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had been -- is illegal, federal regulators have determined.

Sep. 16, 2013

Paying employees exclusively with debit cards — like a Pennsylvania McDonald's franchisee had been — is illegal, federal regulators have determined.

"Employees must have options when it comes to how they receive their wages," Richard Condray, director of the Consumer Financial Protection Bureau, said last week in a warning to employers.

That's what local attorney Mike Cefalo has been saying all along after he filed a class-action lawsuit on behalf of a Dallas Township woman who worked at McDonald's in Shavertown, where employees were required to be paid on a fee-laden JP Morgan Chase debit card.

Cefalo said he's proud that the local lawsuit got people around the country talking about the issue and now has government regulators agreeing with him.

"A little law firm in little West Pittston goes after a large corporation and the biggest bank in the world," Cefalo said last week. "It's great. It's marvelous. We are going to set the standard for all the employees in the United States about how they are going to get paid."

Cefalo filed the lawsuit in June against Albert and Carol Mueller, a Clark Summit couple that owns 16 McDonald's restaurants in Northeastern Pennsylvania. The practice of paying employees exclusively with fee-laden debit cards violated the state Wage Payment and Collection Act, the lawsuit alleged.

As the case gained national attention, including stories in The New York Times and The Wall Street Journal, the Muellers announced they were abandoning the pay

practice and would give employees the choice of being paid by check, direct deposit

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“Workers should be able to receive their pay without the fear of losing money to debit card fees,” Casey wrote.

In its warning to employers last week, the Consumer Financial Protection Bureau said the agency “intends to use its enforcement authority to stop violations” and ensure business are complying with consumer financial laws.

The U.S. Senate confirmed Condray in July as President Barack Obama’s pick to lead the Consumer Financial Protection Bureau, created in the 2010 Dodd-Frank financial overhaul bill.

Cefalo said the determination by federal regulators that the debit card payments were illegal only helps the lawsuit. He initially filed the suit on behalf of Natalie Gunshannon, 27, of Dallas Township, but now has hundreds of additional plaintiffs, he said.

“This adds fuel to the fire,” Cefalo said.

Cefalo said he hope his lawsuit is successful and the business is punished for taking advantage of employees.

“If you hit them hard in the wallet, then they’ll never do it again,” Cefalo said. “If you slap them on the wrist, they’ll do it again.”

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