

## New Jersey Labor Department Issues Companies Stop-Work Orders for Wage Violations

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The New Jersey Department of Labor and Workforce Development (NJDLWD) has announced it has issued two stop-work orders related to alleged violations of state wage laws.

Less than one month after Governor Phil Murphy signed Assembly Bill 5838 into law, the NJDLWD announced alleged violations by [a construction company](#) related to purported misclassification of employees as independent contractors and the alleged failure by [a tavern](#) to pay wages to its employees. The new law gives the NJDLWD the authority to issue stop-work orders if it determines an employer violated state wage, benefit, or tax law. The NJDLWD must provide seven days' notice of its intent to issue any stop-work order.

The NJDLWD issued the stop-work order against the construction company for violating state statutes on recordkeeping, payroll taxes, workers' compensation insurance, and classification of construction workers. The stop-work order against the tavern stemmed from a prior judgment resulting from an alleged failure to pay wages.

Underscoring the NJDLWD's willingness to utilize its authority to address alleged violations of the state's wage and hour and unemployment laws, the Commissioner commented on these stop-work orders and the agency published its press releases on its website and on social media.

The NJDLWD may issue worker misclassification penalties ranging from \$250 per misclassified employee for a first violation and up to \$1,000 per misclassified employee for each subsequent violation. The administrative penalty is in addition to a penalty payable to the worker in an amount no more than five percent of the worker's gross earnings over the preceding 12 months.

(New Jersey also requires employers to post a notification on worker misclassification beginning April 1, 2020. See our article, [New Jersey Laws Aimed at Misclassification of Independent Contractors](#).)

Jackson Lewis attorneys will continue to monitor and report on New Jersey's ongoing enforcement efforts. Please contact a Jackson Lewis attorney with any questions.

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