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District of Arizona Addresses Judicial Approval of Individual Fair Labor Standards Act Settlements



In August 2023, the U.S. District Court for the District of Arizona joined "the growing number of courts that have concluded" that judicial approval of Fair Labor Standards Act (FLSA) settlements "is neither authorized or necessary." In *Evans v. Centurion Managed Care of Arizona LLC*^[1], the plaintiff asserted individual claims under the FLSA for unpaid overtime and failure to pay minimum wages. Following the parties' settlement of the plaintiff's claims on an individual basis, the parties moved for approval of the settlement, submitting to the court a redacted version of the settlement agreement and a joint motion to file portions of the settlement agreement, including the settlement amount, under seal.

In considering the parties' joint motions, the judge first addressed whether the court was presented with an exception to the "general prohibition against judicial involvement in the approval of settlement agreements." The court identified Rule 41(a)(1)(A) of the Federal Rules of Civil Procedure as the applicable requirement, which provides "[s]ubject to Rules 23(e), 23.1(c), 23.2, and 66 and any applicable federal statute, the plaintiff may dismiss an action without a court order by filing" a notice or stipulation of dismissal. The court observed that such dismissals are "effective upon filing and there is no need for a court order for dismissal to be effectuated." Given that an individual FLSA settlement does not deal with class actions, derivative actions, actions relating to unincorporated associations, or actions involving receivers, the court addressed the question of "whether the FLSA is one of those federal statutes that requires judicial approval of settlement agreements."

The court found "no binding [U.S. Court of Appeals for the] Ninth Circuit law on this question" and "a split of authority on this issue" outside the Ninth Circuit. After identifying several district courts that have found judicial approval of individual FLSA settlements unnecessary, the court emphasized that "nothing in the text of the FLSA indicates that judicial approval of settlement agreements is required" and that the "other features of the statutory text strongly suggest that Congress did not intend to create such a requirement."

Employers faced with individual employee claims under the FLSA should consult with experience counsel when addressing FLSA settlements.

[\[1\]](#) No. CV-23-00282-PHX-DWL, 2023 WL 5095201 (D. Ariz. Aug. 9, 2023).

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