



Attorney General Becerra and City Attorneys of Los Angeles, San Diego, and San Francisco Sue Uber and Lyft Alleging Worker Misclassification

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SACRAMENTO – California Attorney General Xavier Becerra and the City Attorneys of Los Angeles, San Diego, and San Francisco today sued Uber and Lyft for misclassifying their drivers as independent contractors in violation of the law. Pursuant to authority codified by Assembly Bill 5 of 2019 (California Labor Code section 2750.3) and California’s Unfair Competition Law, the Attorney General and City Attorneys allege that Uber’s and Lyft’s misclassification of drivers deprives workers of critical workplace protections such as the right to minimum wage and overtime, and access to paid sick leave, disability insurance, and unemployment insurance. In the lawsuit filed in the Superior Court of San Francisco the coalition seeks restitution for workers, a permanent halt to the unlawful misclassification of drivers, and civil penalties that could reach hundreds of millions of dollars.

“Californians who drive for Uber and Lyft lack basic worker protections — from paid sick leave to the right to overtime pay. Uber and Lyft claim their drivers aren't engaged in the companies’ core mission and cannot qualify for benefits,” said Attorney General Becerra. “Sometimes it takes a pandemic to shake us into realizing what that really means and who suffers the consequences. Uber and Lyft drivers who contract the coronavirus or lose their job quickly realize what they're missing. But it’s not just these workers who lose. American taxpayers end up having to help carry the load that Uber and Lyft don’t want to accept. These companies will take the workers’ labor, but they won’t accept the worker protections. California has ground rules with rights and protections for workers and their employers. We intend to make sure that Uber and Lyft play by the rules.”

“Enough is enough. California law makes it clear that Uber and Lyft drivers are employees. We allege Uber and Lyft defy this mandate, exploit their drivers, and unlawfully shift the costs of their responsibilities as employers to California's taxpayers,” said Los Angeles City Attorney Mike Feuer. “As law enforcement leaders across the state, we're going to aggressively protect these hard-working drivers and fight to uphold California's worker classification laws.”

“All Californians are harmed when companies like Uber and Lyft cheat their employees out of health care, unemployment benefits, and basic protections required by law,” said San Diego City

Attorney Mara W. Elliott. **“Uber and Lyft are billion-dollar companies that refuse to follow the rules, expecting taxpayers to pick up the slack when their employees get sick, need a hospital, or lose their jobs. It’s time for Uber and Lyft to pay their own bills.”**

“These companies are headquartered in San Francisco. We are going to police our own to ensure the law is followed, workers are protected, and the marketplace is fair,” said San Francisco City Attorney Dennis Herrera. “We have been building this case for months in partnership with the California Attorney General and our counterparts in Los Angeles and San Diego. Uber and Lyft are breaking the law. We are going to put a stop to it. Uber and Lyft claim that properly classifying drivers as employees is incompatible with flexibility. That is a lie. There is no legal reason why Uber and Lyft can’t have a vast pool of employees who decide for themselves when and where they work – exactly as drivers do now. These companies simply don’t want to do it. Uber and Lyft are selling a lie. They are lying to the public and lying to their drivers.”

“The state Supreme Court, the Legislature, and the Governor have all acted to require these billion-dollar companies to abide by the same basic laws that other employers — big and small — follow in California,” said Assemblywoman Lorena Gonzalez, author of Assembly Bill 5. “No corporation, no matter how powerful or rich they are, should be able to exempt themselves from providing basic workplace protections like minimum wage, social security and unemployment insurance. It makes sense that our state’s highest law enforcement officials are now stepping in.”

Independent contractor misclassification occurs when a firm treats its employees as independent contractors, thereby evading legal obligations such as minimum wage, overtime, payroll taxes, and workers’ compensation insurance. From their inception, Uber and Lyft have consistently refused to classify their drivers as employees in violation of California law. Instead, the companies ignore the fact that California law allows for drivers to choose when and how much to work and still be classified as employees. Nothing prevents the companies from providing flexibility to their drivers and properly classifying them as employees. By allegedly misclassifying hundreds of thousands of drivers as independent contractors, Uber and Lyft rob workers of critical protections in order to benefit their own bottom lines and create billions of dollars in private wealth for their venture capital investors. Misclassification harms workers by depriving them of basic labor standards and employee social safety net protections that serve as lifelines during times of social and economic crisis. And misclassification hurts taxpayers because taxpayers carry the load for funding social safety net services that out-of-luck workers without protections turn to in times of need.

With jobless claims skyrocketing during the COVID-19 public health crisis, the vulnerability of Uber’s and Lyft’s drivers has become more apparent than ever. The companies deny that their drivers are entitled to state unemployment insurance, as well as state-mandated paid sick leave and other employee benefits. The companies are thereby shirking their obligations to their workforce and shifting the burden onto drivers and taxpayers at a time when they are most vulnerable.

In the lawsuit, the Attorney General and the City Attorneys assert that Uber and Lyft gain an unfair and unlawful competitive advantage by inappropriately classifying massive numbers of California drivers. As a result, the companies each avoid hundreds of millions of dollars in social safety net obligations, skipping out on contributing to state payroll taxes that are used to fund general health and welfare programs that benefit all Californians. The lawsuit seeks up to \$2,500 for each violation of the California Unfair Competition Law and up to another \$2,500 for violations perpetrated against senior citizens or individuals with disabilities.

Attorney General Becerra is committed to protecting hardworking Americans and their families in California and across the country. In April, Attorney General Becerra [pushed back against efforts by Oracle](#), a software company based in California, to effectively strip the federal government of its ability to enforce anti-discrimination protections for workers employed by federal contractors. In March, the Attorney General called on the Trump Administration to halt implementation of a rule on joint employers that [threatens to undermine the ability of workers to collect wages](#) they are due. In light of COVID-19, Attorney General Becerra called on Amazon and Whole Foods to [step up efforts to protect workers](#) by providing adequate paid sick leave. Earlier this year, the Attorney General secured a [settlement preventing Burger King, Popeyes, and Tim Hortons from using “no-poach” provisions](#) in franchise contracts, which make it more difficult for workers to seek better pay and benefits at competing franchises. He also again called on the Federal Trade Commission to use its authority to [ban non-compete contract provisions nationwide](#) and reminded businesses that non-competes are unenforceable in California. In January, Attorney General Becerra filed an amicus brief in [defense of California’s labor laws](#) and airline flight attendants.

A copy of the lawsuit is available [here](#).

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