



Tip Pools Present Perils For Restaurants

News

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New Orleans Managing Partner Keith Pyburn was quoted in an article published in *New Orleans City Business*.

The article entitled “Tip Pools Present Perils For Restaurants,” appeared in the e-newsletter, online, and in the newspaper.

Keith offered insight regarding the pitfalls that can come with pooling tips at restaurants and the potential to violate tip credit requirements.

Restaurants and other service industry businesses could have to defend against lawsuits if they aren’t properly distributing and reporting the tips their employees earn. At the very least, these business owners may also be missing out on a tax break.

Chain and independent restaurants have become prime targets for wage and hour lawsuits. Over the past year, the U.S. Department of Labor has targeted its investigations on businesses that have implemented a tip credit system incorrectly.

Many restaurants have their employees pool gratuities to be divided among all tipped workers. These businesses can get into trouble if they distribute that money to employees who are paid full minimum wage or salaried workers and not traditionally tipped.

“Tip pools are not allowed to include any manager,” Keith said. “But then there’s the question of whether or not someone is a manager. Is a headwaiter a waiter or a supervisor? Depending on a situation, the answer to that question can be different.”

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Keith M. Pyburn, Jr.
In Memoriam