



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.

