

**Blakely v. Celadon Group Inc**

<b>Case/Court</b>	<b>Claims</b>	<b># Workers in case</b>	<b>#Workers at Firm</b>	<b>Alleged Class</b>	<b>Dates for Class Membership</b>
<p>Blakely et al v.</p> <p>Celadon Group (&amp; Celadon Trucking, Quality Companies and Quality Equipment Leasing</p> <p><i>U.S. District Court—Southern District of Indiana</i></p>	<p>(1)Violations of Fair Labor Standards Act</p> <p>(2)Misclassification claims under IN state law</p> <p>(3)Truth in Leasing Act violations</p>	<p>3 at initial filing, settled with 26</p>	<p>From 2013-2017, <b>6,786</b> individuals were hired into Celadon's lease purchase program as classified as independent contractors (Statement of Facts for Class Cert)</p>	<p>Plaintiffs allege <b>6,000</b> individuals hired by Celadon as "independent contractors", 98-99% of those hired as "lease purchase drivers" via Quality (Celadon's leasing arm)</p>	<p>For TILA claim:</p> <p>2/12/2012 to 3/21/17 (date of filing)</p>
<b>Turnover Rate</b>	<b>Debt Owed to Company</b>	<b>Net Pay</b>			<b>Disposition</b>
<p>More than 90-95% of drivers who enter the lease purchase program fail to complete it (Statement of Facts for Class Cert, 17)</p>	<p>Defendants admit that at least half of the alleged contractors end the program with outstanding debt owed to Defendants (Statement of Facts for Class Cert, 18)</p>	<p>Defendant testified that "31.6% of all work weeks, alleged contractors are provided net pay of less than or equal to zero" (Statement of Facts for Class Cert, 18)</p>			<p>State law claims dismissed, class cert denied, case settled on FSLA claims</p> <p>(Celadon has since declared bankruptcy)</p>

## Lease Purchase Agreement

Length	Payment Frequency/Amount	Value of Truck	Age/Condition	Make/Model	Insurance
5 yrs	\$772.08, weekly	65k TRAC at end of term	New/recent	2016 International LoneStar	112.08/week (included as part of 772 weekly)

-Features of Lease to note:

- 18% compounding monthly interest for late payments

## Contractor Operating Agreement

Fuel	Maintenance	Escrow	Comms Devices	Base Plates	Compensation
-Carrier pays contractor negotiated fuel surcharge for loaded and dispatched empty miles -Carrier will advance money to contractor for fuel, with \$3/advance if at designated location; \$7/advance if un-designated location	Carrier responsible for basic maintenance, reimburse driver	\$1500 for each tractor	Qualcomm \$14/week	\$28/month for first year, then carrier pays	Mileage based

-Features of operating agreement to note:

- **Catch-all provisions** in deducting pay and deducting from escrow:
  - Plaintiff's cert filing alleges and shows the agreement provides Celadon an unbounded right to deduct or offset driver pay for "certain costs and charges", making a true accounting of what's being deducted impossible
  - Celadon agreement includes right to withhold payment or set off payment for "any charges or expenses incurred or paid by Celadon on behalf of contractor", making a true accounting impossible

- Celadon can deduct from escrow “any other charges or expenses incurred or paid by Celadon on behalf of contractor” making it impossible to determine what will be deducted from escrow
- **Company Cash Advances:** Agreement states that Celadon may advance money to the driver and that the driver shall be responsible for the full amount of any such advance, but does not state that a service fee may be charged to the driver under such circumstances.
  - A plaintiff in this case stated the frequently earned no net income from driving, so would take out multiple advances from Celadon
- **Non-compete:** 1 year Non-compete agreement with anyone who Celadon ships freight with, even though Celadon claimed the Plaintiff drivers were contractors

Case Notes:

- **Contactors can't refuse loads:** Celadon alleged that contractors are allowed to refuse loads, and that their software provides options for which loads contractors can take. Plaintiffs allege that there is no meaningful way to choose loads, and that contractors learned they can't actually refuse loads without facing discipline. Both Blakeley's testified to the discipline they faced for refusing loads (see P's statement of material facts for class cert, p.12).