

Minnesota Supreme Court Decisions - Highlights from 2013

Please note: Case summaries provided by Professor Peter Knapp, William Mitchell College of Law; reprinted with permission.

Employment Law: Wage Deductions

Karl v. Uptown Drink, LLC, et al., 835 N.W.2d 14

Case #A12-0166

Chief Justice Gildea

Justices Wright and Lillehaug took no part

Filed August 14, 2013

A group of about 750 servers, bartenders, and security guards brought a class action against their employers. Among other claims, the employees alleged that the employers had required them to pay for register shortages, walkouts, and unsigned credit card receipts from their gratuities in violation of Minn. Stat. § 181.79 (2012). At trial, at the close of evidence, the employees moved for directed verdict on this claim and the district court denied the motion. The jury found in favor of the employers on this claim. The employees moved for JMOL. The district court found that there was evidence that the employers required the employees to pay for the shortages, walkouts, and unsigned receipts, but denied the motion because the employees had not shown that their compensation ever fell below the minimum wage.

HELD: As defined in the Equal Pay for Equal Work Law, Minn. Stat. § 181.66, subd. 4, “wages” includes gratuities. The plain language of § 181.79 “does not require employees to show that deductions caused their wages to fall below the minimum wage.” The deductions were unlawful. “Even when the evidence is viewed in the light most favorable to the employers, there was no legally sufficient basis for a reasonable jury to find that the employers did not make unlawful deductions from the employees’ wages in violation of section 181.79.”

The court **reversed** the appellate decision **affirming** the district court.