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Jimmy John's Not Liable As A Joint Employer



By Emily Harbison on July 2, 2018

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On June 14, franchisors received good news when the **US District Court in the Eastern District of Illinois** ruled that Jimmy John's Franchise, LLC is **not** a joint employer of its franchisees' employees.

In 2014, former employees of various Jimmy John's franchisees brought a collective action against their former franchisee employers and against Jimmy John's Franchise, LLC. The former employees alleged they were misclassified as exempt under the FLSA and consequently denied overtime pay. They also claimed that Jimmy John's, as an alleged joint employer, was jointly liable for their damages.

On summary judgment, the Court applied a modified version of the Seventh Circuit's *Moldenhauer* test to determine joint employment. It stated that all of the factors reviewed boiled down to one essential question: **whether Jimmy John's exercised control and authority over franchise employees in a manner that caused the FLSA violation** (at least in part). And, the Court determined that the evidence demonstrated that the franchise owners determine how to classify and compensate franchise employees — not Jimmy John's. As such, Jimmy John's did not exercise control over the alleged FLSA violation and was not a joint employer.

Click [here](#) to read more on the decision and its impact on franchisors.

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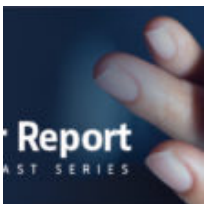


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