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January 31, 2006

Dear Clients and Friends:

Re: Protecting Your Company in 2006 and Beyond

Wouldn't it be great if one seminar could teach you how to resolve all of your employment law issues and concerns? Many of you have told us that "What Every Supervisor Should Know About Sexual Harassment" will help you protect you and your company against sexual harassment claims. We greatly appreciate hearing that our seminar was of value. Many of you actually had a fun time!

We also offer management training on many subjects including managing the disabled employee, how to conduct a sexual harassment/discrimination investigation and how to properly discipline and discharge an employee without legal liability.

Unfortunately, there are so many land-mines in the employment and labor arena. To help you keep abreast of changes we have enclosed our newsletter: "Important Labor and Employment Law Issues For 2006". We hope you find it of value. Please contact us we can help you with any of these issues.

We wish you a healthy and prosperous 2006.

Sincerely,

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Alfred J. Landegger, Esq.
Managing Partner

P.S. Working with you to avoid litigious employment situations is our business. If you have any questions or concerns about any labor or employment issue, please do not hesitate to contact me at (818) 986-7561 or at alfred@landeggeresq.com.

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**IMPORTANT LABOR AND EMPLOYMENT LAW
ISSUES FOR 2006**

1. **SEXUAL HARASSMENT TRAINING: IT'S NOT TOO LATE.**

In the last six months, more than 4,000 supervisors have completed the Landegger & Baron Sexual Harassment Training program. All supervisors were required to complete two hours of sexual harassment training prior to January 1, 2006 and will be required to complete two hours of training every two years. All new supervisors must complete the two hours of sexual harassment training within six months of becoming a supervisor. If your supervisors have not completed the training, it is not too late. If your company has a sexual harassment claim and you have not complied with the law, the attorneys for the employee will use that to your detriment arguing that you flagrantly disregarded the law. We will be announcing two sexual harassment training sessions in 2006. Of course, we can always provide the training in house. For more information, please contact Marina Ross, Firm Administrator.

2. **WAGE AND HOUR COMPLIANCE: FLEXIBLE REST AND MEAL PERIOD REGULATIONS DITCHED IN SACRAMENTO.**

Every employee must receive a paid ten minute rest period for every four hours of work or major fraction thereof or the company is subject to a monetary penalty of one additional hour of work. Every employee must receive an unpaid thirty minute meal period after five hours of work or the company is subject to a penalty of one additional hour of work. The Schwarzenegger administration had proposed changes in the rest and meal period rules to give employees greater discretion in skipping such rest and meal periods for their own personal reasons including leaving work earlier. However, the labor unions flexed their muscle arguing that any proposed changes would allow employers to pressure employees to not take such breaks. As a result, the proposed regulations are going to be tied up in Sacramento for the next year and employers should not anticipate any changes. It is essential that your company strictly comply with the rest and meal period provisions so as not to subject yourselves to penalties and possible class action law suits. If we can be of any assistance in reviewing your wage and hour practices, please contact us.

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3. MINIMUM WAGE INCREASES.

Since coming into office, Governor Schwarzenegger has rejected the idea of raising the California minimum wage. It has been widely discussed that the Governor is changing his position as part of his election strategy. You may be seeing an increase in the minimum wage from \$6.75 an hour to \$7.75 an hour very soon. The increase may be \$.50 in September 2006 and \$.50 in July of 2007.

4. SOCIAL SECURITY NUMBERS ON PAY CHECKS.

California Labor Code Section 226 requires employers to give employees an itemized statement along with each paycheck that contains the basis for wage earnings and all deductions. Because of the growing problem with identity theft, the law has changed so that after January 1, 2008, the full social security number could no longer be on the paycheck. Because the law still required the full social security number, employers were blocked from changing their payroll practice earlier than January 1, 2008. However, the legislature passed SB 101 effective July 21, 2005 so that employers may start using only the last four digits of the social security number. We recommend that you change your payroll itemized statement as soon as possible.

5. REVISED FEDERAL FORM I-9.

Starting January 1, 2006, all employers must use the USCIS revised Form I-9 dated "05/31/05" and must discard all previous forms. The new form can be found at <http://uscis.gov/graphics/formsfee/forms/i-9.htm>. An employer may no longer accept the following documents under List A: (1) Certificate of U.S. Citizenship-INS FORM N-560 or N-561; (2) Certificate of Naturalization-INS Form N-550 or N-570; (3) Form I-151; (4) Unexpired Reentry Permit- INS Form I-327; or (5) Unexpired Refugee Travel Document- INS Form I-571. List A now permits Employment Authorization Document -INS Form I-766.

6. EMPLOYMENT PRACTICE LIABILITY INSURANCE.

Many of our clients are still not aware how important it is to designate our firm as employment law counsel in the event of a claim as part of the purchase or renewal of a policy. If you do not designate our firm as defense counsel when you apply or re-apply, we may not be able to assist you. Many companies are under the mistaken believe that if they purchase such insurance coverage that everything is covered. Such insurance policies do not cover many employment related claims including wage & hour litigation, assault, battery, intentional infliction of emotional distress and punitive damage claims. We recommend that you ask your broker to request that our firm be

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designated as counsel when you purchase or renew your policies. Also, in the event of a claim, pursuant to Civil Code Section 2860 you may have a conflict of interest with the insurance carrier that will allow you to have our firm represent you and the carrier will have to pay our attorneys fees. Please contact us before you submit a claim to your carrier and please forward the carrier's reservation of rights letter to us for review. We are looking out for your interest the same way that the insurance carrier's attorneys are looking out for the insurance carrier. If you have any questions about Employment Practices Liability Insurance, please contact our office.

7. A NEW STRATEGY FOR YOUR COMPANY IF YOU WANT TO REMAIN
"UNION FREE."

Your Company's "Union Free" status can no longer be taken for granted. After much research, discussion and based upon twenty five years of experience assisting companies in their battles with Unions, you must be prepared for a new era. Throw out your old opinions, your old strategies and open yourself up to a new way of dealing with the Unions that are going to target you. If you want to make sure that you remain "Union Free", the key is COMMITMENT, TIME AND MONEY.

The CHANGE TO WIN COALITION ("CTW") was formed in 2005 by the SEIU, UFCW, Teamsters, Laborers, Carpenters, Unite Here and the UFW. They left the AFL-CIO because they believed that the labor movement was dying because their money was being spent on politics in Washington D.C. with no results and it is the CTW's belief that their money should be spent on organizing.

The CTW's leader, President of the SEIU Andrew Stern has stated that "The only way to rebuild the labor movement is to organize wholesale, not retail, to organize all of a company at one time, not one plant, one shop, one worksite at a time." The CTW plans to spend \$750 Million annually on organizing. The goal is to add 500,000 new members in the next year through corporate campaigns designed to force you into entering a NEUTRALITY AGREEMENT or face being put out of business. The CTW wants to avoid NLRB elections and agree to representation based upon a majority of your employees signing Union Authorization cards. The CTW advocates using employee petitions instead of authorization cards because of the impact of seeing other employees who have already signed.

The CTW will organize from the inside out as it always has done but it will now also organize from the outside in using corporate campaigns similar to the attacks on Wal-Mart by mass picketing, the news media, the internet, the politicians and convincing a community that you are a bad employer. The CTW's attorneys will look for your company's violation of wage and hour laws,

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safety, sexual harassment and discrimination statutes to file class actions against you; the Union will be happy to drop such litigation in return for a NEUTRALITY AGREEMENT which will result in recognition. Many companies have already folded to such pressure.

Please contact Alfred J. Landegger, Esq. if you are interested in advice concerning remaining "UNION FREE". We can help you develop a strategies and training that will assist you.

Very truly yours,

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Alfred J. Landegger

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