

## **WHAT IS THE DIFFERENCE BETWEEN AN EMPLOYEE AND A MEMBER?**

Most lodges do not understand the difference between an employee and a member. The purpose of this e-mail is to clarify the distinction between members and guests. Section 50.2 of the Moose General Laws and the Private Policy allow good standing “members” to sponsor guests into a lodge – not employees. There is nothing in our Moose General Laws allowing an “employee” to sponsor someone into a lodge as a guest.

When a member is in the lodge on the clock and receiving pay as an employee, he or she is in the lodge as an employee – not as a member. The status of “employee” gives the person certain legal rights that members of the Executive Committee should never forget. You cannot treat an employee in the same manner you treat a member.

Horse playing, joke telling and other conduct permissible with a member could have devastating ramifications if done with an employee (even if that employee is a member). Unfortunately, the definition of employee could also encompass volunteers receiving tips, free meals, etc., because receiving such compensation could classify them as an employee.

Anyone receiving tips, free meals, drinks, etc. for volunteering could be classified as a paid employee and the compensation if over a minimum amount is reportable to taxing authorities. For instance, a member receiving drink chips and/or meals a couple of times a week worth \$20 for volunteering would receive over \$1,000 compensation by years end (not including tips received), which is far above the minimum reporting amount. If the lodge gets audited and this practice is discovered (which has happened), the penalties and interest could far exceed the taxes. Although we are unaware of anyone being criminally charged, it could also possibly be a criminal violation to fail to report this income to taxing authorities.

Please remember that our fraternal laws apply to members – not employees.

Bartenders/employees should not be signing in guests while working even if they are a member. Perhaps these are matters worthy of a comment or two to the Administrators and/or Presidents at your upcoming association convention.