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NJDOL Issues Stop-Work Orders to Five Out-of-State Contractors for Misclassifying Workers on Construction Site

FOR IMMEDIATE RELEASE

February 15, 2022

TRENTON – The New Jersey Department of Labor and Workforce Development (NJDOL) has issued stop-work orders to five out-of-state contractors – from Florida, Georgia, and North Carolina – who misclassified workers performing construction work in New Jersey

The NJDOL's Division of Wage and Hour Compliance investigated concrete and masonry contractor Carol Concrete LLC of Lakeland, Fla., who had hired four subcontractors for work at Brookfield Properties, in Monroe Township.

The subcontractors – 5 Star Reinforcement LLC of Carrollton, Ga., who erected steel framework; Best Hernandez Construction LLC of Charlotte, NC., who installed metal rebar; Elite Pro Rebar LLC of Stockbridge, Ga.; who also installed metal rebar; and Kico Construction LLC of Kissimmee, Fla; who did caulking work on warehouse walls – were each cited for misclassifying workers, and found to owe a total of \$29,658 in back wages.

Each subcontractor was also assessed a misclassification penalty equaling five percent of the workers' gross earnings for the prior 12 months, totaling \$5,954, to be paid to the affected workers.

[This penalty](#) was implemented as part of a [bill package](#) signed into law by Governor Murphy in January 2020 to combat the illegal practice of misclassification.

“Misclassification not only costs our state’s workforce billions of dollars in vital funding to critical worker lifelines like unemployment insurance, it strips workers of their rights to these benefits entirely, including unemployment, overtime, earned sick leave, and minimum wage,” said Assistant Commissioner of Wage and Hour and Contract Compliance Joseph Petrecca. “New Jersey has worked hard to make our state a great place to work and do business, and our goal is to ensure every worker doing a job in our state gets the benefits to which they are entitled.”

The stop-work order issued to Carol Concrete was lifted after an audit determined the misclassified workers were employed by the subcontractors and each subcontractor took responsibility for their workers. However, per N.J.S.A 34:11-67.1 which was just recently enacted, Carol Concrete may be held jointly liable for the misclassified workers, should their subcontractors fail to satisfy the Division’s assessments

In addition, the subcontractors were assessed a total of more than \$42,000 in penalties and fees, excluding the misclassification penalty.

The general contractor, ARCO Design/Build Industrial Philadelphia, a division of Arco Design/Build Companies Inc., with offices in King of Prussia, Pa. and 31 other locations around the country, was not cited.

Referrals to the NJDOL's Division of Workers' Compensation are pending to verify the companies have the proper Workers' Compensation Insurance.

For more information on New Jersey's wage and hour laws, please visit myworkrights.nj.gov.

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