



ATTORNEYS AT LAW

NJ SUPREME COURT RULES THAT NJ ARBITRATION LAW APPLIES TO FAA EXEMPT TRUCKERS

In resolving two separate cases before it, the New Jersey Supreme Court recently issued a ruling that the New Jersey Arbitration Act (“NJAA”) applies to arbitration agreements even if the parties to such agreements may be exempt under Section 1 of the Federal Arbitration Act (“FAA”).

Each of these cases involved arbitration provisions within contracts for employment that the plaintiffs had argued fell within the “exemption clause” of the FAA. That clause exempts from the scope of the FAA any contracts of employment of “seamen, railroad workers, or any other class of workers engaged in foreign or interstate commerce.” The question that the Court had to determine in both cases was whether the disputed arbitration agreements would still be enforceable under the NJAA even if they were exempt from the FAA as plaintiffs in both of the underlying cases alleged that they were transportation workers engaged in interstate commerce.

In *Colon v. Strategic Delivery Systems* – the first underlying action – Plaintiffs had entered into employment agreements with Strategic Delivery Systems, LLC (“SDS”), a licensed freight forwarder and broker that included an agreement to arbitrate. Plaintiffs subsequently filed a class action against SDS alleging that SDS violated various NJ laws by failing to pay overtime wages and illegally withholding monies.

In *Arafa v. Health Express Corp.* – the second underlying action – Plaintiff was hired by Health Express Corp. (“Health Express”) to deliver medicines and pharmaceutical products throughout the state and surrounding areas. Upon being hired by Health Express, Plaintiff had signed an employment agreement which contained an arbitration agreement. Plaintiff subsequently filed a class action against Health Express alleging violations of NJ’s Wage and Hour and Wage Payment Laws.

The Court determined that, even if the Plaintiffs in both *Colon* and *Arafa* were exempt from the FAA as “transportation workers engaged in interstate commerce”, as they alleged, that the arbitration agreements that they signed and agreed to were still enforceable under the NJAA. The Court noted the FAA did not contain an express pre-exemption provision that would make the NJAA inapplicable and did not reflect any congressional intent to occupy the entire field of arbitration.

The Court reviewed the arbitration agreements in *Colon*, and determined that they were enforceable and found that Plaintiffs’ statutory wage claims fell within the scope of those agreements. The Court agreed with the Appellate Division’s ruling that Plaintiffs in *Colon* knowingly and voluntarily waived their rights to proceed as a class. The Court likewise concluded that the jury trial waiver by the Plaintiff in *Arafa* contained in his employment agreement, was knowing and voluntary.

The attorneys within our Firm's Trucking and Logistics Group would be happy to answer any questions you may have about this case or any other employment related issues.

About Joseph G. Harraka, Jr.:



Joseph co-chairs the Trucking and Logistics group at Becker and as a senior member of the firm's litigation team focuses his practice on being an aggressive advocate for his clients, he draws upon both his law and business degrees to understand his clients' respective business and legal needs and never losing sight of results that make business and economic sense.

With more than 30 years of experience, Mr. Harraka has served as lead counsel in business litigation matters before various state, federal, and bankruptcy courts, and he has first chaired numerous trials for clients. Additionally, he has handled numerous arbitrations and mediations and has significant experience resolving cases without the need for a trial. Mr. Harraka is also a state-certified mediator

About Becker

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