The Attorney General of California Sues Uber and Lyft for Misclassification

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Today, the Attorney General of California and the City Attorneys for Los Angeles, San Francisco, and San Diego filed a lawsuit against Uber and Lyft, alleging that the companies willfully misclassify their drivers. The suit accuses Uber and Lyft of making "the calculated business decision to misclassify their on-demand drivers as independent contractors." According to the Plaintiffs, "[t]he time has come for Uber's and Lyft's massive, unlawful employee misclassification schemes to end."

The lawsuit seeks injunctive relief and penalties against the two companies for allegedly violating California's unfair competition law and AB-5. As we have previously reported, both Uber and Lyft have endeavored to modify AB-5 through a ballot initiative, which has received more than enough support to make it on the November ballot—at which point voters will be able to decide whether to create an exception to the ABC Test for certain types of contractor relationships. Uber also is involved in litigation challenging AB-5 in federal court.

Not entirely unexpected, this new lawsuit makes it more likely that we will see judicial intervention in the battle between gig economy companies and the State of California.

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