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Union Contract Preempts OT Fight With Rehab Center

By Dani Kass

Law360 (March 13, 2019, 7:32 PM EDT) -- A New York federal judge on Wednesday threw out a potential class action accusing a Brooklyn-based rehabilitation center of refusing to pay nurses proper overtime, saying the case relies on interpreting a collective bargaining agreement that requires arbitration.

While employees do have rights under the Fair Labor Standards Act independent of the CBA, claims that are “substantially dependent on or ‘inextricably intertwined’” with analyzing the contract “will govern the procedural trajectory of those statutory claims,” U.S. District Judge Raymond J. Dearie said in granting summary judgment to River Manor Corp.

In this case, the claims require looking first at whether Lennox Freeman worked more than the contract’s 35-hour week, before the court can go into the FLSA’s 40-hour week, the judge said. Freeman and the proposed class are covered by a contract with the 1199 SEIU United Healthcare Workers East and the Greater New York Health Care Facilities Association Inc.

“Even if plaintiff worked over 40 hours per work week and is entitled to FLSA overtime wages, his FLSA claim is nevertheless precluded by Section 301 [of the Labor Management Relations Act] because attempting to reach plaintiff’s FLSA overtime claim out of sequence with his contractual overtime claim for hours worked under 40 per week would be impractical, unworkable and would go against the judiciary’s preference for arbitration,” Judge Dearie said.

Freeman filed the potential class action in August 2017 on behalf of licensed practical nurses who currently or previously worked for River Manor Corp., which provides short-term rehabilitation, skilled nursing and long-term care services under the name Atrium Center for Rehabilitation and Nursing.

He claims that he often worked more than the seven-hour days required in the contract, but didn’t receive the expected time-and-a-half rate for those extra hours. He also claims that he was forced to work through breaks, even while having those hours docked from his paycheck.

River Manor has refused to pay that overtime because the extra hours weren’t explicitly authorized by the company as the CBA requires, the judge said.

The company moved for summary judgment in April, saying the dispute needs to be handled under the CBA’s grievance and arbitration clause, and Judge Dearie agreed.

"We are proud in our team's effort in articulating the basis which underlies Judge Dearie's thoughtful and well-reasoned decision," Atrium's attorneys at Meltzer Lippe Goldstein & Breitstone LLP said in a statement. "The decision supports the argument we continuously advanced throughout this case that deference is to be afforded to the collective bargaining process."

They added, "The decision also ensures that union employees will be held to the terms and processes set forth in their respective agreements. Indeed, given this decision, employers in New York can be confident that courts will not arbitrarily overturn the terms of an agreement that is meant to benefit not just employees, but employers as well."

Counsel for Freeman didn't immediately respond to a request for comment Wednesday.

Freeman is represented by Brian S. Schaffer, Armando A. Ortiz and Dana Cimera of Fitapelli & Schaffer LLP.

Atrium is represented by Larry R. Martinez and Christopher P. Hampton of Meltzer Lippe Goldstein & Breitstone LLP.

The case is Freeman v. River Manor Corp. et al., case number 1:17-cv-05162, in the U.S. District Court for the Eastern District of New York.

--Editing by Jack Karp.

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