

**PUTNEY, TWOMBLY, HALL & HIRSON LLP**

ESTABLISHED 1866

**COUNSELORS AT LAW**

521 FIFTH AVENUE

NEW YORK, NEW YORK 10175

(212) 682-0020

TELEFAX: (212) 682-9380

putneylaw.com

DANIEL F. MURPHY, JR.  
MICHAEL T. McGRATH  
THOMAS A. MARTIN  
WILLIAM M. POLLAK  
JAMES E. McGRATH, III  
CHRISTOPHER M. HOULIHAN  
THOMAS M. LAMBERTI  
STEPHEN J. MACRI  
HARVEY I. SCHNEIDER  
MARY ELLEN DONNELLY  
JOSEPH B. CARTAFALSA  
GEOFFREY H. WARD  
ANDREA HYDE  
E. PARKER NEAVE  
MARK A. HERNANDEZ  
JAMES M. STRAUSS  
PHILIP H. KALBAN  
SEAN H. CLOSE

120 WOOD AVENUE SOUTH  
SUITE 600  
ISELIN, NEW JERSEY 08830  
(732) 632-2505  
TELEFAX: (732) 632-2506

1205 FRANKLIN AVENUE  
GARDEN CITY, NY 11530  
(516) 746-0070  
TELEFAX: (516) 746-0599

2500 NORTH MILITARY TRAIL  
SUITE 465  
BOCA RATON, FLORIDA 33431  
(800) 935-8480  
TELEFAX: (561) 750-6602

COUNSEL  
CHARLES J. GROPPE  
ALEXANDER NEAVE  
LOUIS A. TRAPP, JR.  
DUSTAN T. SMITH

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**CLIENT ALERT**

**NEW YORK STATE CREATES TASK FORCE TO  
IDENTIFY MISCLASSIFIED INDEPENDENT CONTRACTORS**

On September 10, 2007, New York Governor Eliot Spitzer signed an Executive Order creating an interagency task force to coordinate efforts by state agencies against employers who wrongly classify employees as independent contractors.

The Executive Order was signed due to the State's belief that employers often mischaracterize their employees as independent contractors to avoid paying workers' compensation premiums, unemployment insurance, Social Security taxes and overtime premiums. The task force is designed to lead to greater cooperation between agencies in sharing information regarding employee misclassification. Thus, if one agency, such as the Tax Department, finds that a company is misclassifying its employees, it will now share this information with other agencies, such as the Workers' Compensation Board. The task force is also designed to lead to increased enforcement of already existing laws against employee misclassification and to facilitate the filing of worker complaints.

In determining whether a worker is correctly classified as an independent contractor, the task force may consider, among other factors: the worker's degree of control over the manner in which the work is to be performed; the worker's investment in equipment or tools; the permanency of the working relationship; and the skills of the worker.

As misclassification can lead to significant liability, employers are advised to review whether independent contractors are correctly classified. We are available to assist in this regard.

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