

Employers Under Fire for Improper Use of Independent Contractors

Two Gulf Coast oilfield services and marine staffing firms recently agreed to pay more than \$500,000 in fines to settle federal lawsuits that alleged they skirted employment rules and overtime laws by improperly paying workers as contractors to reduce overtime costs, according to an article published by **Androvett Legal Media & Marketing**.

The penalties are the latest reminders to Texas employers of the consequences of a continued federal and state crackdown on employee misclassification, says Dallas attorney **Audrey Mross**, who leads the Labor & Employment section at **Munck Wilson Mandala**.

Such enforcement efforts have gained steam in 34 states, including Texas. These states signed on to an initiative to share information and aid the feds in identifying and punishing employers who fail to properly classify workers as employees. In addition, the National Labor Relations Board recently found that a trucking company improperly classified its drivers as independent contractors, which interfered with their rights to join labor unions.

“Businesses that are not on top of this issue are operating in perilous territory,” Mross says. “Any employer using independent contractors should analyze whether workers are properly classified and regularly re-evaluate those relationships. Violators face a long list of economic penalties, including fines, back pay, IRS penalties and legal fees.”