

FEDERAL COURT APPROVES LARGE UNPAID WAGES SETTLEMENT

On March 29 federal judge Norman K. Moon approved a settlement of a lawsuit involving 108 plaintiffs which alleged that the Defendant in the case failed to pay overtime and took improper payroll deductions. The Defendant was Strickland Waterproofing Company, a sizeable North Carolina construction firm that operates in the Southeastern United States, including in Virginia and North Carolina. The Plaintiffs were represented by The Kaplan Law Firm and the Handley Farah & Anderson Law Firm.

The settlement provides that Strickland will pay plaintiffs and their attorneys a total of \$869,000. The average recovery for each of the plaintiffs will be at least \$5,296, but workers who worked a considerable amount of overtime will receive substantially more than the average—several more than \$20,000. The workers who brought the lawsuit alleged that Strickland improperly classified them as independent contractors, routinely failed to pay them overtime for weekly work in excess of 40 hours, as required by federal law, and improperly reduced their wages by taking unlawful deductions from their paychecks.

The Plaintiffs' allegations are consistent with the widespread violations of wage and hour rules that occurs in many parts of the construction industry. In many cases, construction contractors simply refuse to pay overtime, especially when, as was true at Strickland, many of the affected workers are recent immigrants with limited proficiency in English. Contractors often think—sometimes correctly—that such workers will be reluctant to take action to protect their rights. Moreover, the related practice of misclassifying employees as independent contractors harms not only workers—who are wrongly denied benefits such as unemployment insurance—but imposes significant costs on taxpayers. Employers do not pay payroll taxes when they pay workers who are erroneously classified as independent contractors.

The case against Strickland was brought as a collective action, meaning that workers in addition to the initial plaintiffs were permitted to join the case. The case, formally known as *Farias v. Strickland Waterproofing Company, Incorporated*, no. 3:20-cv-00076, was before the United States District Court for the Western District of Virginia. It had been litigated—vigorously—since it was filed in late 2020.

🕒 March 31, 2023 📁 Class Actions, Employment Law, Litigation, Unpaid Overtime, Virginia Law

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