

Wage and Hour Division, Labor

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mails, telegraph, or telephone for interstate communication to order goods; or they regularly send or receive, across State lines, written reports, messages or other documents. These activities of such employees constitute engagement "in commerce" within the meaning of the Act.

§ 779.112 Office employees.

Similarly office employees of retail businesses who regularly and recurrently check records of and make payments for goods shipped to their employer from outside of the State, or regularly and recurrently keep records of or otherwise work on the accounts of their employer's out-of-State customers, or who regularly and recurrently prepare or mail letters, checks, reports or other documents to out-of-State points, are engaged both in commerce and in the production of goods for commerce within the meaning of the Act. Likewise, timekeepers who regularly and recurrently prepare and maintain payrolls for and pay employees who are engaged in commerce or in the production of goods for commerce are themselves engaged in covered activities.

§ 779.113 Warehouse and stock room employees.

Warehouse and stock room employees of retail businesses who regularly and recurrently engage in the loading or unloading of goods moving in commerce, or who regularly and recurrently handle, pack or otherwise work on goods that are destined to out-of-State points are engaged in covered activities.

§ 779.114 Transportation employees.

Transportation employees of retail businesses, such as truck drivers or truck drivers' helpers, who regularly and recurrently cross State lines to make deliveries or to pick up goods for their employer; or who regularly and recurrently pick up at rail heads, air, bus or other such terminals goods originating out of State, or deliver to such terminals goods destined to points out of State; and dispatchers who route, plan or otherwise control such out-of-State deliveries and pick ups, are en-

gaged in interstate commerce within the meaning of the Act.

§ 779.115 Watchmen and guards.

Watchmen or guards employed by retail businesses who protect the warehouses, workshops, or store premises where goods moving in interstate or foreign commerce are kept or where goods are produced for such commerce, are covered under the Act.

§ 779.116 Custodial and maintenance employees.

Custodial and maintenance employees who perform maintenance and custodial work on the machinery, equipment, or premises where goods regularly are produced for commerce or from which goods are regularly shipped in interstate commerce are engaged in covered activities.

§ 779.117 Salesmen and sales clerks.

A salesman or a sales clerk who regularly and recurrently takes orders for, or sells, or selects merchandise for delivery to points outside the State or which are to be shipped or delivered to a customer from a point outside the State, i.e. drop shipments; or who wraps, packs, addresses or otherwise prepares goods for out-of-State shipments is performing covered activities.

§ 779.118 Employees providing central services for multi-unit organizations.

Employees providing central services for a multiunit organization may be engaged both "in commerce" and "in the production of goods for commerce" within the meaning of the Act. For example, employees engaged in work relating to the coordinated purchasing, warehousing and distribution (and in the administrative and clerical work relating to such activities) for various retail units of a chain are covered under the Act. (See *Phillips Co. v. Walling*, 324 U.S. 490; *Walling v. Jacksonville Paper Co.*, 317 U.S. 564, affirming, 128 F. 2d 935 (CA-5); *Mitchell v. C. & P. Stores*, 286 F. 2d 109 (CA-5); *Mitchell v. E. G. Shinner & Co., Inc.*, 221 F. 2d 260 (CA-7); *Donovan v. Shell Oil Co.*, 168 F. 2d 776 (CA-8).) In addition, employees who regularly and recurrently correspond and maintain records of activities of

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out-of-State stores and such employees as traveling auditors, inventory men, window display men, etc., who regularly travel from State to State in the performance of their duties are covered under the Act. (See *Mitchell v. Kroger Co.*, 248 F. 2d 935 (CA-8).)

§ 779.119 Exempt occupations.

Of course, it should be noted that although employees may be engaged in commerce or in the production of goods for commerce within the meaning of the Act, they may be exempt from the Act's minimum wage or overtime provisions (or both). For a complete list of such exemptions the Act should be consulted. Those exemptions, however, which are of particular interest to employers and employees in the retail field are discussed in subparts D, E, and F of this part.

Subpart C—Employment to Which the Act May Apply; Enterprise Coverage

ENTERPRISE; THE BUSINESS UNIT

§ 779.200 Coverage expanded by 1961 and 1966 amendments.

The 1961 amendments for the first time since the enactment of the Fair Labor Standards Act of 1938 provided that all employees in a particular business unit are covered by the Act. Prior to the 1961 amendments each employee's coverage depended on whether that employee's activities were in commerce or constituted the production of goods for commerce. All employees employed in an "enterprise" described in section 3(s)(1) through (5) of the Act as it was amended in 1961 and section 3(s)(1) through (4) of the Act as amended in 1966 are also covered. Thus, it is necessary to consider the meaning of the term "enterprise" as used in the Act.

§ 779.201 The place of the term "enterprise" in the Act.

The term "enterprise" is defined in section 3(r) of the Act and, wherever used in the Act, is governed by this definition. (§ 779.21(a) provides that portion of the definition of "enterprise" which is pertinent with respect to retail and service enterprises.) The term

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is a key in determining the applicability of the Act to these businesses. The "enterprise" is the unit for determining whether the conditions of section 3(s)(1) through (5) of the prior Act and section 3(s)(1) through (4) of the amended Act, including, where applicable, the requisite dollar volume are met. The "enterprise" is also the unit for determining which employees not individually covered by the Act are entitled to the minimum wage, overtime, and equal pay benefits, and to the child labor protection, under sections 6, 7, and 12 of the Act. In general, if the "enterprise" comes within any of the categories described in section 3(s)(1) through (5) of the prior Act or section 3(s)(1) through (4) of the amended Act, all employees employed in the "enterprise" are covered by the Act and, regardless of their duties, are entitled to the Act's benefits unless a specific exemption applies.

§ 779.202 Basic concepts of definition.

Under the definition, the "enterprise" consists of "the related activities performed * * * for a common business purpose." All of the activities comprising the enterprise must be "related." Activities serving a single business purpose may be related, although different, but other activities which are not related are not included in the enterprise. The definition makes clear that the enterprise includes all such related activities which are performed through "unified operation" or "common control." This is true even if they are performed by more than one person, or in more than one establishment, or by more than one corporate or other organizational unit. Specifically included, as a part of the enterprise, are departments of an establishment operated through leasing arrangements. On the other hand, the definition excludes from the "enterprise" activities only performed "for" the enterprise rather than as a part of it by an independent contractor even if they are related to the activities of the enterprise. Also, it makes clear that a truly independent retail or service establishment does not become a part of a larger enterprise merely because it enters