

U.S. DEPARTMENT OF LABOR
EMPLOYMENT STANDARDS ADMINISTRATION
WASHINGTON, D.C. 20210



4 MAY 1972

21BJ 973
21AL 205.241

This is in further reply to your letter of April 18, 1972, in which you request information concerning a recent court case regarding an accounting firm found to be exempt from the requirements of the Fair Labor Standards Act.

The case you apparently have in mind is *Hodgson v. Centralized Services, Inc.*, 20 WH Cases 514. The Court concluded that the defendant was a retail or service establishment exempt from the Fair Labor Standards Act pursuant to section 13(a)(2). However, it must be pointed out that the Court in its summary recognized a distinction between the activities of the service company in preparing tax returns and those of the broad category of "accounting firms". The Court further stated the service company's transactions are numerous and relatively small; its services are offered to the general public in a limited geographical area, and are provided "for the comfort and convenience of such public in the course of its daily life."

Thus, it is readily apparent that the decision of the Court is narrow in its effect. The decision in this matter would not alter the application of the Fair Labor Standards Act to accounting firms providing general accounting services to their clients (see sections 779.316 and .317 of the enclosed bulletin).

Sincerely,

BEN P. SUGERTON
DEPUTY ADMINISTRATOR
WAGE & COMPENSATION PROGRAMS

Horace E. Menasco
Deputy Assistant Secretary

Enclosure

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