



XPO Logistics' Long Term Shareholder Value Could Be At Risk

Litigation, government investigations, worker strikes demonstrate XPO employees' opposition to CEO Bradley Jacobs

Tomorrow (Feb. 27), **XPO Logistics CEO Bradley Jacobs** will provide the keynote address to the Journal of Commerce's Trans Pacific Maritime Conference (TPM) in Long Beach, CA. In his remarks, attendees won't hear Jacobs discuss the **serious risks to shareholder value** - and to the long-term success of his business model - from actions taken by XPO employees in the U.S. and across Europe:



- XPO workers across its divisions have filed a slew of **lawsuits** challenging their **employment status** as independent contractors.
- Workers have gone on strike several times and **picketed XPO trucks** and facilities in So. California and in France.
- An XPO worker in Spain even engaged in a **10-day hunger strike** to protest his **false employment status**.

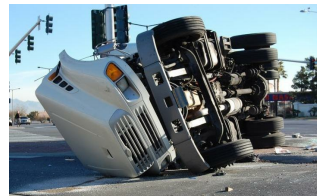
These actions pose risks that could hinder Jacobs' effort to continue to pay down the **\$5.3 billion in debt** he incurred by purchasing Pacer, Con-Way, Norbert Dentressangle, and a string of other logistics companies using the pension savings funds of unionized **Canadian teachers** and government workers.

Near-unanimous court decisions⁽¹⁾ that port, rail, and other drivers have been **illegally misclassified as "independent contractors"** do not bode well for XPO's plan to continue on its current path. Jacobs seems undeterred despite the fact that XPO Logistics continues to rack up **numerous wage theft lawsuits**, the latest by customer service representatives in Illinois. All told, these lawsuits will likely cost the company millions of dollars in **back-pay liability** and attorneys' fees.



This would not be the first time Jacobs has left investors holding the bag. Jacobs' former rollup, United Rentals, settled with the SEC in 2008 for \$14 million on charges that the company "engaged in a series of fraudulent transactions undertaken in order to meet its earnings forecasts and analyst expectations."⁽²⁾

Meanwhile, many XPO employees have not seen a raise in years and feel routinely **pressured to cut corners**. Jacobs doesn't seem to be bothered by this impact on safety. Perhaps that's because for the accidents involving XPO's misclassified "independent contractors," **taxpayers are forced to pick up the tab** as these workers likely don't have health insurance, aren't covered by workers' compensation, and aren't eligible for disability.



Over the past two years, there have been nearly 1,000 truck accidents in the US, causing 460+ injuries and approximately 40 deaths.⁽³⁾

XPO warehouse workers also report **unsafe conditions**, failure to perform, and **mistreatment** from management. And rather than providing the full-time employment **our communities need**, the company routinely hires agency temps to work alongside XPO employees at its warehouses.

When XPO workers have elected to form a union to improve their working conditions, **XPO has responded by spending huge resources** to oppose these efforts and challenging election results in order to avoid engaging in negotiations with Jacobs' workforce.

With wages and **income inequality** hot button policy topics, the controversies and disruption created by Jacobs' human resource policies could pose **long term risk to XPO Logistics' future**.

(1) For one of many examples, see Virginia Van Dusen et al. v. Swift Transportation Co., Inc. et al., case number 2:10-cv-00899, in the U. S. District Court of Arizona.

(2) [Click here.](#)

(3) FMCSA SMS data.