

EEOC SUES STAFFING FIRM OVER CLIENT'S ALLEGED "MALE-ONLY" HIRING REQUEST: 5 KEY LESSONS FOR THE INDUSTRY

Insights

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Staffing firms across the country are facing increased scrutiny from the federal government over how they respond to client demands – and a new lawsuit can provide lessons for your organization. The Equal Employment Opportunity Commission (EEOC) filed a September 29 lawsuit accusing a South Carolina-based agency of refusing to hire or refer women for laborer positions at a client's plant. According to the agency, the case shows how staffing firms can be held liable for workplace law violations even if they claim to just be "following orders" from clients. Staffing industry firms should take note of the legal theories at play – and consider the five compliance lessons this lawsuit can teach you.

When Client Demands Cross the Line

The EEOC's complaint, filed in federal court in Alabama on September 29, alleges that WorkSmart Staffing, Inc., systematically excluded women from laborer jobs they placed at client company TCI of Alabama between August 2020 and August 2023.

Key allegations include:

- **Client preference for men:** TCI managers allegedly told WorkSmart branch staff that the company, which recycles oil-contaminated electrical equipment, would only accept male workers. The EEOC claims that TCI would sometimes make reference to their preference for male workers who were "heavy lifters."

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- **Explicit instructions from management:** The EEOC claims that TCI's president directed that women not be assigned to plant-floor laborer roles.
- **Female candidates blocked:** Female applicants were allegedly told that jobs were "male-only" or that positions were no longer available, despite openings. The lawsuit claims that WorkSmart told a woman staffer that she might be a good fit for placement at TCI based on her work history, but was later told the position was no longer available.
- **Failure to train staff:** The EEOC says WorkSmart failed to train its employees to resist unlawful client preferences.

The lawsuit stems from a Commissioner's charge, not an individual worker complaint. This means that the agency itself took interest in this investigation and launched the claim, demonstrating the EEOC's willingness to pursue staffing claims even absent an employee-initiated charge.

Why Staffing Firms Are Uniquely Exposed

Unlike direct employers, the staffing industry faces unique challenges when it comes to legal exposure:

- **Act as both employer and employment agency.** The EEOC complaint pleads both theories of liability, covering WorkSmart's role as a direct employer and as a referral source. Staffing firms face potential double exposure to such claims.
- **Sit at the intersection of client demands and federal law.** Staffing firms often face business pressure to meet client requests, but Title VII prohibits compliance with discriminatory preferences.
- **Have systemic impact.** Because staffing firms often serve as the primary hiring channel, their actions can shape entire workplaces and draw heightened scrutiny.

What Are They Saying?

[In a press release announcing the litigation](#), the EEOC said the lawsuit was necessary to ensure women had equal access to employment opportunities, stressing that "staffing agencies cannot act as gatekeepers for discrimination."

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[WorkSmart responded to media reports](#) by noting it has never faced a similar claim in its history and is actually woman-owned and operated. It's important to note that these claims are merely allegations at this point, and that WorkSmart has not yet had the chance to respond to the complaint in court.

Even if the allegations turn out to be disproven, however, the lawsuit itself outlines key lessons your staffing company can learn.

What Staffing Should Do Now: Your 5-Step Plan

For staffing firms, there are five key steps to take to minimize your liability:

- 1. Train your team.** Recruiters and branch managers should be trained to reject discriminatory client instructions and immediately escalate those issues to internal decisionmakers.
- 2. Document refusals.** Keep written records when you decline to follow unlawful requests.
- 3. Review contracts.** Ensure client service agreements explicitly prohibit unlawful hiring preferences.
- 4. Audit referral patterns.** Regularly check whether certain groups are being excluded from particular assignments.
- 5. Have a response protocol.** Develop a plan for what happens when a client insists on discriminatory criteria – up to and including ending the relationship.

What's Next?

The litigation is on hold now, thanks to [the government shutdown](#). When the shutdown ends and the EEOC can resume litigation activities, WorkSmart will be able to offer defenses to the claims made in the lawsuit.

The EEOC is seeking back pay, front pay, compensatory damages, and punitive damages on behalf of the women it claims were blocked from assignment. We'll track the litigation and provide updates to the staffing community, so make sure you are subscribed to [Fisher Phillips' Insight System](#) to get the most up-to-date information directly to your inbox.

Conclusion

For more information, contact your Fisher Phillips attorney, the authors of this Insight, or any attorney on our [Staffing Industry Team](#).