Amazon will pay $4 million to settle driver tip theft lawsuit

Amazon has agreed to pay the District of Columbia $3.95 million to settle a lawsuit alleging that the retail giant had stolen more than $60 million in tips intended for its Flex delivery drivers. DC Attorney General Brian L. Schwalb announced the settlement today, which includes $2.45 million in penalties and requires Amazon to clearly disclose how tips are being used for any purpose besides compensating drivers.

$61.7 million was later reimbursed to drivers by the FTC following a settlement with Amazon, but by filing the 2022 lawsuit, former DC Attorney General Karl Racine sought to "hold Amazon to full account for its unlawful actions, and to send a clear message to employers not to divert tips for their own benefit."

"When companies mislead customers to boost their profits by stealing tips intended for their workers, they are cheating their consumers, their employees, and their competitors who play by the rules," said Schwalb. "It's not sufficient, after being caught, to simply give back the ill-gotten gains. Rather, there must be meaningful consequences to deter misconduct from happening in the first place."

While Amazon has agreed to the settlement within 30 days, the company denies the DC allegations and maintains that it made "truthful, complete, unambiguous, and accurate representations to customers" regarding its tipping process for drivers.

"Like any successful program, Amazon Flex has evolved over

time, and this lawsuit relates to a practice we changed more than five years ago,“ Amazon spokesperson Steve Kelly told *The Verge*. ”While we continue to disagree with these allegations, we’re happy to have the matter behind us so we can continue to focus on supporting delivery partners and customers.”

Update, February 7th: *Added statement from Amazon.*

https://www.theverge.com/news/608182/amazon-flex-dc-worker-tip-lawsuit-settlement