

## **Uber reaches settlement with drivers in labor dispute**

Uber reached a settlement on Thursday with 385,000 of its drivers in Massachusetts and California in a case surrounding the drivers' status as independent contractors. The drivers had filed this class action lawsuit seeking employee status. Under the terms of the settlement, Uber will continue to classify these drivers as independent contractors but must pay \$100 million to the drivers and revise its deactivation policy. Drivers can no longer be "deactivated" at will, but can only be terminated for sufficient cause and with previous warnings. The settlement comes only two weeks after the US Court of Appeals for the Ninth Circuit agreed to hear an appeal by Uber of the lower court's order that certified the class of drivers to proceed with the class action. The settlement spares the company from undergoing the jury trial that had been scheduled for June.

With the rapid growth of companies like Lyft and Uber, ride-sharing services have been among the most controversial business models in recent history. App-based ride-sharing services have been both praised for their successful implementation and criticized for their uncertain position in transportation regulation. In several states, ride-sharing companies have met significant legal opposition, frequently led by competitors such as the taxi industry. Other unresolved questions surrounding this new business model continue to prompt debate among lawmakers. Although some cities and states, such as California, have developed new laws mandating certain insurance for ride-sharing drivers, others have resisted. Officials in Buffalo, for example, find the lack of insurance regulation in this industry too unsafe, so prohibit ride-sharing companies like Lyft and Uber from operating inside the city. In fact, Attorney General of New York Eric Schneiderman sued Lyft for operating in violation of local regulations in Rochester and Buffalo, resulting in a \$300,000 settlement. Further controversy surrounds the potential threat to taxi-drivers and companies, a threat that has also sparked litigation.

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