

Law360, Los Angeles (December 19, 2013, 8:44 PM ET) -- Royal Health Care of Long Island LLC has agreed to pay \$1.94 million to settle a class action claiming it violated federal and state labor laws by shorting some employees on overtime pay, according to a motion for settlement approval filed in New York federal court Wednesday.

The plaintiffs' motion Wednesday marks the near-conclusion of allegations that the health care technology and business services provider violated the Fair Labor Standards Act and New York labor laws by classifying its marketing and retention representatives as exempt from overtime pay.

The proposed settlement is an acceptable compromise in a case that would require significantly more discovery and still carry a significant chance of failure if it went to trial, according to a memorandum in support of the motion for final approval filed by the plaintiffs Wednesday.

"One major hurdle for plaintiffs would be establishing that plaintiffs were not engaged in sales and thus not exempt under the FLSA's outside sales exemption. ... Moreover, plaintiffs may have difficulty establishing that they worked the hours they claim to have worked," the memorandum said.

"The proposed settlement alleviates these uncertainties," it added.

The settlement stems from claims brought in May 2012 by Royal Health Care employees Chandrakalli Sukhnandan, Farhana Akter, Tara Singh-Paltoo and Sonia Bailey that the company violated the FLSA and New York labor laws by misclassifying its marketing and retention representatives as overtime-exempt outside sales workers.

After notice of the case was served in October 2012, 138 current or former marketing and retention representatives opted in as named plaintiffs, and the total class gathered 411 members, according to Wednesday's memorandum.

The parties reached a deal in August 2013, agreeing that a \$1.94 million settlement represented a fair compromise to resolve a case that could have lasted years, according to the memorandum.

U.S. Magistrate Judge Ronald L. Ellis gave preliminary approval to the settlement Sept. 13 and scheduled a fairness hearing for Jan. 6, 2014.

If approved, Wednesday's motion for final approval would resolve the claims of all marketing and retention representatives who worked for eight or more weeks at Royal Health Care from May 2006 to May 2013.

Under the proposed settlement, the \$1.94 million will be distributed proportionally among the class members based on number of weeks worked at Royal Health Care. The plaintiffs also requested \$10,000 in service awards for each of the four original named plaintiffs.

The plaintiffs' attorneys are seeking one-third of the total settlement fund, or \$649,666, in attorneys' fees.

Representatives for the plaintiffs declined to comment.

Representatives for Royal Health Care did not immediately respond to a request for comment Wednesday.

The plaintiffs are represented by Joseph A. Fitapelli, Brian S. Schaffer and Eric J. Gitig of Fitapelli & Schaffer LLP and Troy L. Kessler and Marijana F. Matura of Shulman Kessler LLP.

Royal Health Care is represented by Jonathan Marc Kozak and Noel P. Tripp of Jackson Lewis LLP.

The case is Chandrakalli Sukhnandan et al. v. Royal Health Care of Long Island LLC, case number 1:12-cv-04216, in the U.S. District Court for the Southern District of New York.