

Press Release

Munsch Hardt Attorney Wins Ruling Against U.S. Department of Labor

04.11.14

The U.S. Department of Labor is being held accountable for over-reaching its authority and this week was ordered to pay nearly \$600,000 in attorney fees and expenses, as a result of the agency's wrongful employee misclassification case against Corpus Christi-based Gate Guard Services, L.P.

In the future, if an employer is unjustly accused of independent contractor misclassification, this unprecedented ruling will give them added protection to defend that business model, and will have wide-ranging implications in the oil and gas industry, as well as other sectors that use contractors.

The updated order filed April 9 in the U.S. District Court Southern District of Texas Victoria Division orders Gate Guard to recover attorneys' fees in the amount of \$521,812.94, paralegal fees in the amount of \$10,752.00, and travel expenses in the amount of \$32,962.67, for a total of \$565,527.61.

"The real importance of this week's supplemental ruling for businesses is that not only can David take on Goliath and win the fight, but David can also get reimbursed by Goliath for having to fight in the first instance," said Daniel Pipitone, shareholder with Munsch Hardt Kopf & Harr and lead counsel on the case since the initial filing in 2011.

The case began in 2010 when the Labor Department investigated Gate Guard for wrongly misclassifying its employees as independent contractors. The company was ordered to pay more than \$6.2 MM dollars in fines and back pay, but a significant decision by Judge Rainey in 2013 ruled in favor of Gate Guard, dismissing the agency's enforcement action and validating the company's business model and use of independent contractors. Following that ruling, Gate Guard owner, Bert Steindorf, sued the government under the Equal Access to Justice Act, to recover attorney's fees.

"This three-year fight has been emotionally and financially draining, but I am grateful for an American justice system that allowed me to recover my losses for something of which I was not guilty," said Steindorf. "I am hopeful this decision will help other business owners understand their rights when it comes to employing independent contractors, but more importantly I want them to be empowered to defend themselves if wrongly accused."

Primary Contacts



Daniel Pipitone

Houston

713.222.4060

dpipitone@munsch.com

Related Practices

FLSA