



## **COMPROMISE SETTLEMENTS OF WAGE CLAIMS: INSTRUCTIONS AND GUIDANCE**

Following this page is a Settlement and Voluntary Dismissal of Wage Claim Agreement (“Settlement Agreement”). The Division takes no position on whether any party should settle a claim, offering this form and guidance only as a courtesy.

**The Division does encourage parties to consider whether it would be best for them to make the other party an offer of a compromise settlement of the claim.** In claims at the Division and in court alike, parties often agree to compromise settlements, even if they believe they should win in a contested investigation or appeal, for a number of reasons. Compared to awaiting the outcome of full investigations and any follow-up appeals, settlements offer both parties several advantages:

- Employers gain **quicker closure**, avoid a possible **public finding** of a labor law violation, and save the **cost and burden** of facing a full investigation and any appeals — producing pay records, written statements or testimony, etc. — as well as the possibility of Division orders that may be followed by **seizures of employer assets, liens, and levies**.
- Claimants gain **quicker, more certain payment** than if they were to wait months for the investigation to finish, or one or more years if the investigation is followed by any appeals.
- Each party gains a **better outcome than if they were to lose** in a full investigation or appeal:
  - a claimant is guaranteed payment of a compromise amount, rather than **no payment if they lose their claim**; and
  - an employer pays a compromise amount lower than would be ordered **if a violation is found** — **not only the full wages owed, but the significant penalties provided by Colorado statute**, which commonly require the employer to pay a total of **225-287.5%** of the wages owed (through 2022) or (as of 2023) **300-400%** of the wages owed.

**If you choose to explore a settlement** of this claim:

- **Either party can propose a settlement to the other party**, whether verbally or by sending a copy of the Settlement Agreement filled out by the party making the offer, with a request for the other party to sign it if they accept the offer.
- **If both parties agree to the settlement**, then a copy of the agreement, signed by both parties, must be received by (not just sent to) the Division within seven (7) days after the date both parties have signed the agreement.
- **Impact on the investigation, and on the employer’s duty to respond to the complaint:** If the Division receives a Settlement Agreement voluntarily signed by both parties *before* the deadline for the employer’s response to the Notice of Complaint, then the investigation will be closed, and the employer need not provide that response. But otherwise, merely proposing or negotiating a not-yet-final settlement does not postpone any deadlines, so the employer’s response remains due 14 days after the Notice of Complaint, to avoid possible mandatory fines and penalties.

**Note:** This form is provided partly to let parties settle without hiring lawyers to draft settlement agreements, but the Division cannot provide further legal advice, so you are free to consult a lawyer if you wish.

## SETTLEMENT AND VOLUNTARY DISMISSAL OF WAGE CLAIM AGREEMENT

**Whether to consider a settlement is up to the parties.** The Division takes no position on whether any party should settle. Parties may choose to settle for reasons such as: quicker payment or closure, saving the time or burden of an investigation, resolving a dispute without a public finding, or choosing a compromise over a possibly less favorable outcome.

**Settlements must be informed and voluntary, not coerced or induced by fraud.** The Division will not advise whether to settle. You can seek advice from a lawyer or anyone else about whether to settle or if you do not understand any terms.

**Parties may use their own settlement forms or may attach additional terms,** if agreed upon, to this completed agreement. The Division offers this combined settlement/dismissal form to make the process clearer and easier for those choosing to settle. Any additional terms attached to this agreement must not contradict the terms of this agreement. Once this agreement is signed, the only promises and commitments that are binding are those in, or attached to, this agreement.

**Settlements must be before a Division determination of liability to avoid [public disclosure of the determination](#)** pursuant to the Wage Theft Transparency Act, C.R.S. § 8-1-115.

\*Claim #: \_\_\_\_\_ at the Division of Labor Standards and Statistics  
\*(required)

Claimant: \_\_\_\_\_ (below, referred to as "Claimant")

Employer: \_\_\_\_\_ (referred to as "Employer")

1. Employer and Claimant (together, the "Parties") agree, freely and without coercion or fraud, to settle all claims that either owes the other any wages or reimbursements, based on their agreement to all terms and explanations above and below.
2. Once this settlement is fully performed, it will permanently settle and terminate **any claim** under **any law**—state, federal, or local—that **either Party** owes the other **any wages, penalties, or reimbursements through the date of the settlement**. No part of any such claim then can be pursued in the Division, in court, or anywhere else. This settlement is not an admission that either Party was liable or was owed less than it may have claimed.
3. A copy of this agreement signed by both parties must be **received** by the Division (not just sent) no later than **seven (7) days** after the date by which both parties have signed this agreement (referred to as "**Settlement Date**"). Once the Division receives the copy, it will pause, but not yet terminate or dismiss, its investigation of Claimant's claim.
4. Employer will pay Claimant the following amount, which must be **received** by Claimant (not just sent) by **fourteen (14) days** after the Settlement Date (referred to as "**Payment Due Date**"). Payment will be sent to the following address that Claimant chooses, or by the following other method of payment that the parties agree on (for example, direct deposit).

\_\_\_\_\_ (referred to as "**Settlement Payment**")

*Write the amount in words, then as a number, like this: "One Dollar, \$1"*

\_\_\_\_\_  
*List the address Claimant chooses for receiving payment or any other method of payment agreed to by the Parties*

5. **Twenty-one (21) days** after the Settlement Date, the Division will send both parties a withdrawal notice that the Claim is being **voluntarily dismissed with prejudice** (that is, permanently), unless Claimant informs the Division promptly that the Settlement Payment was not received, in which case the Division will restart its investigation of the Claim.
6. Scanned signatures provided by Claimant and Employer on their own behalf are acceptable as proof of agreement.

**Claimant:**

**Employer:**

**Signature:**

\_\_\_\_\_

\_\_\_\_\_

**Print Name** (Claimant, and the person signing for Employer):

\_\_\_\_\_

\_\_\_\_\_

**Date:**

\_\_\_\_\_

\_\_\_\_\_

**Phone:**

\_\_\_\_\_

\_\_\_\_\_