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Jury Says Offshore Rig Clerks are Independent Contractors in High Stakes Trial For Chamberlain Hrdlicka Client - New Tech Global

ATLANTA, Sept. 26, 2019 – In a worker classification case with significant implications for the oil and gas industry, a jury seated in the U.S District Court for the Western District of Louisiana, Lafayette Division took a little over an hour to find that a group of rig clerks working on offshore oil rigs were independent contractors rather than employees of New Tech Global, an oilfield services company that processed invoices for the plaintiff rig clerks.

Plaintiffs brought the action under the Fair Labor Standards Act (FLSA), initially as a class action, which was later decertified by the court and limited to the three individuals who filed the lawsuit. The rig clerks asserted that they were employees of New Tech Global (NTG), a Houston-based upstream oil and gas consultancy services company. NTG was represented in the matter by [Annette Idalski](#), lead counsel, and [Peter Hall](#), both shareholders of Chamberlain Hrdlicka; associate [Kyle Winnick](#), also with [Chamberlain Hrdlicka](#); and Donna Currault of Gordon, Arata, Montgomery, Barnett, McCollam, Duplantis & Egan, LLC, who served as local counsel.

The NTG defense team successfully demonstrated that the plaintiffs were independent contractors rather than employees and that they were in no way “economically dependent” on NTG. Evidence was presented showing that each plaintiff could cease running invoices through NTG with no financial penalty and were free to contract at any time with a different invoice company. All three plaintiffs, outside of their invoice servicing relationship with NTG, had formed their own businesses, writing off “hundreds of thousands of dollars” in business expenses – incurred during periods they claimed to be NTG employees. Two of the plaintiffs’ corporations employed their spouses and paid them salaries and one spouse filed an unemployment claim against her husband’s corporation. In addition to claiming to be employees under the FLSA, the plaintiff’s also sought overtime compensation – despite all reporting annual salaries in excess of \$100K and performing office-environment work.

NTG’s business relationship with the plaintiffs was strictly limited to processing invoices. Notably, NTG did not: invest in the rigs the plaintiff’s worked on, provide any instruction or documentation on how jobs were to be done, control hours, evaluate performance or furnish equipment needed to be a rig clerk (a computer).

The jury found that none of the three individuals were employees of NTG. This decision made moot the question of whether the plaintiffs were entitled to overtime. It also made moot whether the individuals were eligible to receive overtime compensation in light of the highly compensated (over \$100,000 per year) exemption under the Fair Labor Standards Act.

“For us, this case was vitally important – for both NTG individually and for the oil services industry as a whole. Our business model depends on flexibility and scalability and our industry cherishes independence. We are a diversified company and invoice servicing is just one of our offerings. We build mutually beneficial relationships with our independent contractors, where they have the freedom to focus on their current project while leveraging our network and relationships for future work, if they so choose,” said Larry A. Cress, P.E., President and CEO of NTG.

“This matter had huge implications – operationally and financially for NTG. We firmly believed in the merits of our defense and business model and are pleased that the jury quickly and decisively agreed. As oil and gas is an economic engine across the country, the clarity provided in this matter will allow innovation in exploration and production to continue. Utilizing independent contractors eases the tidal flow of energy prices and supply in the U.S. market,” said David O’Neil, General Counsel of NTG.

“From a legal standpoint, plaintiffs’ assertions were found to be wholly without merit. We believe this decision compliments a similar March [decision](#) by the Fifth Circuit finding that directional drilling engineers can be classified as independent contractors. These twin decisions that Chamberlain Hrdlicka has had the privilege of spearheading bring a level of worker classification certainty to oil and gas services, with implications for other industries that face worker classification claims,” said Idalski, who serves as Chamberlain’s National Chair of Labor & Employment.

About New Tech Global (NTG)

NTG Global is recognized as a global leader in upstream oil and gas consultancy services. NTG is comprised of three primary business divisions that include Consulting, Engineering Services and Oilfield Staffing. Its U.S. branch offices are located in Fort Worth, TX; Midland, TX; Denver, CO and Canonsburg, PA. Internationally, NTG has branch offices in Mexico City and Dubai with ongoing activity in more than 25 countries around the world. For more information, visit: www.ntglobal.com.

About Chamberlain Hrdlicka

Chamberlain Hrdlicka is a diversified business law firm with offices in Atlanta, Houston, Philadelphia and San Antonio. The firm represents both public and private companies, as well as individuals and family-owned businesses across the nation. The firm offers counsel in labor and employment litigation, tax planning and tax controversy, corporate, securities and finance, energy law, estate planning and administration, intellectual property, international and immigration law, commercial and business litigation, real estate and construction law. For more information, visit: www.chamberlainlaw.com.

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