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NJDOL Reaches Landmark Compliance Agreement to Protect Rights of Drywall Workers

FOR IMMEDIATE RELEASE

May 22, 2023

TRENTON – In its second strategic enforcement initiative, focusing on the drywall industry, the New Jersey Department of Labor and Workforce Development (NJDOL) reached a first-of-its-kind enhanced compliance agreement with Donald Drywall, L.L.C. of Lakewood after investigators found the subcontractor had committed numerous wage and hour, earned sick leave, and employee misclassification violations.

The Wage and Hour Division found 48 misclassified employees working for Donald Drywall on a construction project in Hudson County. In addition to misclassifying employees, the subcontractor failed to pay employees minimum wage, failed to pay all wages owed, and failed to pay wages at least every two weeks, the investigation found. Some employees were being paid in cash and off the books, depriving them of safety-net employee benefits such as workers' compensation, overtime, and more.

"The first round of investigations revealed that misclassification of drywall workers is rampant," said Labor Commissioner Robert Asaro-Angelo. "Our investigators are dedicated to rooting out worker exploitation; I'm proud of their collaboration with employers and employee advocates to effect lasting change in industries with high rates of non-compliance such as drywall installation."

[Strategic enforcement](#) is a proactive enforcement method spearheaded by NJDOL's Wage and Hour Division that focuses on industries with a history of non-compliance with existing labor laws and those whose employees are less likely to file complaints with the Department. This approach augments the Department's existing complaint-driven enforcement actions.

A stop work order issued as a result of the violations brought construction to a halt for a week. During a subsequent hearing, the drywall installer agreed to a stringent enhanced compliance agreement. The agreement entails a three-year debarment from working on public construction contracts, the submission of payroll records for all its employees, and the implementation of compliance measures, including ensuring all its workers are correctly classified as employees, are paid on the books, and reported to State employment benefits and tax agencies. Additionally, the company will list each employee's [earned sick leave](#) hours on their paystub so the employees are informed of their right to paid sick time and know how much sick time they have accrued and used.

Donald Drywall was assessed to pay back wages, damages, penalties, and fees totaling \$167,060.60.

March Associates Construction Inc. of Wayne is the general contractor and could be liable if a subcontractor fails to pay its assessment. The worksite, which is located at Riverbend District Block D, 1100 South Fifth St., Harrison, is being developed by Advance Realty Investors, doing business as Block D Partners Urban Renewal I, L.L.C.

The Wage and Hour Division continues to make unannounced visits in various regions of the State, investigating drywall contractors performing work on high-profile, multi-unit residential construction projects. The Division plans to continue its work to change the culture within the construction industry that has led to frequent misclassification of workers.

Investigators have identified a pattern in which subcontractors performing drywall work often pay their workers off the books in violation of New Jersey law, and these cases often result in additional violations of state minimum wage and overtime, unemployment and temporary disability benefits, worker's compensation, and tax laws. Importantly, misclassified workers are not at fault if their employer misclassifies them, and they are protected against retaliation if they report misclassification to NJDOL or cooperate in an investigation.

Employers who pay their workers off the books profit illegally at the expense of workers and communities, with an unfair competitive advantage over employers who do comply with the law. Construction businesses place themselves at risk of significant sanctions if workers on project sites



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are not treated as employees in compliance with state law.

NJDOL is committed to working with the construction industry to implement readily available business practices to ensure all drywall workers are being treated as employees in compliance with state law. Information is available [here](#).

In addition, the Department works closely with worker advocacy groups to provide education and training, so workers understand their rights as employees.

The first strategic enforcement initiative undertaken by the NJDOL's Wage and Hour Division focused on the [retail laundromat industry](#).

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

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