HR TIP
OF THE WEEK

GENOVA BURNS LLC
ATTORNEYS AT LAW

TOPIC: Independent Contractors/Misclassification

LEGAL DEVELOPMENT: The NJ Department of Labor (NJDOL) entered into a **$2.7 million** dollar settlement with STG Logistics, Inc. and other transportation and logistics companies for misclassifying employees as independent contractors. The NJDOL claimed that when the companies misclassified these individuals, they failed to: pay required wages under NJ's wage and hour laws, maintain records on hours worked, provide statutory NJ Earned Sick Leave law, maintain workers' compensation insurance, and make contributions to the Unemployment Compensation and State Disability Benefits Funds. Let me repeat it: the alleged misclassifications resulted in a $2.7m settlement.

HR TIP: Employer exposure for misclassification includes: backpay (owed minimum wage and overtime), liquidated damages up to **200%** of owed wages, a separate penalty of up to 5% of the worker's gross earnings for the last 12 months, plus monetary penalties to the NJDOL. The NJDOL also has the authority to issue stop work orders and suspend or even revoke the company's business license. If your company has any independent contractors, take a hard look to ensure they are true independent contractors and not employees. Review the NJDOL's new interpretative regulations on misclassification. Take preventative action before the NJDOL comes knocking.

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ABOUT ME

I work with HR and legal on the types of workplace issues that make you do a double take. I've been counseling employers and tackling their employment issues for two decades and going strong. I'm a Partner at Genova Burns and Chair of the Human Resources, Law and Compliance Practice Group.