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Unpaid Internships: The Best Thing Since Cupcakes or a Recipe for Disaster?

I was researching cupcake places for an upcoming trip to New Mexico (I have a thing for cupcakes) when I came across the following advertisement for an unpaid internship on a cupcake shops website:

We're looking for interns! While these positions are unpaid, there is potential to lead to paid employment with [XYZ Bakery]. An internship with us is a great opportunity to learn all aspects of working in a scratch bakery, you'll have the opportunity to learn about cake batters, fillings, buttercream, fondant, gum paste, cake decorating and tiered cake construction.

No, I wasn't thinking of applying, but the employment lawyer in me couldn't help but raise an eyebrow. I know that the idea of unpaid internships sounds appealing to both unemployed individuals looking for a foot in the door at a company and companies trying to cut down on labor costs. As I outlined in an [HR Specialist article](#) that I authored a while back, however, unpaid internships in the for-profit private sector are only allowed under narrow circumstances. Most often, internships in for-profit settings will be considered employment. The U.S. Department of Labor published a [Fact Sheet summarizing the general criteria that unpaid internships](#) must meet to avoid minimum wage and overtime requirements.

Employers should think twice before engaging individuals as unpaid interns, because if the individual turns out to be an employee, the cost saving technique of using unpaid interns can turn out to have very costly side effects. Incidentally, the bakery that was advertising for unpaid interns has now closed its business. I'm guessing that the bakery was a victim of the tough economic climate, but I can't help but wonder if their unpaid internship program turned out to be a recipe for disaster.

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