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**AG COAKLEY SUES NEW HAMPSHIRE DRYWALL COMPANY FOR ALLEGEDLY
MISCLASSIFYING WORKERS ON CONSTRUCTION PROJECTS**

Allegations of Unfair Competition Include Work on Public Schools in Boylston and Douglas

BOSTON – A New Hampshire drywall company and its owner have been sued for allegedly misclassifying employees as independent contractors, Attorney General Coakley’s office announced today.

The lawsuit, filed Thursday in Suffolk Superior Court, alleges that Universal Drywall, LLC and its owner, Richard Pelletier of Auburn, NH, violated the Massachusetts Consumer Protection Act and the Massachusetts False Claims Act to gain an unfair competitive advantage over companies in Massachusetts.

“Employers are required to pay employees a lawful wage for each hour of work on construction projects, maintain accurate payroll records, and produce those records upon demand,” AG Coakley said. “We enforce these laws not only to protect workers, but to level the playing field for all businesses that play by the rules.”

In 2013, The Fair Labor Division of the Attorney General’s Office began an investigation into Universal’s hiring practices at a residential construction project in Chelsea known as One North of Boston. The investigation began after the AG’s Office received reports that the company had been hiring workers from New Hampshire and misclassifying them as independent contractors, in violation of the Massachusetts Independent Contractor Law.

These reports mirrored previous claims reported to the AG’s Office regarding the company’s hiring practices on publicly-funded projects at the Tahanto Regional High School in Boylston and the Douglas Intermediate School in Douglas in 2011 and 2012. These ongoing investigations, in conjunction with the Chelsea project, revealed a pattern of unfair competition through the unlawful misclassification of workers at all three projects.

The lawsuit alleges that Universal employed this practice to save costs associated with hiring the same workers as lawful employees. As a result, Universal was able to obtain

contracts by underbidding its competitors by requiring the workers and not the company, to absorb the burden of an employer's overhead costs.

The lawsuit further alleges that Universal was responsible for creating and submitting false records relating to the misclassified workers employed on the Tahanto High School and Douglas Intermediate School projects, in violation of the Massachusetts False Claims Act.

The Attorney General's Office is responsible for enforcing the laws regulating the payment of wages and employee misclassification, in addition to laws protecting consumers and businesses from unfair competition.

Workers who believe that their rights have been violated are strongly urged to call the AG's Fair Labor Hotline at (617) 727-3465. More information about the state's wage and hour laws is also available in multiple languages at the AG's Workplace Rights website: www.massworkrights.com. Further information about youth employment may also found at www.mass.gov/ago/youthemployment.

The matter is being handled by Matthew Berge, Chief of the Fair Labor Division and Assistant Attorney General Jennifer Cotter, and was investigated by Deputy Chief of Investigations Greg Reutlinger, and Investigators Jennifer Pak and Tom Lam of Attorney General Coakley's Fair Labor Division.

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