

# The top 5 reasons small business owners get sued

BY DONALD W. HUDSPETH, BUSINESS LAW ATTORNEY, HUDSPETH BUSINESS LAW

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Every business owner dreads the day his or her company goes through a time-consuming and costly lawsuit.

Although employees are legitimately wronged every day, sometimes businesses must weather frivolous lawsuits or legal actions meant to provoke a company into giving the accuser a settlement, according to the [National Federation of Independent Businesses](#).

Prevention is key when it comes to keeping your legal fund unspent. Making sure to collect documentation and avoiding the following mistakes will prevent legal trouble in your future.

### 1. Discrimination claims during the hiring process

As a small business owner, you probably already know you can be sued if you ask questions during a job interview that might be construed as trying to ferret out whether someone has a disability, is of a certain religion, or has children, among many others.

You must be careful about what you ask during job interviews because of the Americans with Disabilities Act of 1990, which "makes it unlawful for an employer to discriminate against a qualified applicant or employee with a disability," according to [the U.S. Equal Employment Opportunity Commission](#).

Discrimination based on the race, religion, age, physical ability, gender or socio-economic status of an applicant is illegal. Of course, any applicant you hire for a position needs to meet the educational and skill requirements, so sticking to questions about experience and professional expectations is the safe way to go.

### 2. Emotional disciplinary decisions

Making a decision to discipline an employee in the heat of a tense moment can cost you a lot more than embarrassment in the long run. Docking pay (rarely legally defensible) or suspensions are both the cause of many employee-generated lawsuits against their employers.

If you're in a situation where you feel you need to discipline an employee for repeated violations of employee codes or workplace policies, make sure you have a solid paper trail showing the employee is knowingly breaking the rules.

### 3. Supervisors or managers not following HR best practices

Nearly everyone has heard of or experienced some type of workplace harassment. Sadly, interpersonal issues among co-workers can turn sour, and if management has not taken steps to prevent issues in the first place and addressed issues as they come up, it can be the company that pays.

Making sure that all managers and supervisors understand what harassment and a hostile work environment are is the first step in keeping employees safe, productive and happy. It's important that all employees complete mandatory harassment training, according to the [Society for Human Resource Management](#).

In the event that your company has provided and ensured that managers and supervisors know HR best practices and still engage in some type of harassing behavior, they're likely to face personal lawsuits, instead of the company.

#### **4. Illegal reduction of overtime hours or pay**

It's illegal to bargain with employees to provide them with more overtime hours for a smaller amount of money per hour and overtime pay need to be at least one and one-half times an employee's regular rate of pay after 40 hours of work in a week of work, according to the [U.S. Department of Labor](#).

Laws governing overtime pay and hours seek to protect workers from being exploited. If your company or employee is in a unique situation that warrants more overtime or complicated overtime circumstances, you should talk to a [business lawyer](#) about recommended best practices.

#### **5. Copyright infringement**

You wouldn't want someone to poach your logo or photography you paid for, and you could be prosecuted for doing the same thing. Whenever you want to use an image, a person's or a business's name in relation your products or another piece of intellectual property, make sure to secure the rights and get permission in writing.

#### **Preventing and getting protection from lawsuits**

If you want to proactively protect your business or are already facing the threat of a lawsuit, finding an advocate who knows the nuances of business law is imperative. Small details can make a big difference when it comes to business law. Schedule an appointment with one of the expert business law attorneys at [Donald Hudspeth Law](#) to keep your small business out of the tangle of costly litigation.