

Labor Department News Brief

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Silicon Valley venture capital firm to pay \$331K in back wages to employees wrongfully treated as unpaid interns

Who: U.S. Department of Labor's Wage and Hour Division
Fenox Venture Capital of San Jose, California

What: Fenox wrongfully classified 56 workers, who were performing high-level jobs, as unpaid [interns](#), the [Wage and Hour Division](#) announced today. The Silicon Valley venture capital firm will pay \$331,269 in back wages and damages to the workers.

Background: Investigators found the workers performed high-level jobs, such as screening start-up companies for potential investment, sending reports to investors in Japan, and networking and recruiting potential staff for the company. The workers were treated as interns and not paid, in violation of the minimum wage provisions of the [Fair Labor Standards Act](#). These workers displaced regular employees, staffed the majority of the company's investment team and performed duties that benefitted the company directly.

Quote: "Federal labor law establishes clear standards for differentiating [unpaid interns](#) from employees, and if, in fact, you are an employee, you must be paid properly. Employers cannot simply label an employee an 'intern' and not pay them anything," said Susan Blanco, the district director for the Wage and Hour Division in San Francisco. "Ensuring these workers receive the wages that they rightfully earned will help them and their families, and will also help to level the playing field for law-abiding companies."

Resources: The [Fair Labor Standards Act](#), which the Wage and Hour Division enforces, requires that covered, nonexempt workers be paid at least the federal minimum wage of \$7.25 per hour for all hours worked, plus one and one-half times their regular wages for hours worked beyond 40 per week. Employers also must maintain accurate time and payroll records. For more information about federal wage laws administered by the Wage and Hour Division, call the agency's toll-free helpline at 866-4US-WAGE (487-9243). Information is also available at <http://www.dol.gov/whd>.

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