL's lead, also announcing that it will audit approximately 6,000 companies over a three year period beginning in February 2010. To accomplish this goal, the IRS is forming an "Employment Tax National Research Project," (Project) the first of its kind since the 1980s. The Project will study significant changes in business practices concerning employment tax issues and determine compliance with employment tax areas.

In light of the DOL and IRS's aggressive enforcement positions, employers should conduct a thorough review of all employment practices and procedures, including employee classification and pay practices, to ensure they are in compliance with federal employment labor laws and to minimize exposure. Employers with questions concerning this Alert, or any other labor or employment law issues, may call the attorneys of Siegel, O'Connor, O'Donnell & Beck, P.C. at 860-727-8900 or by visiting us online at www.siegelconnor.com

This material is intended to provide you with information regarding a noteworthy legal development. It should not be regarded as a substitute for legal advice concerning specific situations in your operation. If you have any questions or would like additional information on this topic, please contact our Firm at (860) 727-8900 or www.siegelconnor.com.

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