

[Home](#) / Multi-Agency Investigation Results in Assessing 20 Contractors More than \$1.3M in Back Wages and Penalties

Multi-Agency Investigation Results in Assessing 20 Contractors More than \$1.3M in Back Wages and Penalties

FOR IMMEDIATE RELEASE

February 9, 2023

TRENTON – A unique partnership between the New Jersey Departments of Labor and Workforce Development (NJDOL), Treasury, Banking and Insurance, and the Office of the Attorney General (OAG) has resulted in the assessment of more than \$1.3 million in back wages and penalties to 20 contractors performing construction work at 88 Regent Street in Jersey City, where a multi-agency team of more than 60 investigators conducted an unannounced sweep in summer 2021 in response to allegations of workers being misclassified. Grand Street Construction, LLC of Jersey City, was the owner/ general contractor on the project.

The joint investigation, the first of its kind among cooperating state agencies, started shortly after Governor Murphy signed a second package of misclassification bills into law in July 2021. NJDOL's Division of Wage and Hour Compliance joined staff from the Treasury's Division of Taxation, the Department of Banking and Insurance and the Attorney General's Office to follow up on complaints of workers being misclassified as independent contractors or paid off-the-books while working at the Jersey City construction site. Allegations also included workers not being paid properly for overtime, and employers failing to pay appropriate taxes on purchased construction materials and not carrying workers' compensation insurance.

"After a hard day of work, everyone deserves to receive their full wages and benefits," said Attorney General Matthew J. Platkin. "We will not tolerate companies and contractors that cut corners to make an extra buck. The misclassification of workers is illegal and damages the quality of life for the affected employees and their families. We are proud to use the enhanced provisions of the 2021 amendments to the labor laws to put money back in workers' pockets where it belongs. This sweep truly was a group effort, and I want to thank all the agencies involved for bringing justice to these workers."

"Worker misclassification and wage theft can do irreparable harm to New Jersey families. The substantial assessment of penalties and back wages is the result of the Murphy Administration's continued commitment to protecting workers' rights and cracking down on employee misclassification," said State Treasurer Elizabeth Maher Muoio. "We heartily appreciate every agency that has banded together to ensure that fair compensation and a livable wage are delivered at the end of the day."

"Under Governor Murphy's leadership, our state agencies are working in partnership to identify and root out worker misclassification by companies and contractors that illegally withhold wages and benefits due to workers," said Department of Banking and Insurance Commissioner Marlene Caride. "We are grateful for the collaboration with our sister agencies on this joint investigation. The department looks forward to our continued work together to protect workers and their families across the state."

"This has been an intensive, large-scale investigation, and we're far from finished with this case or future enforcement," said NJDOL Assistant Commissioner of Wage and Hour Compliance Joseph Petrecca. "Working with our sister agencies, we're holding employers accountable to our state's wage, benefits and tax laws. We want to make sure employees aren't paid any less than what they deserve for an honest day's work."

In conjunction with NJDOL, the Department of the Treasury's Division of Taxation investigated 21 of the subcontractors and found that 14 had pending tax issues and one out-of-state contractor was served a jeopardy assessment warrant for non-compliance. Investigators from the Division assessed the 14 non-compliant businesses a total of \$104,092 in back taxes and have collected \$46,597 to date.

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  4



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The general contractor of the private construction project, Grand Street Construction of Jersey City, can be held responsible for the unlawful actions and back wages of its sub-contractors per N.J.S.A. 34:11-67.1.

Subcontractor P & B Partitions of West Berlin, which hired several of the other subcontractors at fault, was cited for records violations, misclassifying employees, and unpaid and late wages, and assessed more than \$324,000 in penalties and fees, in addition to a \$8,692 misclassification penalty to be paid to 22 of its workers. P & B Partitions is contesting that assessment. In addition to its own violations, P & B also contracted with at least 5 other lower tier sub-contractors who also failed to properly classify their employees and pay them properly. Those violations and penalties total \$237,289.63 and that liability also lies with both P & B Partitions and Grand Street since those contractors failed to challenge the alleged violations against them.

Finally, another sub-contractor on the Regent Street project, BWK Construction, LLC was also found to have failed to pay employees overtime, failed to provide them with Earned Sick Leave as required, and to have misclassified employees by paying them in cash off the books. Grand Street was notified of those alleged violations by BWK Construction and their failure to respond to allegations which totaled some \$350,171.49 in back wages, fees and penalties.

Several members of the NJDOL and OAG staff deserve kudos for their work on this matter and for achieving this outcome: From NJDOL, Legal Liaison Mindy Gensler, Assistant Commissioner of Wage and Hour and Contract Compliance Joseph Petrecca, Division Director David Biglin, Assistant Directors Toni Longo and Barry Hickey, and Assistant Chiefs Marc Goldberg and Lawrence Cirignano all had a hand in leading the investigation.

The Department was represented in this matter by the Office of the Attorney General's Affirmative Civil Rights and Labor Section within the Division of Law's Affirmative Civil Enforcement Practice Group, including Eve Weissman, Mary Kenah, Shireen Farahani, John-Paul Proctor, and former DAGs Peter Basso and Micauri Vargas, under the supervision of Assistant Attorney General Mayur Saxena, drafted, served, and collected records from 55 subpoenas issued by the Department of Labor.

NJDOL will continue to pursue collection of the assessed back wages and penalties as cases settle. Each contractor has the right to appeal the allegations.

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

[← Go back to all press releases](#)

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Temporary Disability Insurance

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Unemployment Insurance

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Your Rights at Work

Workers' Compensation

Safety and Health

Wage & Hour Compliance

Paid Sick Leave

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Career Services

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Employer Services

Employer Accounts
Employer Self-Service (NLx)
Layoffs and Closings
Wage & Hour Compliance
Business Support
Apprenticeship
Industry Partnerships
Employer Poster Packet

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Information (COEI)
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Opportunity Act (WIOA)
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