



New Court Ruling Is Good News for Casinos

TABLE GAME SUPERVISORS FOUND TO BE EXEMPT

Insights

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In a case that has significant implications for the gaming industry, a federal judge in the Northern District of Indiana has ruled in Harrah's favor on overtime claims brought by over 30 Table Game Supervisors employed at its former East Chicago facility. *Allen, et. al. v. Harrah's*.

Harrah's argued that the Table Game Supervisors were exempt from the overtime requirements of the Fair Labor Standards Act (FLSA) because they were properly classified as administrative or executive employees. The federal court dismissed the case, agreeing with Harrah's that the Table Game Supervisors were exempt administrative employees who were not entitled to overtime.

Applying The Right Test

Applying the Department of Labor's "duties test" for determining exempt administrative status, the court concluded that the Table Game Supervisors 1) performed office or non-manual work directly related to management policies or Harrah's general business operations, and 2) exercised independent judgment and discretion with respect to matters of significance. In reaching those conclusions, the court focused on the cumulative weight of the numerous day-to-day administrative tasks performed by the Supervisors, including oversight of the dealers, opening and closing games, adjusting bet minimums, responsibility for customer relations, and the conduct of dealer performance appraisals.

The fact that the supervisors were a salary grade below Casino Managers in Harrah's hierarchy was deemed irrelevant in the decision. The court also stressed that even though the supervisors formally reviewed the dealers only twice a year, much of their day-to-day activity was directed at evaluating and developing the dealers with a view toward the semi-annual reviews. The fact that the Table Game Supervisors had authority relative to customer relations, such as issuing "service recoveries" and "comps," (that dealers did not possess) was also significant.

Finally, the court stressed that it was irrelevant that certain of the supervisors' administrative responsibilities (e.g., detecting gaming irregularities) were shared by other departments at the casino.

The Significance Of The Ruling

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The Indiana Federal Court's ruling has broad significance for the gaming industry. The reported decision had addressed whether Table Game Supervisors or similar casino front-line managers were exempt administrative employees based on the nature of their duties. Although not binding precedent outside of the Northern District of Indiana, this case may favorably influence other courts' consideration of this issue from the standpoint of gaming industry employers. The practical implications are significant because every casino employs numerous front-line supervisors, and many of them are often required to work in excess of a standard 40-hour workweek.

The lesson of the Harrah's decision is that one need not be at the shift manager level or above to be found exempt. Rather, floor supervisors who perform administrative tasks of importance to the casino and who regularly exercise the requisite discretion and independent judgment, particularly with respect to the oversight and development of dealers, can qualify for the administrative exemption.

This Labor Alert is meant to provide an overview of the important aspects of this ruling. It is not intended to be, nor should it be considered, as legal advice for any particular fact situation.