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SMWB ALERT!

Federal Judge Blocks New Overtime Rule

On November 22, 2016, a federal judge granted a preliminary injunction preventing the United States Department of Labor ("DOL") from enforcing a revised overtime rule that was set to go into effect on December 1, 2016. The new rule would have modified the Fair Labor Standards Act ("FLSA") overtime rules by increasing the minimum salary requirement for exempt employees from the current level of \$455 per week (\$23,660 annually) to \$913 per week (\$47,476 annually).

22 states and 55 business groups brought a consolidated action in the United States District Court for the Eastern District of Texas challenging the DOL's revised rule and requesting injunctive relief. After the hearing on the preliminary injunction, the court held that there was a likelihood of success on the merits that the new rule was invalid and the DOL could not demonstrate that an injunction would cause irreparable harm. The court determined that a nationwide injunction would preserve the status quo, serve the public interest, and prevent harm to state budgets and government services for the duration of the litigation.

What does this mean for employers?

The new rule will **not** go into effect on December 1, 2016. The new rule may, however, go into effect at some point in the future, pending the final decision on the merits of the case. For now, employers can continue to follow the existing overtime regulations. Employers should postpone any reclassifications or salary increases that have not yet been implemented, but may want to leave decisions in place for any salary increases or changes already made.

Stay tuned! Sweeney, Mason, Wilson & Bosomworth will continue to provide updates. For more information, please contact Roger Mason at rmason@smwb.com or Rachael Binder at REB@smwb.com.

The information provided in this issue of "Legal Notice" is general in nature and is not intended to answer every question that may arise under different fact situations and should not be relied on in the place of professional advice in a given case. If you have specific questions, please contact [Sweeney, Mason, Wilson & Bosomworth](#). SWEENEY, MASON, WILSON & BOSOMWORTH is a Professional Law Corporation located at 983 University Avenue, Suite 104C, Los Gatos, California, 95032, (408) 356-3000. This notice is designed to assist our clients and other business owners in spotting issues which may result in costly litigation and court awarded damages if allowed to continue unaddressed.

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