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Utz Quality Foods settles \$2.5M overtime lawsuit

Company admits no wrongdoing, does not need to change practices

By **Jennifer Wentz**, April 4, 2017 at 8:20 AM



(Photo / File)

Utz Quality Foods will pay \$2.5 million to settle a lawsuit claiming some of its route salespeople were illegally denied overtime pay, according to documents filed in Pennsylvania's Middle District court.

The Hanover-based snack company admits no wrongdoing in the settlement, and it will not need to change any of its business practices because of it, **Utz** said in a news release Monday.

"We were fully prepared to try this case with a jury in Harrisburg, Pa., and we fully expected to have been vindicated," Utz CEO Dylan Lissette said in the release. "However, when we budgeted how much it would cost us to take the case to trial, we realized that it would have cost us considerably more in legal fees than the amount we could settle the case for, even though we fully believed we would prevail."

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Utz's route salespeople sell the company's snacks to retailers throughout the country. The suit, initially filed in 2015 by a route salesman in Ohio,

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alleged the company was wrong to classify more than 1,800 current and former route workers as outside salespeople exempt from overtime pay.

Of those 1,800, roughly a third work or worked in Pennsylvania, said Anthony Lazzaro of The Lazzaro Law Firm, one of two Ohio-based firms representing workers in the suit. The other firm is Nilges Draher LLC.

The \$2.5 million settlement will pay the two firms, their fees and, in Pennsylvania, members of the affected group of workers who do not opt out of the suit.

"We believe it's a good settlement," Lazzaro said.

Utz can continue paying route salespeople under an overtime-exempt, commission-based system, despite the settlement. The company believes this system is "fair and legal," according to its Monday news release.

Shannon Draher, of Nilges Draher, disagrees, saying Utz and other employers like it will need to change the way they classify route salespeople if they want to comply with fair labor laws. She pointed to Chester County-based Herr Foods Inc., which settled a similar case with its drivers last year.

"This is really an industry-wide problem from our perspective," she said. "There are violations everywhere. It's the way the industry has done it for so long."

This story has been updated to include comment from Anthony Lazzaro and Shannon Draher.

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Jennifer Wentz

Jennifer Wentz covers Cumberland County, York County, financial services and taxation. Have a tip or question for her? Email her at jenniferw@cpbj.com. Follow her on Twitter, [@jenni_wentz](#).