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Knight-Swift Agrees to \$100 Million Settlement in Misclassification Lawsuit

March 14, 2019 • by [Steven Martinez](#)

Knight-Swift Transportation Holdings has agreed to a settlement in a class action lawsuit involving roughly 20,000 drivers over claims that the drivers were improperly classified as independent drivers rather than full employees.

Knight-Swift said the estimated settlement amount, up to \$100 million, was fully reserved on the company's balance sheet as of Dec. 31, 2018, and is not expected to have a material impact on its future results. The settlement is still subject to approval by the court.

The lawsuit dates back to December 2009, originating with Swift Transportation prior to the Knight Swift merger. The lawsuit claims that Swift treated truck drivers who leased trucks through the company as independent contractors even though they acted as full-time employees. Swift allegedly made unlawful deductions from the drivers' pay for truck lease payments, gas, equipment, maintenance, insurance, tolls and other expenses.

Lawyers for the drivers argued that this is in violation of federal minimum wage law because the drivers are legally considered employees. They also alleged that

the drivers could not have been truly independent because Swift was able to terminate the lease for any reason at all and continue to demand that all lease payments continue to be made. The near-decade long case has been through multiple appeals to the 9th Circuit Court of Appeals as well as a petition to the Supreme Court.

The independent contractor model has been a minefield for fleets operating at the ports in California. For several years, class action lawsuits similar to the Knight-Swift case have been brought by drivers all alleging the same thing, that being classified as an independent driver in port operations has been used to skirt giving drivers full employee benefits.

And the Labor Department of the state of California has generally agreed with it. While independent drivers are commonplace in the trucking industry, California has consistently ruled against trucking companies that use independent contractors as a tactic to avoid paying drivers proper wages and benefits that would be owed to a full employee, a practice labeled driver misclassification. It has resulted in millions of dollars in settlement agreements from fleets and has even pushed some port companies into bankruptcy.