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NJDOL Issues Stop-Work Orders to Three Contractors as Multi-Agency Investigation Continues

FOR IMMEDIATE RELEASE

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TRENTON – The New Jersey Department of Labor and Workforce Development (NJDOL) recently issued stop-work orders to three contractors performing construction work at 88 Regent Street in Jersey City, where last summer a multi-agency team of more than 60 investigators conducted an unannounced investigation in response to allegations of worker misclassification. The investigation is ongoing.

As a result of a joint investigation with the Department of the Treasury and the Department of Banking and Insurance, NJDOL's Division of Wage and Hour Compliance delivered stop-work orders to Kadex Ceiling Team Inc. of Elizabeth and Blue Star Drywall Corp. and Drywall Builders Corp., both of Plainfield. The general contractor of the private construction project, Grand Street Construction of Jersey City, has not been cited.

The three subcontractors were found to owe a total of \$19,800 in back wages.

Each subcontractor was also assessed a misclassification penalty equaling five percent of the workers' gross earnings for the prior 12 months, totaling \$19,520 to be paid to the affected workers. [This penalty](#) was implemented as part of a [bill package](#) signed into law by Governor Murphy in January 2020 to combat the illegal practice of misclassification.

"Any worker doing a job in our state deserves every penny and every benefit to which they're entitled," said Assistant Commissioner of Wage and Hour Compliance Joseph Petrecca. "Our strengthened laws and tools to combat the illegal practice of misclassification, along with our solid partnerships with our sister agencies, have made New Jersey even more effective at keeping employers accountable, and making examples out of those who skirt the law."

Shortly after Governor Murphy signed a second package of misclassification bills into law, NJDOL'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 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 while working at the Jersey City construction site. Allegations also included workers not being paid properly for overtime, and in addition, failing to pay appropriate taxes on purchased construction materials.

On top of the misclassification penalty, the subcontractors were assessed a total of more than \$151,900 in further penalties and fees.

Each of the three subcontractors has the option to appeal the order and contest the action during a hearing. To date, Kadex Ceiling Team Inc. has filed an appeal, and, as a result of that hearing, has agreed to pay \$1,080 in back wages and a \$702 misclassification penalty to the affected workers, and a \$4,500 penalty to the state for the Wage and Hour law violations. The firm has also agreed to their debarment, which will exclude them from engaging in public works projects.

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

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