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FOR IMMEDIATE RELEASE

March 12, 2026

TRENTON – The New Jersey Department of Labor and Workforce Development (NJDOL), in partnership with the New Jersey Office of the Attorney General (OAG), announced a historic settlement with PDX North, Inc. (PDX), a last-mile automotive parts distribution company, after years of litigation. The company has agreed to pay \$7 million to resolve longstanding worker misclassification violations involving its delivery drivers.

In addition to the settlement amount, PDX has agreed to take the crucial step of reclassifying its delivery drivers as employees to comply with state law. Over one thousand delivery drivers were misclassified as independent contractors and thus deprived of the rights and benefits of New Jersey's strong worker protection laws.

Beginning this year, PDX will pay into the State's Unemployment Compensation and State Disability Benefits Funds and make all required filings. By January 1, 2027, PDX has agreed to come into compliance with all State wage, benefit and tax laws, meaning the drivers will be eligible for protections, including minimum wage and overtime laws, earned sick leave, unemployment benefits, family leave and temporary disability benefits, and workers' compensation coverage.

While improving conditions for drivers, PDX's new model will also help level the playing field in the last-mile trucking and delivery sectors. Businesses that misclassify their workers undercut their competitors following state labor laws.

"Misclassifying workers raises costs for workers, taxpayers, and law-abiding businesses, which many of them can hardly afford. Combating worker misclassification is a critical part of our efforts to make our state more affordable for all New Jerseyans," **said Attorney General Jennifer Davenport**. "Through close collaboration with the New Jersey Department of Labor and Workforce Development, we secured a resolution that holds PDX accountable for its misconduct. PDX has now reclassified its drivers as employees to comply with our labor laws, ensuring that workers receive the protections they deserve."

"This settlement reflects New Jersey's strong commitment to protecting workers and ensuring employers meet their legal obligations," **said Acting Labor Commissioner Kevin D. Jarvis**. "Worker misclassification denies employees critical benefits and protections and undermines fair competition for businesses who follow the law. By restructuring how it operates, PDX is demonstrating a true commitment to following the Garden State's worker protection laws."

Background of the Case

The agreement resolves four NJDOL audits covering the years 2006 through 2019, which determined that PDX improperly classified delivery drivers as independent contractors rather than employees in violation of New Jersey's Unemployment Compensation and Temporary Disability Benefits laws. The original assessments totaled \$7,863,855.76 in unpaid contributions, interest and penalties.

NJDOL initiated its first audit after a PDX driver filed for unemployment benefits, triggering a comprehensive review of the company's employment practices. Subsequent audits, prompted by additional claims and ongoing review, found PDX's [drivers were misclassified](#) across multiple years.

After disputing the Department's findings, the case was transmitted to the New Jersey Office of Administrative Law. However, the administrative proceedings were stayed once PDX commenced parallel litigation in federal court challenging New Jersey's ability to apply its worker classification laws to its business. Both the U.S. District Court and the U.S. Court of Appeals dismissed the company's claims, and the United States Supreme Court declined to hear the case in 2021. Administrative proceedings then resumed before the New Jersey Office of Administrative Law in 2022.

On December 5, 2025, NJDOL and PDX executed a settlement agreement, contingent upon PDX securing financing for an initial lump-sum payment to NJDOL of \$5 million by March 5, 2026. PDX has now met that condition, bringing the agreement, and all forward compliance terms, fully into effect.

Under the settlement, PDX's \$5 million payment satisfies its outstanding unemployment and temporary disability insurance liabilities from the audited periods as well as intervening years through 2025. PDX further agreed to an additional \$2 million in suspended penalties, which will not become due to NJDOL as long as PDX meets its obligations under the agreement through January 1, 2029.

The obligations include:

- Paying all quarterly Unemployment Insurance/Temporary Disability Insurance contributions and related filings as they become due, effective immediately;
- Paying any underpayments of Unemployment Insurance/Temporary Disability Insurance contributions identified by NJDOL's Division of Employer Accounts;
- Beginning in 2027, properly classifying all drivers as employees under all State wage, benefit and tax laws enforced by NJDOL; and
- Throughout the term of the agreement, PDX shall remain subject to NJDOL audits to ensure ongoing compliance.

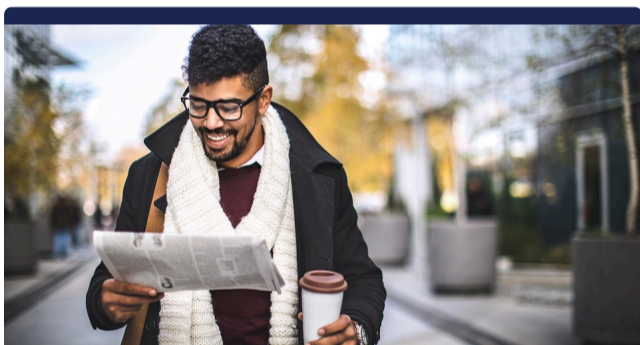
The PDX settlement represents the latest victory for transportation and logistics workers obtained by NJDOL and the Office of the Attorney General. The State secured similar settlements with [Publishers Circulation Fulfillment](#) and [NJ Penn](#), both involving misclassified newspaper delivery workers, as well as Horseless Carriage, a [Paterson-based luxury car shipping firm](#). In addition, in October 2025, the State [sued Amazon](#) for misclassifying its Flex delivery drivers as independent contractors in violation of New Jersey law.

NJDOL was represented in this matter by the OAG's Division of Law, including Deputy Attorneys General Nadya Comas, Yael Fisher and Geoffrey McGee, under the supervision of former Labor Enforcement Section Chief Eve E. Weissman, Special Assistant Pavithra Angara, Assistant Attorney General Mayur P. Saxena, and Deputy Director Sara M. Gregory.

Learn more about New Jersey's gold-standard worker misclassification laws at https://www.nj.gov/labor/myworkrights/worker-protections/independent_contractors/.

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