

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Attorney General



In the Matter of Pedro & Pablo’s
Construction Company, Inc.

SETTLEMENT AGREEMENT

The Attorney General for the District of Columbia, on behalf of the District of Columbia (“District”), and Pedro & Pablo’s Construction Company, Inc. (“the Company”) (together with the District, the “Parties”), hereby enter into this Settlement Agreement, and agree as follows:

I. THE PARTIES

1. The Attorney General for the District of Columbia is the chief legal officer for the District of Columbia. The Attorney General has general charge and conduct of all legal business of the District and all suits initiated by and against the District and is responsible for upholding the public interest.

2. Pedro & Pablo’s Construction Company, Inc. is a Virginia corporation with its principal place of business at 5909 Grayson St, Springfield, VA 22150 that performs construction work in the District of Columbia.

II. COVERED CONDUCT

3. The District investigated the Company’s compliance with the Workplace Fraud Act (“WFA”), D.C. Code § 32-1331.01, *et seq.*, and the Sick and Safe Leave Act (“SSLA”), D.C. Code § 32-531.01, *et seq.*

4. The District alleges that, from January 1, 2021 through the present, the Company illegally misclassified workers as independent contractors at job sites within the District of Columbia. The District alleges that the Company therefore violated the WFA and SSLA.

5. The District's allegations in Paragraphs 3-4 are hereinafter referred to as the "Covered Conduct."

6. The Company denies the District's allegations. Nothing contained in this Settlement Agreement is or may be construed to be an admission by the Company of any violation of law or regulation, any other matter of fact or law, or any liability or wrongdoing.

III. DEFINITIONS

7. "**Effective Date**" shall be the date this Settlement Agreement is fully executed by all Parties.

8. "**Eligible Employee**" is an employee eligible to receive a payment pursuant to this Settlement Agreement, as listed in Appendix A.

IV. INJUNCTIVE TERMS

9. **Reclassification as Employees.** The Company shall reclassify as employees all workers that it suffers or permits to work at job sites in the District of Columbia. The Company shall compensate all such employees at a rate of pay of at least the District's relevant minimum wage for each hour worked and at a rate of 1.5 times their regular rate for any work beyond 40 hours in a week. The Company shall provide all such employees with paid sick and safe leave consistent with the SSLA.

10. **Certified Payroll for Subcontractors.** The Company shall require any subcontractors retained for projects in the District of Columbia to submit weekly certified payroll reports to the Company that certify the subcontractor is in compliance with the District's wage-

and-hour laws for a period of two years. The Company shall utilize a certified payroll form that requires the subcontractor to certify (a) identifying information pertaining to the subcontractor and project, (b) the names of their workers, (c) their classification as employees or independent contractors, (d) their hours worked each day, (e) their rate of pay, (f) their paid sick leave accrued, (g) their gross earnings, (h) their tax deductions, (i) their net earnings, and (j) a sworn certification that the subcontractor is in compliance with the District's wage-and-hour laws. Certified payroll records may be modeled off of U.S. Department of Labor Form WH-347.

11. **Random Audits of Subcontractors.** The Company will agree that for each subcontractor retained by the Company to perform work on a construction project in the District of Columbia for a period of two years following the Effective Date, the Company will complete at least one audit of each subcontractor. For any subcontractor retained by the Company during any calendar quarter, the Company will complete an audit by the end of the subsequent calendar quarter. The audit must compare its certified payroll records with a randomized sample of the subcontractor's payment and/or pay stub records to verify the subcontractor's compliance with the District's wage-and-hour laws.

12. **Annual Reports.** The Company shall submit an annual report to the District for calendar years 2026-2027 that identifies all subcontractors who performed work for the Company in the District of Columbia during the calendar year and includes a signed certification from each identified subcontractor attesting to compliance with the District's wage-and-hour laws. The Company must submit each annual report by February 28 of the following year.

13. **Remedial Action for Violations.** If the Company becomes aware, through an audit or other source, that a subcontractor is in violation of the District's wage-and-hour laws, the Company shall take action within thirty (30) days to demand the subcontractor comes into

compliance and pays any applicable restitution to any affected worker to remedy the violation. If the subcontractor does not come into compliance and pay restitution within thirty (30) days of receipt of the Company's demand, the Company shall terminate its subcontracting relationship with the subcontractor and notify the Office of the Attorney General of the subcontractor's violation of the District's wage-and-hour laws.

V. PAYMENT TERMS

14. **Payments to Eligible Employees.** The Company shall make payments totaling **\$135,750.00** to Eligible Employees. The Company shall be responsible for distribution of these payments and will manage the distribution as follows:

- a. *Reasonable Efforts to Contact Employees and Distribute Claim Payments.* On or before August 27, 2026, the Company shall distribute payments to Eligible Employees, consistent with the amounts listed as due to each Eligible Employee under Appendix A, along with the notice and release of claims form attached as Appendix B to this Agreement. The Company shall make multiple attempts to contact each employee listed in Appendix A by their last-known phone, mail, and email in order to provide Notice and transmit payments.
- b. *Records and Reporting.* The Company shall record the dates and methods (*i.e.*, direct deposit or cashed check) on which payments were distributed to Eligible Employees. On or before October 26, 2026, the Company shall provide the District with a final report that shows all payments distributed to Eligible Employees and all payments remaining uncashed by Eligible Employees (the total of which is referred to as the "Undistributed Funds").
- c. *Payment of Undistributed Funds to the District.* Within thirty (30) calendar days after providing the records required by subparagraph 14(b) above, the Company shall make a payment to the District in the amount of the Undistributed Funds.

15. **Payment to the District.** In addition to the payments described in Paragraph 14, on or before February 28, 2027, the Company shall also pay **\$64,250.00** to the District as a civil penalty.

16. All payments to the District shall be made by cashier's check made payable to "D.C. Treasurer" and delivered to Mina Kasama, Office of Attorney General for the District of

Columbia, 400 6th Street NW, 9th Floor, Washington, DC 20001, unless another method of payment is specified by the District.

VI. RELEASE

17. In exchange for the performance of the Company's obligations under this Settlement Agreement, and upon payment of all amounts due under this Agreement, the District hereby releases the Company from any and all civil claims that the Attorney General could have asserted under the WFA and the SSLA for claims arising out of the Covered Conduct through the Effective Date of this Settlement Agreement.

VII. ADDITIONAL TERMS

18. This Settlement Agreement shall be considered effective and fully executed on the Effective Date. This Settlement Agreement may be executed in counterparts, and a facsimile or .pdf signature shall be deemed to be, and shall have the same force and effect, as an original signature. Copies of signature pages transmitted electronically shall have the same effect as originals of those signature pages.

19. Upon execution of this Settlement Agreement, the Company shall provide the District with their Taxpayer Identification Numbers (TINs).

20. **Expedited Enforcement Proceeding in the Event of Default.** If the Company fails to make any of the payments in full by its deadline as specified in Paragraphs 14 and 15, the District may, in its discretion, commence a summary enforcement proceeding in Superior Court. In such event, the Company consents to entry of judgment for the District in the proceeding for the full amount that remains unpaid under this Agreement, plus interest calculated pursuant to D.C. Code § 28-3302(a). In the event the District institutes such a proceeding, the Company agrees that it will consent to accept email service of pleadings and papers at the representative's email address

specified in Paragraph 23. The parties understand that this is not an exclusive remedy in the event of the Company's defaulting on any obligation in this Agreement.

21. The Company shall not knowingly permit third parties authorized by the Company to act on its behalf to engage in practices that would be violative of this Settlement Agreement.

22. This Settlement Agreement represents the full and complete terms of the settlement entered by the Parties. In any action undertaken by the Parties, neither prior versions of this Settlement Agreement nor prior versions of any of its terms may be introduced for any purpose whatsoever.

23. All notices sent pursuant to this Settlement Agreement shall be provided to the following address via first class and electronic mail, unless a different address is specified in writing by the party changing such address:

Graham Lake
Chief, Workers' Rights and Antifraud Section
Office of the Attorney General
400 6th St. NW, 9th Floor
Washington, DC 20001
Graham.Lake@dc.gov

Counsel for the District of Columbia

Barbara L. Johnson
Potter & Murdock, P.C.
1015 15th Street NW
Washington, DC 20005
bjohnson@pottermurdock.com

Counsel for Pedro & Pablo's Construction Company, Inc.

24. Any failure by any party to this Settlement Agreement to insist upon the strict performance by any other party of any of the provisions of this Settlement Agreement shall not be deemed a waiver of any of the provisions of this Settlement Agreement, and such party, notwithstanding such failure, shall have the right thereafter to insist upon the specific performance

of any and all of the provisions of this Settlement Agreement.

25. If any clause, provision, or section of this Settlement Agreement shall, for any reason, be held illegal, invalid, or unenforceable, such illegality, invalidity, or unenforceability shall not affect any other clause, provision, or section of this Settlement Agreement and this Settlement Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable clause, section, or other provision had not been contained herein.

26. Nothing in this Settlement Agreement shall be construed as relieving the Company of the obligation to comply with all state and federal laws, regulations, or rules, nor shall any of the provisions of this Settlement Agreement be deemed to be permission to engage in any acts or practices prohibited by such laws, regulations, or rules.

27. The Company shall provide a copy of this Settlement Agreement to any of its current and future principals, officers, directors, and managers having decision-making authority with respect to the subject matter of this Settlement Agreement.

28. The Company shall not form a separate entity or corporation for the purpose of engaging in acts or practices in whole or in part that are prohibited in this Settlement Agreement.

[SIGNATURES ON FOLLOWING PAGE.]

FOR THE DISTRICT OF COLUMBIA

BRIAN L. SCHWALB
Attorney General for the District of Columbia

James Graham Lake
Graham Lake
Chief, Workers' Rights and Antifraud Section
Office of the Attorney General
400 6th St. NW, 10th Floor
Washington, DC 20001

Date: 2/27/2026

Counsel for the District of Columbia

FOR THE COMPANY

Pedro Gonzalez

Date: 02-25-2026

Pedro & Pablo's Construction Company, Inc. Signatory