

CHICAGO TEAMSTERS JOINT COUNCIL 25



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TEAMSTERS APPLAUD ATTORNEYS GENERAL FOR ACTION ON FEDEX GROUND'S ILLEGAL DRIVER MISCLASSIFICATION

Hoffa: Time for FedEx to Stop Dodging State Taxes, Worker Protections

The Teamsters Union on Tuesday praised attorneys general in New York, Montana and New Jersey for putting FedEx Ground on notice that the company faces legal action for violating labor laws, including shifting tax obligations onto residents through an illegal driver misclassification scheme.

“FedEx Ground can’t get away with being a bully anymore, hiding behind its army of lobbyists to avoid responsibilities to workers and to American taxpayers,” said Teamsters General President Jim Hoffa. “This is an issue of fairness. The laws of this country apply to everyone.”

Attorneys General Andrew Cuomo of New York, Steve Bullock of Montana and Anne Milgram of New Jersey sent a letter Tuesday to FedEx Ground warning the company that it faces legal action, including restitution, damages, civil penalties and other relief over its illegal misclassification of drivers.

“FedEx’s illegal misclassification of its drivers has resulted in a serious injustice to more than a thousand FedEx drivers in Montana, New Jersey and New York,” the letter said, also adding that “...besides hurting FedEx drivers, FedEx’s practices hurt the states of New Jersey, New York and Montana when proper taxes are not paid. FedEx’s practices also hurt other employers, which face unfair competition as a result of FedEx’s illegal cost-cutting measures.”

The three states found that FedEx Ground drivers are illegally misclassified as independent contractors, therefore denying them employment rights such as workers’ compensation benefits, anti-discrimination laws and wage and hour protections. FedEx Ground drivers are required to spend thousands of dollars for trucks, repairs, uniforms, fuel and other equipment. The company controls the hours they work, how they dress and when they drive their own trucks.

“FedEx Ground has been cheating its workers and fleecing the taxpayers for too long,” said Ken Hall, Teamsters International Vice President and Director of the Package Division. “Andrew Cuomo, Steve Bullock and Anne Milgram deserve credit for standing up to a powerful multinational that pads its profits by skirting state laws. Thanks to them, FedEx and its CEO Fred Smith won’t be allowed to profit from this scheme at the expense of its workforce and the American taxpayers.”

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FedEx Ground is currently the subject of investigations by 30 other states over its misclassification scheme. Also, more than 45 class-action lawsuits have been filed against the company in state and federal courts over the issue.

Misclassification of employees not only cheats workers, but leads to the loss of federal income and employment tax revenue. It is estimated that more than \$4.7 billion in federal income is lost due to this practice. At the state level, misclassifying 1 percent of workers results in an average of \$198 million lost annually to state unemployment insurance funds.

Founded in 1903, the International Brotherhood of Teamsters represents 1.4 million hardworking men and women in the United States, Canada and Puerto Rico.