

AG Davenport, Labor Department Reach Major Settlement with Trucking Company in Worker Misclassification Lawsuit

FOR IMMEDIATE RELEASE

July 29, 2026

TRENTON – Attorney General Jennifer Davenport and Kevin D. Jarvis, Acting Commissioner of the New Jersey Department of Labor and Workforce Development (NJDOL), reached a settlement with STG Logistics, Inc., STG Drayage, LLC, and other subsidiaries resolving allegations that the shipping and logistics companies misclassified hundreds of truck drivers as independent contractors in violation of multiple New Jersey labor laws.

This settlement resolves the first lawsuit filed under New Jersey’s 2021 law that permits the State to file suit in New Jersey Superior Court against employers who have misclassified workers as independent contractors.

Under the [settlement agreement](#), truck drivers and the State will receive at least \$2,775,000—despite STG having filed for bankruptcy earlier this year, which resulted in many debts being canceled. The settlement amount is considered “priority” under both the bankruptcy code and the settlement agreement, ensuring workers are compensated ahead of other creditors.

“This was our first-ever Superior Court misclassification case, and we saw it through to the end—surviving a company sale, a bankruptcy, and years of litigation,” **said Acting Labor Commissioner Kevin D. Jarvis**. “The message is clear: New Jersey will use every tool at our disposal to protect workers, and we’ll fight until the job is done.”

“Corporate wrongdoers cannot pad their profits by cutting corners and exploiting the workers who keep their businesses running,” **said Attorney General Jennifer Davenport**. “This settlement will ensure that hundreds of workers will finally receive money they are rightfully owed and should have been paid right from the start of their tenure as employees. We are proud to stand with the Department of Labor in holding STG accountable for its unlawful conduct.”

Of the total settlement:

- **\$2,220,000 will go directly to hundreds of truck drivers**, primarily for STG’s violations of wage and hour laws.
- **\$555,000 will go to the State of New Jersey**, split between Wage & Hour penalties and contributions to the Unemployment Compensation and State Disability Benefits Funds.

Additionally, if STG violates the agreement, NJDOL will receive an additional \$7,500,000 in penalties owed to the State.

The settlement also requires STG to comply with all applicable labor laws going forward and to provide information to NJDOL to ensure ongoing compliance.

Background

NJDOL began investigating STG’s predecessor, XPO Logistics, in 2019, focusing on their facility located at 283 Wilson Avenue in Newark. STG Logistics purchased XPO’s New Jersey intermodal business in 2022 and assumed liability for the seller’s past employment practices. [The State filed suit against STG in Superior Court on December 11, 2023](#).

Through its investigation, NJDOL found that STG violated the rights of hundreds of truck drivers by treating employee truck drivers as independent contractors. This misclassification deprived workers of rights and benefits afforded to employees, including minimum wage, overtime, workers’ compensation, unemployment insurance, temporary disability benefits, earned sick leave, job-protected family leave, and equal pay protections.

NJDOL’s investigation revealed that STG:

- Failed to pay wages due to employees and at times failed to pay the minimum wage;
- Deducted, diverted, and withheld millions of dollars from drivers' pay for fuel, tolls, parking, liability insurance, fees, and truck maintenance and repairs in violation of the Wage Payment Law—deductions that were sometimes greater than a driver's entire gross pay, resulting in negative net pay during some pay periods;
- Failed to maintain records of hours worked and wages paid;
- Failed to make available and pay earned sick leave in violation of the Earned Sick Leave Law;
- Failed to carry sufficient workers' compensation insurance under the Workers’ Compensation Law; and

- Failed to make required contributions to the State Unemployment Compensation Fund and the State Disability Benefits Fund.

The companies classified workers as independent contractors despite exercising significant control over drivers and their work, including by:

- Requiring that the company’s name appear on drivers’ trucks;
- Requiring drivers to lease their trucks to the company for its exclusive possession, control, and use;
- Prohibiting drivers from using the trucks for other work without written consent;
- Requiring drivers to sign non-negotiable “independent contractor agreements”;
- Requiring installation of electronic GPS tracking devices in drivers’ trucks; and
- Assigning all routes, tightly monitoring deliveries, and setting rates of pay.

Under [New Jersey’s “ABC” test](#), workers are presumed to be employees unless a company can prove the individual is largely free from the company's control, performs work outside the company's usual business or outside its places of business, and has their own independent business. STG failed to meet any of these requirements.

NJDOL was represented in this matter by the Office of the Attorney General’s Division of Law, including Deputy Attorneys General Jeffrey Olshansky, Nadya Comas, Marc D. Peralta, and former Deputy Olivia Mendes under the supervision of former Labor Enforcement Section Chief Eve E. Weissman, Assistant Attorney General Mayur P. Saxena, and Deputy Director Sara M. Gregory.

To see the settlement agreement, [click here](#).

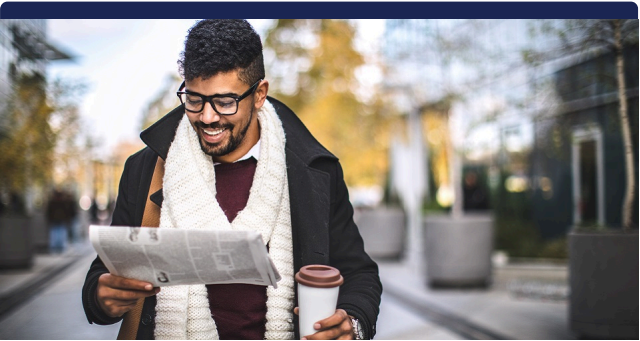
To see the original complaint, [click here](#).

Misclassified workers are not at fault and can find information about their rights and protections here: [myworkrights.nj.gov](#).

Businesses can learn about legal requirements and services provided to them at: [nj.gov/labor](#).

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Department of Labor and Workforce Development
1 John Fitch Plaza
Trenton, NJ 08625