

DEPARTMENT OF INDUSTRIAL RELATIONS

## DIVISION OF LABOR STANDARDS ENFORCEMENT

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ADDRESS REPLY TO:

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IF REPLY REFER TO:

February 17, 1987

Ms. Karen K. Haubrich  
Ballard, Rosenberg & Golper  
1900 Avenue of the Stars  
Suite 2300  
Los Angeles, CA 90067

Dear Ms. Haubrich:

This is in reply to your letter of January 11, 1987, regarding the value of prizes awarded to employees as possibly affecting the calculation of overtime pay.

The prizes described in your letter, "a nominal amount of lottery tickets" and raffles, would not constitute bonuses for the purposes of establishing the regular rate of wages in order to compute overtime, unless they are given on a regular basis and are directly related to job performance.

The value of the prizes would be treated as wages under the general definition in the Labor Code (Section 200), and subject to a claim if, for example, an employee won a prize, but did not receive it in accordance with the company's policy or agreement.

As federal law and regulations may include the value of prizes in the computation of overtime, you may wish to contact the U.S. Department of Labor, Wage Hour Division for additional information.

I hope this is responsive to your question; if not, please let me know.

Very truly yours,

*Lloyd W. Aubry, Jr.*  
Lloyd W. Aubry, Jr.  
State Labor Commissioner

LWA:sw

1987.02.17