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Subcontractor Pleads Guilty to Felony Worker Misclassification Charges Brought by Attorney General Herring

~ Richmond Drywall Installers Constructors Inc. will pay \$21,000 in fines and restitution; The plea resulted from the first worker misclassification-related charges brought by Herring's new Worker Protection Unit ~

Richmond Drywall Installers Inc., a subcontractor that has been working on the new General Assembly Building, has plead guilty to felony embezzlement charges brought by Attorney General Mark R. Herring's Worker Protection Unit, following an investigation by the Office of the State Inspector General. In October, Attorney General Herring's Worker Protection Unit brought the first worker misclassification-related charges against the subcontractor for allegedly misclassifying their employees as independent contractors to avoid paying state taxes. As part of the plea agreement, Richmond Drywall Installers Constructors Inc. will pay \$21,000 in fines and restitution.

"Businesses that take advantage of their workers through misclassification, wage theft or payroll fraud are not only stealing from their hardworking employees, but they are also stealing from the Commonwealth," **said Attorney General Herring.** "I am committed to rooting out worker exploitation in Virginia and protecting our workers from abuse and mistreatment by their bosses. I want to thank both my Worker Protection Unit for their hard work, as well as our partners over at the State Inspector General's office for their help on investigating this important case."

In Richmond City Circuit Court today, Richmond Drywall Installers Constructors Inc. plead guilty to five felony embezzlement counts and was ordered to pay a \$2,500 fine for each of the five counts and \$8,500 in restitution.

"It is the first time worker misclassification charges were brought by the OAG's new Worker Protection Unit, and I am proud that our special agents were part of the investigation that brought this issue to the forefront," said State Inspector General Michael C. Westfall.

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These were the first worker misclassification-related charges brought by [Attorney General Herring's Worker Protection Unit](#) since its creation earlier this year. Worker misclassification – one of the most common forms of worker exploitation – involves falsely identifying individuals as independent contractors when they are really employees. This allows employers to avoid paying unemployment and other taxes on workers and to avoid the costs of covering the employees with workers' compensation and unemployment insurances. It has been shown consistently to drive down the wages of other workers.

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Established in 2012, the Virginia Office of the State Inspector General manages the State Fraud, Waste and Abuse Hotline; conducts investigations and performance audits of state agencies; provides training and standards for the commonwealth's internal audit programs; and conducts inspections and reviews of Virginia Department of Behavioral Health and Developmental Services-run facilities and programs.