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## BLOGS

Employment

# Federal Court Finds Sufficient Evidence of Joint-Employer Relationship to Survive Motion to Dismiss

Another decision out of the United States District Court for the District of Maryland partially granted, and partially denied, a motion to dismiss filed by franchisor Ledo Pizza Systems in an action involving one of Ledo's franchisees and the franchisee's employees. *Lora v. Ledo Pizza Sys., Inc.*, 2017 WL 3189406 (D. Md. July 27, 2017). Among the issues in dispute were claims filed by the employees of the franchised business against both Ledo and the franchisee pursuant to the Fair Labor Standards Act ("FLSA") and the Age Discrimination in Employment Act of 1967 ("ADEA"). The employees' FLSA claim was predicated on the allegation that they had been fired for raising wage issues. Similarly, the ADEA claim was based on an allegation of retaliatory termination after the franchisee's manager refused to terminate an employee based on her age, despite the urging of a Ledo corporate employee. Although the plaintiffs were employees of the franchisee, they asserted claims against Ledo as well, on the theory that Ledo was their joint-employer. Ledo filed a motion to dismiss the plaintiff's claims, arguing that it was not a joint-employer of the franchisee's employees.

The court denied Ledo's motion to dismiss after finding that the plaintiffs had adequately pled facts evidencing a joint-employer relationship. With regard to the FLSA claim, the court noted that the plaintiffs sufficiently alleged that: (1) the franchisee hired its manager at the recommendation of Ledo's president; (2) a Ledo corporate employee controlled and directed the manager's work, including requiring that the manager submit daily and weekly reports, telling the manager how to stock the bar, and directing scheduling; and (3) Ledo exerted hiring and firing power over the franchisee's employees. With respect to the ADEA claim, the court similarly noted that a joint-employer relationship had been sufficiently alleged because the employees asserted that Ledo had exercised control over hiring and firing decisions, engaged in day-to-day supervision of the employees, and provided formal or informal training.

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