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Feds sue Utah firms, seeking damages for 800 workers

Labor • Agency claims contracting companies willfully misclassified employees.

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A Pleasant Grove-based contracting firm is in hot water again, this time with the feds.

The U.S. Department of Labor has filed a lawsuit against Universal Contracting LLC, along with three other Utah companies and their principals, for “willful violations” of the Fair Labor Standards Act, or FLSA.

The suit contends that Universal Contracting and CSG Workforce Partners provided workers to two firms, Decorative Enterprises of American Fork and Mountain Builders based in Morgan, but classified the contractors as owners instead of employees. Cory Atkinson, Tracy Burnham and Ryan Pace are also named in the suit.

In a statement, Cynthia Watson, southwest regional administrator of the Wage and Hour Division, claimed the companies failed to maintain a record of work hours or to pay employees overtime, both required under FLSA. The suit seeks to recover unpaid overtime compensation and liquidated damages for more than 800 current and former laborers. The suit seeks to recover unpaid overtime compensation and liquidated damages for more than 800 current and former laborers.

“Universal Contracting, CSG Workforce Partners and their clients are intentionally skirting the law by willfully and wrongfully claiming that their workers are not employees because they are members or owners in a limited liability company,” Watson said. “As demonstrated by this lawsuit, the department is vigorously pursuing corrective action in those situations where misclassified workers are actually employees, to ensure that they are paid required wages and to level the playing field for employers who play by the rules.”

Under the FLSA, workers must be paid federal minimum wage plus time-and-a-half for hours worked beyond 40 per week.

Representatives of Universal Contracting did not respond to requests for comment.

The lawsuit comes a month after the Utah Construction Services Commission put Universal Contracting’s contractor license on probation for a year for failing to submit financial records on its 700 owners.

In addition to the lawsuit, the Labor Department also filed a preliminary injunction seeking to force Universal and CSG to immediately comply with overtime and record-keeping provisions.

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