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**ATTORNEY GENERAL MARTHA COAKLEY FINES FEDERAL EXPRESS GROUND  
OVER \$190,000 FOR MISCLASSIFYING DRIVERS**

**BOSTON** – The Office of Attorney General Martha Coakley has assessed penalties of more than \$190,000 against FedEx Ground Package System, Inc. for intentionally misclassifying 13 drivers as independent contractors rather than as employees. The Attorney General’s Office cited FedEx Ground for violating the Massachusetts Independent Contractor Law by misclassifying the drivers, failing to provide a proper paystub, failing to provide workers’ compensation, not paying overtime to certain drivers, and neglecting to deduct and withhold state income taxes. In addition to the penalties, the citations require FedEx Ground to rectify the violations and provide restitution to the 13 drivers.

“Our office places a high priority on the proper classification of individuals in the workplace. The practice of misclassification does great harm, not only to misclassified workers and to the Commonwealth in the form of lost revenues, but also by putting law-abiding businesses at a disadvantage,” Attorney General Martha Coakley said. “We intend to pursue aggressively employers such as FedEx Ground when they violate the Commonwealth’s Independent Contractor Law.”

The Massachusetts Independent Contractor Law provides that an individual performing any service shall be considered to be an employee unless: (1) the individual is free from control and direction in connection with the performance of the service, both under his or her contract for the performance of service and in fact; and (2) the service is performed outside the usual course of the business of the employer; and, (3) the individual is customarily engaged in an independently established trade, occupation, profession or business of the same nature as that involved in the service performed.

Attorney General Coakley’s Office commenced an investigation into the practices of FedEx Ground during the summer of 2007 after receiving a driver’s complaint. Investigators concluded that FedEx Ground intentionally violated all three prongs of the Independent Contractor Law by directing and controlling the activities of drivers and restricting the drivers’

ability to deliver for any other entity. In addition, the investigation found that the drivers are performing the core business of FedEx Ground.

By misclassifying the drivers, FedEx Ground deprives their drivers of health care benefits, access to unemployment insurance, worker's compensation benefits, and in some cases, overtime pay. In addition, FedEx Ground deprives the Commonwealth of tax revenue by not deducting and withholding taxes from employee pay checks.

At least 400 drivers work for FedEx Ground throughout the Commonwealth and FedEx Ground has terminals in Billerica, Northboro, Wilmington, West Bridgewater, and on Martha's Vineyard. The Attorney General's investigation into FedEx Ground is ongoing.

Upon receiving the citations today, FedEx Ground has 10 days to inform the Attorney General's Office whether it intends to appeal the citations. An appeal would be heard before the Division of Administrative Law Appeals (DALA), an administrative agency within the Commonwealth of Massachusetts' Executive Office of Administration and Finance.

The case is being handled by Assistant Attorney General Joanne Goldstein, Chief of Attorney General Coakley's Fair Labor Division, Assistant Attorney General Lillian Hiraes, and Inspector Scott Simpson of the Fair Labor Division.

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