

Recovery Connections Community  
999 Old US Hwy 70  
PO Box 1386  
Black Mountain, NC 28711  
(828) 669-0560

EIN: 45-1856472

### **COVERAGE**

Recovery Connections Community is a residential drug treatment facility. The legal name of the company is Recovery Connections Community. The President of the company is Jennifer Hollowell. The company is primarily engaged in the care of the sick, drug addicts, who reside on the premises of the company. The company is covered by section 3s(1)B of the Act. The ADV for the last two years, the company has not been open for three years, is listed below:

12/31/2012  
12/31/2011

**(b) (4)**

The company is not covered by section 3s(1)Aii of the Act.

The company incorporated on April 11, 2011 and began operations in July of 2011. This is the company's only location.

There is no investigation history on this employer.

The 3(d) employer is Jennifer Hollowell. She is the president and CEO of the company. She established all the company's policies and is in charge of day to day operation of the company.

The investigation period is from July 30, 2011 through July 29, 2013.

See coverage information exhibit C-1 & 2.

## EXEMPTIONS

There are no applicable exemptions. The President, Jennifer Hollowell and her husband, Phillip Warren, are in day to day charge of the company. The company does not have any salaried employees.

## STATUS OF COMPLIANCE

(b) (6), (b) (7)(C)

(b) (6), (b) (7)(C) is the Executive Director for Child Victims of the Family Court and (b) (6), (b) (7)(C) indicated that (b) (6), (b) (7)(C) is the representative for one of the individuals at this establishment, (b) (6), (b) (7)(C) indicates that establishment is a substance recovery facility where patients go to receive assistance with substance abuse. (b) (6), (b) (7)(C) states that individuals who report to the establishment for treatment are being mandated to perform work for local businesses without pay with the threat of punishment if they refuse. (b) (6), (b) (7)(C) states that the establishment contracts with local businesses for the residents staying at Recovery Connection Community (RCC) to perform cleaning and janitorial duties for which RCC receives compensation but does not pay the residents who are actually performing the work. (b) (6), (b) (7)(C) is a third party (b) (6), (b) (7)(C) and has not actually witnessed the violations but contacted the Wage & Hour Division on the behalf of (b) (6), (b) (7)(C) as stated above. (b) (6), (b) (7)(C) was notified by telephone on August 14, 2013.

(b) (6), (b) (7)(C) was interviewed as part of the investigation. (b) (6), (b) (7)(C) went to RCC (b) (6), (b) (7)(C) on or around November 1, 2011. (b) (6), (b) (7)(C) went to work at third party companies after being at the facility for two weeks. (b) (6), (b) (7)(C) was told (b) (6), (b) (7)(C) was working to learn how to get on (b) (6), (b) (7)(C) feet again. (b) (6), (b) (7)(C) did not receive pay; (b) (6), (b) (7)(C) was told the pay went to pay for (b) (6), (b) (7)(C) room and board. (b) (6), (b) (7)(C) worked at nursing home, Hampton House in Hendersonville, and other nursing facilities as a PCA (personal care assistant) working the 7am -3pm shift or the 3pm to 11pm shift. (b) (6), (b) (7)(C) worked six and seven days a week. In addition (b) (6), (b) (7)(C) also worked at the Pisgah Inn and Aladdin Food service. (b) (6), (b) (7)(C) left the facility in October of 2012. (b) (6), (b) (7)(C) never received pay for any of (b) (6), (b) (7)(C) work. See employee interview statements, exhibits B-4 & 4a.

Section 6-No violation

During the initial conference, the president of the company, Jennifer Hollowell, confirmed that the residents of her facility work for third party companies and the residents receive no pay from her company. She stated that she has the residents sign a contract when they enter the facility agreeing to perform the work, see exhibit D-1.

Jennifer Hollowell indicated that her company has 501(c)3 status from the IRS and does receive dominations but their primarily source of income is the contract work performed by the residents. The WHI asked her if it was safe to say that most of the company's ADV came from the contracts the residents are working on and Ms. Hollowell indicated that was correct. Ms. Hollowell stated that was her business model and she copied her business model from her former employer model, Recovery Ventures Corporation. See exhibits D-2 & 3.

Jennifer Hollowell does not consider the residents employees, she does not maintain a payroll or a records of hours worked on the residents.

The WHI contacted ADD Stribling to review the situation. She forwarded the employer situation to the Atlanta Regional Office for an opinion. See Diary Sheet. ADD Stribling responded and instructed the hours worked by the residents from 0 to 40 hours will be considered covered section 3m of the Act. See exhibit D-4.

Section 7-Violation

ADD Stribling instructed the WHI to have the employer provide the reasonable cost of the room and board provided to residents by the employer. Jennifer Hollowell provided the itemized cost of room and board on annual basis. The value of the items provided was \$31,440 per year. That figure was divided by 52 weeks which equaled \$604.62 per week. See exhibit D-5.

The company does not maintain a record of hours worked for the residents. The company did maintain a work schedule which listed the third party companies where the residents working, what position they were working in, how long the residents worked and when they were dropped off and picked up. See sample of RCC work schedule exhibit D-6.

The work schedules were maintained on a daily basis. Due to the large number of residents listed on the work

schedules, it would take 45 minutes or longer to transcribe one workweek for all of the residents. The WHI transcribed six months of records. Because of the amount it took to transcribe the records, the WHI reconstructed the back wages for the investigation period. See exhibit D-7.

Computations:

The WHI computed the average hours worked per week for each resident. Those residents which averaged over 40 hours per week had back wages computed for them. The back wages were computed using the coefficient table multiplied by the 3m figure provided by the employer as noted above. The employer provided the length of time of each resident at the facility. The weekly overtime was multiplied by the number of week the resident stayed at the facility.

For example: exhibit A-1.

(b) (7)(E) [Redacted]

[Redacted]

[Redacted]

[Redacted]

The resident is due \$1,296.91 in section 7 back wages.

Total back wages due are \$19,842.61 to 20 residents.

The residents that are not due back wages are listed as AA exhibits.

Section 11-Violation

The company did not maintain the required records for residents performing subcontract work on behalf of the company with third party employers.

Section 12-No violation

The company does not employ minors and they are not licensed to accept minors for treatment.

### **DISPOSITION**

The final conference was held by telephone on August 09, 2013 with the President of the company, Jennifer Hollowell and her husband, Phillip Warren. The WHI explained coverage under the FLSA and that as a residential treatment facility their company is covered by section 3s(1)B of the Act. The WHI explained the minimum wage and overtime provisions of the Act and that there is exemption from minimum wage and overtime for residents of treatment facilities, who are working around the facility for the first four weeks at the establishment. However, the residents of this facility are working outside the facility performing subcontract work which has a consequential economic benefit to the facility and have created an employment relationship and the residents are due minimum wage and overtime. The WHI also explained that they had the fact they had the residents sign a contract agreeing not to be paid for their work is not going to affect the situation because employers are not able to contract away a requirements of the FLSA.

The WHI went on to explain section 3m of the FLSA. The WHI had asked Jennifer Hollowell to compute the reasonable cost of providing room and board to the residents. Jennifer Hollowell reminded the WHI that the patients are not charged to stay at the facility and they agree to work not only to help pay for their room and board but also to get back on their feet as part of their treatment. The WHI explained section 3m credited her with the minimum wage portion due but if the resident worked more than 40 hours in seven days the half-time premium was due.

The back wage computations were explained. The employer did not have time records for the work performed by the residents. The company did maintain a work schedule which showed the third party company, which resident was schedule to work, how long they scheduled to work and which times they were taken there and picked up. The WHI explained how the back wages were computed as described in Section 7.

Jennifer Hollowell agreed to future compliance. She will comply in the future by not allowing the residents to work at third party companies more than 40 hours a week. She will also begin a time keeping system so she can

track how many hours the residents are working outside the facility.

Jennifer Hollowell did not agree to pay the back wages. She did not want to say she refused to pay the back wages, but she is currently unable to pay the back wages. She said she has very few residents right now and there is not enough money coming in to pay the rent. The WHI asked when she would be able pay the back wages. She did not to ever be able to pay the back wages; she did not know how long she would be able to keep the doors open.

Jennifer Hollowell asked for a copy of the WH-56 but the WHI explained since she had not agreed to pay the back wages the WHI was not able to give her a copy of the WH-56.

The WHI requested that Mrs. Hollowell provide the addresses for the employees listed on the WH-56; she agreed to provide the addresses. The WHI faxed a list of the employees listed on the WH-56.

Jennifer Hollowell was mailed the following publications: HRG; part 516; part 541; part 785; WH-1325 overtime; WH-1330 child labor; FLSA poster.

(b) (7)(E)

The WHI recommends the residents listed on the WH-56 be notified of their 16b rights and the file be administratively closed.

Responsible Party  
Jennifer Hollowell  
President  
PO Box 1386  
Black Mountain, NC 28711  
(828) 768-4424

(b) (6), (b) (7)(C)

Investigator