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Cleaning company took franchise fees illegally, SJC rules

By [Katie Johnston](#)

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The Massachusetts Supreme Judicial Court ruled yesterday that Coverall North America Inc. illegally collected franchise fees from a worker, clearing the way for hundreds of workers involved in a class-action lawsuit against the cleaning company to be awarded millions of dollars in damages.

The ruling could have a significant impact on similar cases pending against five other cleaning companies in the state.

The decision follows a US District Court of Massachusetts ruling in March of 2010 that found that Coverall had misclassified the workers, the majority of them immigrants, charging them thousands of dollars apiece in franchise fees to establish their own cleaning companies, but treating them like regular employees.

“It’s a perverse system in which the workers are paying to do the work,” said lawyer Shannon Liss-Riordan, who is representing the Coverall workers and hundreds of others suing Jani-King International Inc., Jan-Pro Franchising International Inc., System4 Commercial Cleaning, CleanNet USA, and Westborough-based All Pro Cleaning Systems. She is also involved in cases against cleaning companies in California and Pennsylvania.

The SJC ruling could lead those cleaning companies, which use the same franchising model Coverall does, to settle their cases, leave the state, or change the way they operate, Liss-Riordan said.

“The commercial cleaning industry has been plagued by companies such as Coverall that make their money by profiting off of their own workers,” Liss-Riordan said. “The ruling will have huge ramifications on the commercial cleaning industry, as

well as the trucking industry, adult entertainment industry, and other industries that exploit their workers by misclassifying them as independent contractors.”

Coverall officials could not be reached for comment.

The SJC’s ruling also entitles the former Coverall workers to recover worker’s compensation and other insurance fees that the company illegally deducted from their paychecks. In all, Coverall workers could be awarded tens of thousands of dollars each.

Diego Low, a coordinator at the Framingham-based Metrowest Worker Center who first introduced Liss-Riordan to a group of Coverall workers in 2004, said he is pleased that the immigrants with whom he works will get their money back.

“It was a situation that was clearly predicated on vulnerable people who because of language and because of status would be easy to rip off,” Low said. “There are hundreds of people out there in this state who lost three or four years of savings to these schemes.”

Pius Awuah, 38, is among them. Awuah, a Lowell resident from Ghana, paid Coverall \$14,500 in franchise fees in 2005 - \$8,500 from credit cards and savings, and the rest taken out of his monthly paychecks. In exchange, Awuah said, Coverall guaranteed him \$3,000 of work a month and gave him offices to clean in Salem, Billerica, Wilmington, Ayer, and Littleton.

But he never made the amount he was promised, he said, in part because he had to turn down smaller jobs Coverall offered in cities so far apart that he and his crew could not get to them all in a day. After a few months, Coverall took his biggest accounts away, telling him the clients had complained about his work, and sold them to other franchisees, Liss-Riordan said.

“I was just working to pay off what I owed them,” said Awuah, who juggled his cleaning business with his night job as an aid at a state group home for people with developmental disabilities. “I lost everything.”

Katie Johnston can be reached at kjohnston@globe.com. ■