



Wage Act Claims Against President and Treasurer of Company with Massachusetts Offices Dismissed for Lack of Personal Jurisdiction

The Massachusetts Wage Act, G.L. c. 149, §§148, 150, requires timely payment of wages to employees. The Wage Act imposes stiff penalties, including multiple damages and attorneys' fees, for violations, and those penalties may be imposed on certain individuals, not just the corporate employer itself. Specifically, the President and Treasurer of a corporation are deemed to be employers for purposes of the Wage Act, and thus are personally liable to the same extent as the corporation for a violation of the statute.

In *Perras v. Trane U.S., Inc.*, 2020 U.S. Dist. LEXIS 88748 (D. Mass, May 20, 2020)(Gorton, J.), a Massachusetts federal court judge dismissed Wage Act claims brought by a Massachusetts employee against the President and Treasurer of a company headquartered in North Carolina. The company, Trane, U.S., Inc., employs about 25,000 people in offices around the world, including in Massachusetts. The President rarely visited the Massachusetts office (twice in ten years) and conducted quarterly telephone conferences with Massachusetts personnel, and the Treasurer had never visited the Massachusetts office. The court held that a Massachusetts court lacked personal jurisdiction over the two individual defendants.

The employee argued that the President and Treasurer should be subject to personal jurisdiction in Massachusetts by virtue of their roles as high-ranking executives of a company that has operations in Massachusetts and due to the fact that the Wage Act imposes individual liability on them. Essentially, the employee argued that the individuals "transacted business" in Massachusetts purely on account of their officer status. The court rejected this argument, finding that the individuals' status as officers, by itself, did not suffice. The individuals may still be sued in their home state of North Carolina, and still may be held liable under the Massachusetts statute by that court, but it was certainly a procedural setback for the plaintiff.

The court cited only two federal court trial decisions in reaching its conclusion, suggesting that there is no Massachusetts appellate authority on point (we are not aware of any). The Supreme Judicial Court has consistently applied the Wage Act in the employee's favor over the years, so it would not be surprising to see conflicting decisions on this issue down the road if the SJC gets a chance to weigh in.

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