

N E W S R E L E A S E

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U.S. District Court Upholds Labor Commissioner Awards of Almost \$1 Million for Misclassification of Port and Rail Truck Drivers

Los Angeles— A federal court judge has sided with California Labor Commissioner Julie A. Su, issuing a judgment in favor of five port and rail truck drivers against XPO Cartage Inc. The ruling awards the drivers reimbursement for expenses and unlawful deductions in the amount of \$958,660 plus attorney’s fees and costs.

The Labor Commissioner previously issued awards to the five drivers following hearings that found they had been misclassified as independent contractors. XPO Cartage appealed the five decisions in Superior Court and the case was removed to Federal Court, where attorneys for the Labor Commissioner defended the decisions on behalf of the drivers. After a four-day bench trial and post-trial briefing, U.S. District Court Judge William Keller ruled the cases were not preempted by the Federal Aviation Administration Authorization Act of 1994 and that all five drivers, misclassified as independent contractors, were entitled to reimbursement for expenses and unlawful deductions.

“The United States District Court’s decision in this case vindicates the rights of five employees who have sought for years to recoup the deductions unlawfully withheld from their wages due to being misclassified as independent contractors,” said Labor Commissioner Julie A. Su. “My office is dedicated to ensuring workers are paid what they are due under the law and ensuring workers are properly classified.”

State courts have also upheld the Labor Commissioner’s awards in misclassification cases in the port and rail trucking industry. In 2013, Superior Court Judge Michael Vicencia rendered judgment in favor of four port truck drivers and against Seacon Logix Inc. in the amount of \$107,802. The Second District Court of Appeal affirmed Judge Vicencia’s judgment in its published decision *Garcia v. Seacon Logix, Inc.* (2015) 238 Cal.App.4th 1476. In 2015, Superior Court Judge Ross Klein also affirmed the Labor Commissioner’s finding of misclassification and awarded port truck driver Ho Lee \$179,390 for reimbursement of expenses and unlawful deductions following a three day bench trial.

The federal courts over the past four years have consistently upheld the Labor Commissioner’s authority to adjudicate these claims and rejected complaints that wage

claims filed by truck drivers with the Labor Commissioner are preempted under the Federal Aviation Administration Authorization Act of 1994:

- Clean Truck Coalition, et al. v. Julie Su, Labor Commissioner of the State of California, Department of Industrial Relations, in her official capacity, et al., Case No. 2:12-cv-08949-MMM-AJW;
- Seacon Logix, Inc. v. Division of Labor Standards Enforcement, Case No. BC504306;
- Winwin Logistics, Inc. v. Julie Su, Labor Commissioner, California Department of Industrial Relations, Division of Labor Standards Enforcement, Case No. 2:15-cv-04624-CAS (PJWx);
- Sterling Express Services, Inc. v. Jose Vasquez, an individual; Division of Labor Standards Enforcement, by and through Julie Su, in her official capacity as Labor Commissioner, et al., Case No. 2:14-cv-01308-DSF-VBK;
- Sterling Express Services, Inc. v. Johel Climaco Valencia, an individual; Division of Labor Standards Enforcement, by and through Julie Su, in her official capacity as Labor Commissioner, et al., Case No. 2:14-cv-00137-R-JCGx.

The Department of Industrial Relations' Division of Labor Standards Enforcement, also known as the [Labor Commissioner's Office](#), inspects workplaces for wage and hour violations, adjudicates wage claims, investigates retaliation complaints, issues licenses and registrations for businesses, enforces prevailing wage rates and apprenticeship standards in public works projects, and educates the public on labor laws. Its [Wage Theft is a Crime](#) multilingual public awareness campaign was launched in 2014 to help inform workers of their rights and employers of their responsibilities.

Members of the press may contact Erika Monterroza or Peter Melton at (510) 286-1161, and are encouraged to [subscribe to get email alerts](#) on DIR's press releases or other departmental updates.

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