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## Uber to pay \$20 million to some Calif., Mass. drivers in gig-work case



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*Uber drivers will see \$20 million in the settlement.*

Cleaning house as it revs up for a [Wall Street debut](#), Uber has reached a settlement with some drivers who sought to be reclassified as employees in a long-running lawsuit.

Uber will pay \$20 million to about 13,600 drivers in California and Massachusetts who are not covered by its mandatory arbitration agreements.

Like other on-demand companies, Uber fiercely resists attempts to turn its workforce of contractors into employees. Companies say they need the flexibility of independent contractors, while critics say the companies want to avoid the expenses of paying minimum wage, overtime, expense reimbursement, unemployment insurance and other benefits.

The proposed settlement, which still requires a judge's approval, is considerably less than a previous \$100 million settlement reached in the same case. That's because the case,

O'Connor v. Uber, had achieved class-action status on behalf of some 385,000 drivers, until the Ninth Circuit Court of Appeals in September upheld Uber's arbitration clauses, which waive the right to class-action claims. That slashed the number of plaintiffs, reducing it to just drivers who had either declined those agreements or signed up when they were not in force.

U.S. District Judge Edward Chen previously rejected the \$100 million settlement as inadequate, saying that if drivers won at trial, Uber's fines might exceed \$1 billion.

The \$20 million payment works out to about 37 cents per mile driven for Uber, said Shannon Liss-Riordan, the Boston attorney representing the drivers. That's six times more per driver than the \$100 million settlement with the larger class would have yielded, she said in an email.

"This is a substantial recovery, given that the IRS reimbursement rate has varied between 50 and 58 cents a mile," she wrote.

Uber said in a statement that it was pleased with the settlement and touted reforms, such as the addition of tipping, some of which were sought by the original lawsuit.

"Uber has changed a lot since 2013," when the case was first filed, Uber said. "We have made the driver experience even better through improvements like in-app tipping, a redesigned driver app, an innovative injury protection insurance option, and new rewards programs."

Fights over gig worker classification remain active on many fronts, posing threats to the many companies that rely on independent contractors.

In California, a ground-breaking state Supreme Court ruling in the Dynamex case last year underlies proposed legislation, AB5, that would turn many more workers into employees.

Meanwhile, Liss-Riordan continues to pursue lawsuits against many companies, including Amazon.com, Grubhub, Lyft, DoorDash, Postmates and Handy. She is also representing Uber drivers and others who've agreed to arbitration, both for them to pursue misclassification and to seek to overcome the arbitration clauses.

"This is not the end of the issue of driver classification," she said.

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