PALEY ROTHMAN
ATTORNEYS AT LAW

A no-win situation: You’re fired! Here’s your bonus.

Many businesses use commissions, incentives and stock options to motivate and reward. Employers need to be aware of pitfalls in adopting and implementing incentive plans.

When employees are let go for poor performance, companies tend to stop commissions and bonuses immediately.

However, commission and bonus plans that prohibit terminated employes from collecting have met judicial resistance.

In Maryland, in situations where there is no bona fide dispute about the wages owed, the employee can collect three times the amount owed, plus attorneys' fees. In the District, employees can collect costs and attorneys' fees as well as 10 percent of the wages due for each day they remain unpaid. In Virginia, the courts can order that wages be paid with 8 percent interest and impose other civil penalties on employers. Courts in all three have issued decisions giving employees rights under wage payment and collection laws.

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