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NJDOL, Treasury Raid Worksite in First Joint-Enforcement Action to Combat Worker Misclassification

FOR IMMEDIATE RELEASE

August 10, 2021

TRENTON – A team of more than 60 investigators from the New Jersey Department of Labor and Workforce Development (NJDOL) and the [Department of the Treasury](#), supported by other state agencies, conducted an unannounced investigation of a construction site at 88 Regent Street in Jersey City in response to allegations of worker misclassification.

Within weeks of Governor Murphy signing new legislation to bolster the state’s already strong misclassification laws, the Department of Labor’s Divisions of Wage and Hour Compliance, and Public Safety and Occupational Safety and Health joined staff from the Department of the Treasury’s Division of Taxation on July 28 to follow up on complaints of workers being misclassified as independent contractors, or being deprived the benefits of on-the-books employment through cash payments. Allegations also include workers not being paid properly for overtime, and in addition, failing to pay appropriate taxes on purchased construction materials.

The names of the companies are being withheld while the investigation continues.

“With our partners at the Department of the Treasury’s Division of Taxation at our side, and other agencies lending support, we are amplifying our message that misclassifying workers, including paying in cash, is not worth the crime,” said Assistant Commissioner of Wage and Hour Compliance Joseph Petrecca. “Together, we took statements from dozens of employees working for more than 20 different subcontractors. I am proud of the professionalism, accuracy and coordination displayed by our teams during this large-scale operation, and look forward to more joint responses with our sister agencies.”

Appropriate findings from the investigation will be forwarded to other state agencies for further enforcement collaboration.

“This ‘whole of government’ approach demonstrates the Murphy Administration’s commitment to guaranteeing more meaningful wages for New Jersey employees, as well as access to the rights, protections and benefits they need and deserve,” said State Treasurer Elizabeth Maher Muoio. “I want to thank all of the agencies involved for their cross-departmental coordination. Working cooperatively affords us the best chance at making a real difference when it comes to creating a more level, equitable playing field.”

Misclassification is the practice of illegally and improperly classifying employees, which deprives workers the right to earn minimum wage and overtime, workers’ compensation, unemployment, earned sick leave, job-protected family leave, temporary disability, and equal pay, and leaves them unprotected against discrimination. It also hurts the vast majority of employers who play by the rules, by putting them at a competitive disadvantage against those who disregard the law.

The NJDOL found in a 2018 audit of 1 percent of New Jersey businesses that more than 12,000 workers were misclassified, resulting in underreported wages in excess of \$460 million and \$14 million in lost contributions to unemployment, disability, family leave and workforce programs. Because this audit covered just 1 percent of businesses, the true scope of misclassification is believed to be far greater.

In July 2019, Governor Murphy released [a comprehensive report](#) by the Task Force on Employee Misclassification, created in response to widespread employee misclassification. Governor Murphy then [signed a package of legislation](#) to combat employee misclassification



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NJ adds jobs in July; 7th consecutive months of gains. [nj.gov/labor/lwdhome/...](https://nj.gov/labor/lwdhome/)

Aug 19, 2021



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As of the latest reporting, more than \$33 billion in unemployment benefits have been sent to Garden State workers. With federal benefits set to expire on September 4, we encourage everyone to check your email and visit [MyUnemployment.nj.gov](https://myunemployment.nj.gov) for updates and available resources.



in January 2020, which included granting the NJDOL the authority to issue stop-work orders to employers found to be in violation of wage and hour laws, and simplifying interagency sharing of tax information.

This spring, NJDOL for the first time used its authority to pause all work by a company based on repeated and ongoing violations of state wage and hour laws. Previous stop-work orders have been issued at a specific worksite based on suspected violations.

For more information on New Jersey's wage and hour laws, please visit myworkrights.nj.gov. To report suspected misclassification, visit www.nj.gov/labor/wageandhour/.

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Department of Labor

1 John Fitch Plz,

Trenton, NJ 08611