

NEW ENGLAND REGIONAL COUNCIL OF CARPENTERS

United Brotherhood of Carpenters and Joiners of America

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**TESTIMONY OF GLENN MARSHALL BEFORE THE GAE COMMITTEE,  
MARCH 16, 2009, CONCERNING GOVERNOR'S BILL 6375, AN ACT  
CONCERNING REVIEW AND TERMINATION OF CERTAIN BOARDS AND  
COMMISSIONS**

Cochairs Slossberg and Spallone, members of the committee, my name is Glenn Marshall. I am the President of Carpenter's Local Union 210 and District Manager for the Connecticut Carpenters, and I am here today to a portion of the Governor's **Bill 6375, An Act Concerning Review and Termination of Certain Boards and Commissions**, which includes a subsection that would eliminate the Advisory Board of the Employee Misclassification Task Force.

Last year, the General Assembly overwhelmingly voted in favor of Public Act 08-156, **An Act Concerning Employee Misclassification**. Attached for your information is a copy of the public act, which not only created a joint enforcement commission of various state agencies impacted by employee misclassification and the underground economy, but also created an advisory board representing labor and management.

Connecticut is not the first state to create an employee misclassification task force. Many other states have created a similar task force to address the growing problem of contractors who misclassify their employees as independent contractors to avoid paying state and federal income taxes, worker's compensation insurance, as well as other taxes, such as medicare, unemployment and social security.

**The bill creating the task force and the advisory board had no fiscal impact.** It was supported by both labor and management. The task force and advisory board have met only once so far. Thus, it seems a little premature to eliminate an advisory board appointed late last year, had only one meeting, costs the state nothing but focuses on a problem that costs the state of Connecticut hundreds of millions of dollars in lost revenue each year.

Attached is a **preliminary summary table of a study performed by University of Connecticut labor economist, Dr. William Alpert**, which conservatively estimates that the state of Connecticut lost on the order of magnitude a minimum of \$180,305,037 in state income tax alone in 2008. If you add that number to the losses of federal income tax, unemployment, medicare and social security taxes, as well as workers' compensation premiums—resulting from misclassification---the total annual cost in Connecticut in 2008 alone is well over \$1 billion dollars. Professor Alpert's final report isn't available yet, but I will be sure to share it with the committee members once it is.

The problem of employee misclassification and the underground economy is not unique to construction, but the problem is more rampant in our industry because of the high cost of workers' compensation and the transient nature of the workforce---many of the workers and companies are from out of state. The advisory board represents Connecticut leaders in labor and management who can update the agencies on industry trends and patterns.

I have also attached several articles from The Stamford Advocate, The Hartford Business Journal and Workcomp Central, which detail specific examples of how the problem occurs in the Connecticut construction industry. In addition, I have attached a press release from the Connecticut Department of Labor outlining the results of their efforts to address the issue in the construction industry using the stop work order. The Connecticut stop-work order law passed in 2007 was modeled after a similar law enacted in Florida. According to the Department of Workers' Compensation in Florida, it issued 2,639 stop work orders in fiscal year 05-06, assessing \$58,783,652, resulting in \$30,454,250 in additional workers' compensation insurance premium to be generated and caused 12,366 new employees to be covered by workers' compensation insurance.

So, I strongly urge the committee to delete this small subsection from the Governor's bill regarding the Advisory Board of the Employee Misclassification Task Force. This task force and advisory board has the strong support of both labor and management. At a time when the state is in dire financial straights, it doesn't make much sense to eliminate a board that costs the state nothing and whose long-term efforts could be a boon to Connecticut's coffers, Connecticut's businesses and Connecticut's workers.

Thank you for your time. I would be happy to answer any questions.



*Substitute Senate Bill No. 454*

*Public Act No. 08-156*

**AN ACT CONCERNING EMPLOYEE MISCLASSIFICATION.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. (NEW) (*Effective July 1, 2008*) (a) There is established a joint enforcement commission on employee misclassification. The commission shall consist of the Labor Commissioner, the Commissioner of Revenue Services, the chairperson of the Workers' Compensation Commission, the Attorney General and the Chief State's Attorney, or their designees.

(b) The joint enforcement commission on employee misclassification shall meet not less than four times each year. The task force shall review the problem of employee misclassification by employers for the purposes of avoiding their obligations under state and federal labor, employment and tax laws. The commission shall coordinate the civil prosecution of violations of state and federal laws as a result of employee misclassification and shall report any suspected violation of state criminal statutes to the Chief State's Attorney or the State's Attorney serving the district in which the violation is alleged to have occurred.

(c) On or before February 1, 2010, and annually thereafter, the commission shall report, in accordance with section 11-4a of the general statutes, to the Governor and the joint standing committee of the General Assembly having cognizance of matters relating to labor. The report shall summarize the commission's actions for the preceding calendar year and include any recommendations for administrative or legislative action.

Sec. 2. (NEW) (*Effective July 1, 2008*) There is established the Employee Misclassification Advisory Board to advise the joint enforcement commission on employee misclassification established pursuant to section 1 of this act on misclassification in the construction industry in this state. The advisory board shall consist of members representing management and labor in the construction industry and shall be appointed as follows: One member representing labor and one member representing management, appointed by the Governor; one member representing labor, appointed by the speaker of the House of Representatives; one member representing management, appointed by the minority leader of the House of Representatives; one member representing management, appointed by the president pro tempore of the Senate and one member representing labor, appointed by the minority leader of the Senate. All appointments shall be made by August 1, 2008. The terms of members shall be coterminous

with the terms of the appointing authority for each member and any vacancy shall be filled by the appointing authority. Members of the advisory board shall serve without compensation but shall, within available funds, be reimbursed for expenses necessarily incurred in the performance of their duties.

Approved June 12, 2008



PRELIMINARY (NOT FOR CIRCULATION) ESTIMATES OF LOSSES TO CT TAXPAYERS OF WORKER MISCLASSIFICATION

ESTIMATED CONNECTICUT WORKERS COMPENSATION PREMIUM LOSSES DUE TO EMPLOYEE MISCLASSIFICATION 2008									
NO UNDER GROUND ECONOMY		WITH UNDERGROUND ECONOMY							
LOW	\$204,968,226		\$382,485,351						
MODER.	\$474,355,038		\$917,964,842						
HIGH	\$876,483,177		\$1,810,430,660						

**The ADVOCATE**

[http://www.stamfordadvocate.com/news/local/scn-sa-worksites7mar05\\_0\\_390017.story](http://www.stamfordadvocate.com/news/local/scn-sa-worksites7mar05_0_390017.story)

## Stop-work orders issued on 2 condo developments

By Monica Potts  
Staff Writer

March 5, 2008

STAMFORD - The state Department of Labor issued stop-work orders Monday for the sites of two condominium projects on the East Side, a state official said.

Gary Pesche, director of the Wage and Workplace Standards division, said investigators determined that subcontractors may have failed to obtain workers' compensation coverage or misrepresented the number of workers and the nature of their employment to obtain lower premiums on workers' compensation insurance policies.

The sites of Eastside Commons at 838-860 E. Main St. and Glen View House at 11 Glenbrook Road nearby were developed by Seth Weinstein of Hannah Real Estate Investors LLC and his partners Ray and Paxton Kinol, owners of Stillwater Investment Management.

The Zoning Board approved the projects in 2006, and construction began last year. Thomason-Stevens LLC of Florida is the general contractor for the sites, which are to include retail space, a bank and condominiums.

Three companies named in the orders, posted on a fence, are Avel Contractors, National Carpentry and Ruffino Carpentry. Stamford addresses were given for each of the three companies, though National Carpentry is based in Tennessee, Pesche said.

"We've been chasing them all over the state," he said of National Carpentry. "Some companies become more familiar to us than others."

Failing to meet workers' compensation standards is a Class D felony, subjecting violators to five years in prison or a \$5,000 fine. A measure that took effect in October modifies the law to allow the state to stop-work on sites that fail to do so or fail to cooperate with an investigation, and fine them for each day they don't comply.

Pesche said companies sometimes misrepresent the number of workers or label them "independent contractors" rather than include them on the payroll, so they can get lower premiums on workers' compensation insurance policies.

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The new law may curb the practice of hiring day laborers, many of whom may be in the country illegally and less likely to report work site problems, without paying them fair wages or insuring them, he said.

"We cannot check whether they have legal status, but we can check whether they're working without workers' comp," he said. "We're trying to help the law-abiding employers in the state of Connecticut."

A representative of Thomason-Stevens said he had not heard of the orders and had no comment.

Workers were on the site yesterday and appeared to be working. It was unclear how many workers were affected by the stop-work order or whether the contractors took steps to resolve the matter. The stop-work orders still were posted on the fence yesterday. The companies have 10 days after the date of issuance to respond.

Weinstein said yesterday he did not know about the stop-work orders and could not comment on the subcontractor issue.

"These are wonderful projects for the community. We're very excited about them in terms of the quality of design, quality of construction, and the contribution to the East Side community," he said. "I would be personally very disappointed if, in fact, there was a problem."

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# The ADVOCATE

## Day laborers sue subcontractor for wage abuse

By Elizabeth Kim  
Staff Writer

Posted: 01/18/2009 09:27:13 PM EST

STAMFORD – For Walter Guerrero, a 23-year-old immigrant from Honduras, the first sign that something was wrong was when he saw how much cash he was paid for the hours last spring he spent lifting wooden beams at a construction site at Glenbrook Road and East Main Street.

It amounted to \$10 an hour, and he was told by the head of the subcontracting company, John Kirk, that his hourly wage was \$13, Guerrero said through an interpreter.

"The supervisor said it was for a check-cashing fee," Guerrero said of the smaller amount.

Payments for his work were sporadic, Guerrero said, and stopped altogether in mid-June. Other workers at the site told him that Kirk "may sometimes delay his payments, but he always pays you." But after two weeks without pay, he left the job site.

Now, Guerrero is one of 34 workers suing National Carpentry Contractors for allegedly cheating them out of more than \$250,000 in wages. Guerrero is owed more than \$7,000, according to the lawsuit.

Although cases of wage theft involving day laborers are common statewide, the case against National Carpentry Contractors is the largest to come through Stamford's Day Laborer Wage Clinic, said Peter Goselin, the attorney representing the plaintiffs.

The state attorney general and Department of Labor

are looking into the labor practices of National Carpentry Contractors, which has an office at 2761 High Ridge Road. In March, it was among the subcontractors the state investigated for failing to obtain workers' compensation coverage for employees. Gary Pechie, director of wage and workplace standards for the labor department, said at the time, "We've been chasing them all over the state."

Citing an ongoing investigation, Pechie, through a spokesman, declined to comment.

A telephone message left at National Carpentry Contractors was not returned.

Plaintiffs identified the work site as Glenbrook Road and East Main Street, which is consistent with Glenview House, a recently completed mixed-income rental apartment complex.

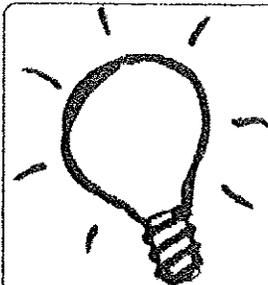
Seth Weinstein, a principal owner of the development, said he didn't know the subcontractor.

During its investigation of National Carpentry and two other subcontractors in March, the Department of Labor put a stop order on two of Weinstein's apartment projects.

"We hire a general contractor," Weinstein said. "We expect our general contractor to follow all rules and regulations and we have no relationship with the subcontractor. We would not be in favor of having any subcontractor work on our jobs who doesn't scrupulously follow the letter and spirit of the law."

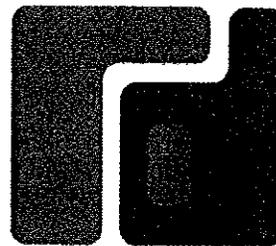
Guerrero said he and three co-workers sought help after seeing a flier about the city's day laborer legal clinic. After he quit the construction site, he spent a month looking for work, Guerrero said. He had no money for food and had to rely on friends, he said. He later found a job working at a butcher shop for

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# The ADVOCATE

\$6 an hour. There, he injured his hand on a meat slicer, he said.

Four other plaintiffs interviewed spoke on the condition that their names not be used. Although most day laborers are reluctant to disclose their names, Guerrero did not hesitate.

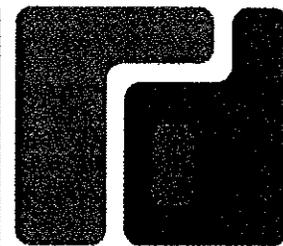
"It's really important for people out there in similar situations to know what is happening," he said. "We have to give them the opportunity to know that there are places where they can come for help." – Staff Writer Elizabeth Kim can be reached at [elizabeth.kim@sctn.com](mailto:elizabeth.kim@sctn.com) or 964-2265.

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# Contractor due to be arraigned

## Day laborers say wages weren't paid

By Elizabeth Kim  
STAFF WRITER

STAMFORD — A subcontractor charged with cheating day laborers out of tens of thousands of dollars in unpaid wages will be arraigned Thursday in state Superior Court in Stamford.

John Kirk, head of National Carpentry Contractors, was charged this month with violating state wage payment requirements and 20 counts of defrauding alien workers of wages, both misdemeanors. Kirk's company was hired to work on two East Side housing developments, East Side Commons and Glenview House.

"He's the poster child of how not to do business in the state of Connecticut," said Gary Pechie, director of the state labor department's Wage and Workplace Standards Division.

See CONTRACTOR, Page A9

Monday with disorderly conduct.

# Contractor

Continued from Page A7

The agency uncovered the incidents during an investigation prompted by a civil lawsuit filed in December. The state issued an arrest warrant in early January and police arrested Kirk on Feb. 12.

Pechie said labor investigators obtained sworn affidavits from 20 of the 34 plaintiffs, who claimed Kirk stopped paying them for work done last summer, leaving some without wages for more than four weeks.

The workers cited in the investigation were paid \$12 to \$22 an hour and are owed more than \$55,000, Pechie said.

It is not the first time Kirk has been in trouble with the law. In June, he was charged with illegal use of a fake firearm, second-degree threatening and disorderly conduct. He pleaded not guilty. The case is awaiting disposition.

In March, the state Department of Labor investigated the company for a possible failure to obtain workers' compensation coverage for employees.

The Tennessee-based company was on the state's radar for some time, Pechie said. Kirk was the target of a labor investigation in Massachusetts.

If found guilty, Kirk could be fined up to \$5,000 or im-

prisoned five years, or both, for violating wage payments. For defrauding immigrant workers, he could be fined up to \$100 or imprisoned up to a year, or both, for each count.

A message left for Kirk at the National Carpentry office at 2761 High Ridge Road was not returned.

Seth Weinstein, principal owner of Eastside Commons and Glenview House, has said he doesn't know the subcontractor.

"We hire a general contractor," Weinstein said last month. "We expect our general contractor to follow all rules and regulations and we have no relationship with the subcontractor."

Pechie said the case reflects a trend of companies crossing state lines after getting caught for illegal work practices. As a result, labor authorities nationwide are sharing information, he said.

"I get press releases from the Massachusetts attorney general every day. I just talked to New York and New Jersey," Pechie said. "We're stepping up our enforcement effort to make it a level playing field for everybody."

— Staff Writer Elizabeth Kim can be reached at [elizabeth.kim@scni.com](mailto:elizabeth.kim@scni.com) or 964-2265.

# Bonds

# The ADVOCATE

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## Editorial

# Ensuring contractors go by rules

**I**t will be for the courts to decide whether a subcontractor operating in Stamford cheated 20 day laborers out of more than \$55,000 in back wages.

John Kirk, head of National Carpentry Contractors, denies the criminal charges that have been brought against him, though at the outset, the case against his company appears a strong one.

"He's the poster child of how not to do business in the state of Connecticut," says Gary Pechie, director of the state Labor Department's Wage and Workplace Standards Division.

Mr. Kirk and his company have already been fined in Massachusetts for violating that state's Independent Contractor/Misclassification Law.

Mr. Kirk faces potential fines and jail time here. But it needs to be pointed out that if he is in fact guilty, he still would not be the only one "to blame" for wrong done to the laborers, even if he were the only one legally culpable. And that matter is part of a larger discussion about liability versus responsibility in our larger society.

Question: Mr. Kirk's company was hired to work on two East

### *The Issue:*

*Property owner should have some responsibility regarding accused firm.*

Side housing developments, East Side Commons and Glenview House. If he is guilty of the crimes of which he is accused, should the owner of the housing developments bear part of the blame?

The principal owner, Seth Weinstein, says no.

"We hire a general contractor (Florida-based Thomason-Stevens, LLC)," Mr. Weinstein said last month. "We expect our general contractor to follow all rules and regulations and we have no relationship with the subcontractor."

In all due respect, Mr. Weinstein, we disagree. An owner of a development property should know what's occurring there. After all, he could gain financially from potential illegal building practices in this case.

We as a society have become very good at making the business of doing business very complicated, which inserts all

levels of filters into the process that cover the backs of folks at the top when dealings on the ground get dirty.

It allows the athlete to claim ignorance when it's discovered his sneakers are made by children in sweat shops. It lets investors turn a blind eye to returns that are coming in a lot quicker and a lot larger than they should be. It allows for a collapse in the financial system that nobody seems to fully understand.

And it's not how it should be.

Mr. Weinstein would not have had to become a master detective to check out what, allegedly, was going on in his name.

"I had a picket line set up (at) that job when it first opened," says Ted Duarte, a union organizer at the New England Regional Council of Carpenters. "I was trying to bring to light (Kirk's) reputation."

In all corners of society, we pay tremendous lip service to the value of "taking responsibility" for one's own life. Most often it's directed at those at the bottom of the ladder. But we need to realize that responsibility should rise along with one's station in life, not diminish as the person gets higher up the ladder.

MC

Hartford Business.com

HAMMERS DOWN

## State Nails 60 Builders

### DOL halts work at construction sites over workers' compensation violations

By Jason Millman

jmillman@HartfordBusiness.com

Today

State officials have issued stop work orders against more than 60 subcontractors at 30 construction sites across Connecticut in recent months in a bid to crack down on those that sidestep paying required workers' compensation premiums and taxes.

Inspections by the state Department of Labor have turned up about 300 workers who lacked workers' comp coverage because they were either being paid in cash or misclassified as independent contractors.

About half of the subcontractors cited were based in Connecticut and half were from other states, some as distant as Arizona, New Mexico and Colorado.

The crackdown follows the enactment last year of a law that gives labor department officials the authority to issue stop work orders when they identify violations. The legislation was backed by construction and business trade groups in an effort to protect contractors who play by the rules from those who may be underbidding them because they pay workers in cash to cut costs.

Since the law went into effect, a team of 30 investigators have been visiting construction sites across the state. Tips about possible violations have come in from labor unions, contractors and competing firms, said Gary Pechie, director of the DOL's Wage and Workplace Standards Division.

Once a company is shut down, it must provide documentation to Pechie's division proving it has taken steps to secure compliance. A company faces a \$1,000 fine for each day it operates on the site where it was issued a work stoppage order. "In most cases,



Kia Murrell, assistant  
counsel, CBIA

companies scramble and they're back on the site the next day after they get their trucks in a row," Pechie said.

In an on-site investigation conducted July 25, labor officials discovered that 24 employees of Champagne Drywall, a subcontractor based in Agawam, Mass., lacked proper insurance for their workers on Killingly Commons, a retail plaza project in Killingly.

Officials for Champagne Drywall were not available for comment at press time. But Konover Construction, the general contractor for the Killingly job, issued the following statement:

"To the best of Konover Construction's knowledge, the subcontractors cooperated with the DOL and were promptly permitted to return to the project after any issues were resolved."

Konover was not the subject of the inquiry by the DOL. "Konover Construction strictly adheres to all DOL rules and guidelines and subcontractors who work on our projects are equally obligated to comply," the company said.

In other cases, subcontractors who were caught abandoned the job site, said Kia Murrell, assistant counsel for the Connecticut Business & Industry Association, which helped draft the 2007 law.

"It's cheaper for them to bid on a job because they're not paying insurance," Murrell said. "If they get caught, they move on."

On March 19, DOL inspectors found that 30 workers at a construction site in East Haven lacked proper workers' comp insurance. They were employed by CGM Construction, which listed its address as an apartment in Hamden. Efforts to reach company officials were unsuccessful. Its listed phone number had been disconnected.

### **More Enforcement Powers**

The intent of Connecticut's nearly 100-year-old workers' compensation law is to provide wage replacement and medical benefits for employees injured, disabled or killed while performing their jobs.

When contractors fail to pay workers' comp premiums, the benefits for uninsured workers injured or killed are paid for by the state's Second Injury Fund, which is funded through assessments of all Connecticut employers.

The rub for companies paying workers' comp premiums is that they ultimately subsidize companies that don't play by the rules.

Before the 2007 law was enacted, the power of state officials was limited. If a company was not in compliance with workers' compensation guidelines, its sole remedy was to request an arrest warrant against the general contractor on the job site. "No arrests were ever made, and we weren't able to get out to the degree we thought we should," Pechie said. "With this law, it seems we can take some immediate action and make some impact."

Don Schubert, the director of regulatory affairs for the Connecticut Construction Industries Association, said steady enforcement of workers' comp regulations is a "critical factor" in allowing companies to stay competitive. "The construction industry thinks it's great Gary Pechie and his department are putting this legislation to good use," Schubert said. "It keeps a level playing field."

Murrell of the CBIA said she consulted with construction companies as the CBIA helped draft the legislation.

### **Next, Restaurants And Hotels**

In its bid to crack down on employers that don't obtain workers' compensation coverage for their workers, the state targeted construction companies because the industry pays some of the highest workers' compensation premiums due to obvious work-related dangers.

Construction accounted for the most fatal work injuries of any industry sector in 2006, according to U.S. Department of Labor statistics. Construction laborers had the fourth highest number of nonfatal injuries in the same year, 488 per 10,000 workers.

As construction season slows down, Pechie said his division will begin to set its sights on other industries, notably restaurants and hotels. Already, the division has received tips about violations in those sectors. "We found a hotel using all independent contractors," Pechie said. "How can you run a hotel with no employees?"



**Return to : Workers Yanked from Job Site in Misclassification Crackdown**

**Connecticut -- Workers Yanked from Job Site in Misclassification Crackdown: EAST  
[03/09/09]**

The Connecticut Division of Wage and Workplace Standards pulled 11 workers off of a Stamford, Conn., construction site last week after an electrical power box exploded and injured two others.

Division Director Gary Pechie said Friday his inspectors were on site at a refurbishing project at a downtown YMCA building when the box exploded last Tuesday.

They were conducting a routine check of JV Construction and Drywall as part of the division's sweep of Connecticut construction sites to verify workers' compensation coverage.

"Our people had to run out of the building because of the smoke," Pechie said. "It was ironic, because we were there checking to make sure they had coverage."

Pechie said the electricians suffered second-degree burns. One has been released from a local hospital and the other is expected to be released soon. Both workers were covered by workers' compensation for the project, which involves converting the old YMCA into a 99-room hotel.

But Pechie said inspectors ordered 11 other workers for JV Construction and Drywall off the site because they were identified as independent contractors.

The division is reviewing whether they meet the definition under a misclassification law passed last year that also created a statewide task force on the problem.

The agency fined the subcontractor \$5,100 in August after removing 17 misclassified workers from another job site in Stamford.

Pechie said his agency now is focusing on the construction industry. He said the state's building slump is prompting more companies to improperly classify workers so that they can skirt workers' compensation and unemployment tax laws and submit lower bids.

During the past 12 months, the Connecticut Department of Labor has taken action in about 200 misclassification cases, Pechie said.

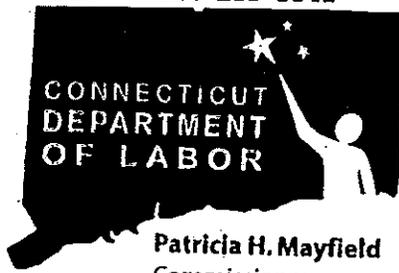
Companies can be fined between \$900 and \$1,200 per worker. Investigators also have the power to stop work on noncompliant job sites.

Pechie said he is borrowing staff from other parts of the Labor Department to make a major sweep of the state's construction industry.

"We're gearing up for the construction season. We see with the economy where corners are being cut. We're going to hit the ground running on this," he said. "The owners and the general contractors are going to the bottom-line price. The way they get the bottom-line price is by misclassifying workers."

Juan Velez, owner of JV Construction and Drywall, told The Stamford Advocate last week he has submitted paperwork to resolve his latest troubles with the agency.

"It was a slight mistake," Velez was quoted as saying. "I think it is all straightened out."



# **MEDIA RELEASE**

*Communications Office*

## **“Stop Work” Legislation Puts Brakes On Employers Trying To Avoid State Laws**

**RELEASE: IMMEDIATE**

WETHERSFIELD, Aug. 13 – Following compliance checks at construction sites throughout the state, the Connecticut Department of Labor has issued “stop work orders” to 60 companies this year for failing to comply with workers’ compensation requirements.

The agency has been able to carry out these enforcement actions as a result of Public Act 07-89, a bill that was signed into law by Governor Rell in June of 2007. Known as “An Act Concerning Penalties for Concealing Employment or Other Information Related to Workers’ Compensation Premiums,” the legislation applies to businesses operating in Connecticut and gives the Labor Department’s Wage and Workplace Standards Division the authority to stop work at any site until a company is in compliance with certain workplace regulations.

“During our first year working with this legislation, we have found it to be an effective tool in leveling the playing field in the construction industry,” said Gary K. Pechie, Director of the agency’s Wage and Workplace Standards. “Our site inspections have revealed cases where employers are misclassifying employees and identifying them as independent contractors so that they are not provided workers’ compensation coverage. In other instances, we have found that employers are under-reporting the number of employees by paying wages in cash and not keeping accurate records.”

According to Pechie, violations are discovered through routine inspections when agents from the Labor Department interview workers at job sites to determine whom they work for, and if wages are being paid in cash. Using mobile technology, wage investigators can quickly determine if the company has workers’ compensation coverage in Connecticut and if there is adequate coverage for the workers. Investigators also determine if the company is properly registered with the Secretary of State’s office.

“By failing to provide worker’s compensation coverage, ignoring income taxes, unemployment taxes, and other protections, these employers place a drain on our state’s economy,” Pechie noted. “When a company complies with these laws, it helps every employer by reducing workers’ compensation premiums and lessens the burden on our state since we avoid using the Second Injury Fund to protect those employees.”

-- more --

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"This law has allowed us to identify other potential violations that are referred to other jurisdictions, such as Homeland Security, Revenue Services, Internal Revenue Services and OSHA," Pechie said. "The legislation is effective in helping the Labor Department improve working conditions on construction sites, and helps to ensure that employers who violate state laws do not have an unfair advantage over others."

According to Pechie, investigations have shown that the majority of companies ordered to stop work have been out-of-state companies from as far away as Arizona and Georgia. Job sites have included condominium projects, hotels and retail plazas.

"Fortunately, many employers in this state do comply with our state laws," Pechie added. "But any time a company is in violation, their actions create an unfair economic advantage to those employers who do follow the rules. We are fortunate to have this new legislation to help combat an issue that has caused concerns throughout the country."

# # #

Media Contact: Nancy Steffens

(860) 263-6535

8/13/08

## Press\_Release

Company Name	Address	City	State
P&R Painting	5278 Industry Lane	Frederick	Md
Perez Painting	338 Grand Avenue	New Haven	CT
Raven Home Improvement	138 Chestnut Street	W. Orange	NJ
FM Home Improvement	144 N. Clinton Street	E. Orange	NJ
Fernando Cardoso	12 Plyar Place	Waterbury	CT
Wall Tek Systems	194 Christian Lane	Berlin	CT
Deb's Cleaning Service	14 Foster Street	Webster	MA
A.C.E. Wall Systems	P.O. Box 724	Agawan	MA
Champagne Drywall	36 Russo Circle	Agawan	MA
Commercial Contracting	21 E. Middle Turnpike	Manchester	CT
Wall Tek Systems	194 Christian Circle	Berlin	CT
MAK Contracting Inc.	1 Industrial Park Drive, Unit 1	Pelham	NH
ZD Stucco	150 Caroll Street	New Britain	CT
F&M Home Improvement	144 North Clinton Street	East Orange	NJ
Suarez Construction	65 W Wooster Street #2	Danbury	CT
Scinto, Robert Inc.	One Corporate Drive, suite 100	Shelton	CT
Torres Drywall	350 Main Street	Branford	CT
Ledezema, Luis	7 Grove Street	Clinton	CT
Derek Auto, LLC	1610 North Broad Street	Meriden	CT
Big Timber Construction	2001 East Lohman Avenue, Suite 110-258	Las Cruces	NM
Flores Framing	P.O. Box 2026	Suwanee	GA
Velasquez Contractors Corporation	1338 Shelby Road	Madison	VA
Miguel Palencia Carpentry	29 Elm Croft Road	Stamford	CT
National Carpentry	2761 High Ridge Road	Stamford	CT
Rufino Carpentry	3365 Hope Street	Stamford	CT
Avel Construction	319 Greenwich Avenue	Stamford	CT
National Carpentry	2761 High Ridge Road	Stamford	CT
Worldwide Construction	2785 Jackson Liberty Drive	Boguechitto	MS
Pineda, Mario			
Diaz Drywall	162 Madison Street	Passaic	NJ
Agustin, Mario	426 Darrow Avenue	Plainfield	NJ
LG Drywall	28 King Street	Bridgeport	CT
Rivera, Victor	333 New Market Road	Dunellen	NJ
MCC Painting	1661 Main Street	Dunellen	NJ
Snead, David Drywall	1730 State Street	Hamden	CT
Crown Painting	1123 Rubber Avenue	Naugatuck	CT
Global Coatings LLC	100 New Britain Avenue	Hartford	CT
Advantage Roofing and Siding	3041 Weikel Street	Philadelphia	PA
Rufino Carpentry	3365 Hope Street	Stamford	CT
Avel Construction	319 Greenwich Avenue	Stamford	CT
Campos Brothers Construction	6 Harriet Street	Norwalk	CT
CGM Construction	16 Hubbard Place, Apt. 2A	Hamden	CT
Broward Business Group	402 Main street	East Haven	CT
JAC Wall Systems	118 Gail Street	Meriden	CT
Cuba General Construction	184 Redmond Street	New Brunswick	NJ
A&A Landscaping & Home Improv	13 Holiday Circle	Somerset	MA
TM Builders	1031 Route 32, Unit 6	Uncasville	CT
Northeast Security dba Safe Home	169 Rubber Avenue	Naugatuck	CT
Big Timber Contracting	2001 E. Lohman, Suite 110-258	Las Cruces	NM
Ramirez Construction	8910 Casa Lake Drive	Charlotte	NC
PC Construction	96 Linwood Plaza, Unit 378	Fort Lee	NJ

Press\_Release

AIA Drywall Services  
AC Wall Covering  
KJR Construction  
Gybs Siding Corporation  
C&A Construction  
Martins Taping  
Family Drywall  
J & DC Construction  
Southern Colorado Framing  
All State Interiors  
Cosenza Construction

70 Chestnut Avenue, Floor 2  
67 Martin Street  
700 Boulevard East Apt. 4-B  
375 Pacific Street  
60 Steiner Avenue  
7 Carter Street, Apt. 2  
306 Britannia Street  
46 Harry Circle  
1615 Rushmore Drive  
1195 Route 208  
603 Old Tilton Road

Waterbury CT  
East Providence RI  
Weahawken NJ  
Long Branch NJ  
Neptune NJ  
Lowell MA  
Meriden CT  
Waterbury CT  
Colorado Springs CO  
Monroe NY  
Pleasantville NJ

## Press\_Release

Worksite Address	Worksite City	General Contractor	Date Served
11 Glenbrook Road	Stamford		6/19/2008
11 Glenbrook Road	Stamford	Whiting Thomas	6/19/2008
11 Glenbrook Road	Stamford	Thomason & Stevens LLC	6/19/2008
11 Glenbrook Road	Stamford	Whiting Thomas	6/19/2008
311 Old Gate Lane	Milford		7/23/2008
Killingly Commons	Killingly	Konover Construction	7/25/2008
Killingly Commons	Killingly	Konover Construction	7/25/2008
Killingly Commons	Killingly	Konover Construction	7/25/2008
Killingly Commons	Killingly	Konover Construction	7/25/2008
Killingly Commons	Killingly	Konover Construction	7/25/2008
Hamden Mart	Hamden	Konover Construction	7/28/2008
Hilton	Milford	Briad	7/28/2008
Killingly Commons	Killingly	Konover Construction	7/25/2008
Woodland Hills	Trumbull	Contracting Advisors Group	8/1/2008
169 Monroe Turnpike	Monroe	Claris Construction	8/1/2008
Corporate Drive	Trumbull	Scinto Inc.	8/1/2008
Hilton Gardens	Groton		12/7/2007
Hilton Gardens	Groton		12/7/2007
same			1/3/2008
6 Hendel Drive	Mystic	Newfield Construction	1/30/2008
6 Hendel Drive	Mystic		1/30/2008
Hilton Gardens	Manchester		10/23/2007
Glenview House	Stamford	Thomason & Stevens LLC	3/3/2008
Glenview House	Stamford	Thomason & Stevens LLC	3/3/2008
838-860 East Main Street	Stamford	Thomas & Stevens LLC	3/3/2008
Glenview House	Stamford	Thomason & Stevens LLC	3/3/2008
838-860 E. Main Street	Stamford		3/3/2008
142-144 East Avenue	Norwalk	RMS Construction	7/1/2008
Avalon Bay Condos	Shelton	Avalon Bay, Shelton	7/14/2008
Avalon Bay Condos	Shelton	Avalon Bay, Shelton	7/14/2008
Avalon Bay Condos	Shelton	Avalon Bay, Shelton	7/14/2008
Avalon Bay Condos	Shelton	Avalon Bay, Shelton	7/14/2008
Avalon Bay Condos	Shelton	Avalon Bay, Shelton	7/14/2008
Avalon Bay Condos	Shelton	Avalon Bay, Shelton	7/14/2008
137 Wyllis Avenue	Hartford	Haynes Construction	7/17/2008
137 Wyllis Avenue	Hartford	Haynes Construction	7/17/2008
137 Wyllis Avenue	Hartford	Haynes Construction	7/18/2008
295 Old Gate Lane	Milford	Briad	7/23/2008
Glenview House	Stamford		3/3/2008
838-860 E. Main Street	Stamford		3/3/2008
11 Glenview Avenue	Stamford		3/6/2008
120 Woodward Avenue	East Haven	DTC Engineers & Constructors	3/19/2008
Same			4/9/2008
1157 Chapel Street; Colony Hotel	New Haven	Enterprise Builders	4/9/2008
Colony Hotel; Chapel Street	New Haven	Enterprise Contractors	4/9/2008
400 New Britain Avenue	Plainville	Brandon Construction	4/17/2008
Scotland Road	Scotland	TM Builders	4/21/2008
169 Rubber Avenue	Naugatuck		5/19/2008
38 Hope Street	Niantic	Charles Hall Construction	5/30/2008
38 Hope Street	Niantic	Charles Hall Construction	5/30/2008
38 Hope Street	Niantic	Charles Hall Construction	5/30/2008

Press\_Release

6 Hendel Drive	Mystic	Newfield Construction	5/30/2008
6 Hendel Drive	Mystic	Commercial Painting Inc.	5/30/2008
Town Brook Commons	Brookfield		6/2/2008
Hilton Gardens	Milford	Briad	6/9/2008
Hilton Gardens	Milford	Briad	6/9/2008
Hilton Gardens	Milford	Briad	6/9/2008
200 Corporate Drive	Windsor	Par Development	6/16/2008
181 East Main Street	Wallingford		
181 East Main Street	Wallingford	Core Construction	6/16/2008
11 Glenbrook Road	Stamford	Thomason & Stevens	6/19/2008
Hampton Inn	Norwich	Pra Development	6/18/2008



Alex Sink  
Chief Financial Officer of Florida



FLDFS HOME CONTACT US SEARCH BY SUBJECT HELP EN ESPAÑOL SEARCH FLDFS GO

Workers' Compensation Home

## Division of Workers' Compensation

About Us

Bureau of Compliance

Assessment Rates

Benefit Delivery Process

Bureau Chief

Centralized Performance System

◦ Andrew Sabolic

Chapter 440, Florida Statutes

Core Functions

Contact Us

- Investigate employers to determine civil compliance with Chapter 440, Florida Statutes
- Enforce civil compliance when violations of Chapter 440, Florida Statutes are discovered
- Refer suspected violations of other agency laws (State and Federal) to proper agency
- Process exemption applications in 12 offices throughout the state
- Maintain exemption database in CCAS (on-line Compliance database)
- Maintain imaged exemption applications and make available to public via public records request
- Process workers' compensation coverage data received from leasing companies
- Maintain proof of coverage (POC) database for Florida
- Efficiently respond to inquiries with reliable information about Bureau and other agency processes

Databases

Directory

District Offices

EDI

Frequently Asked Questions

History of Workers' Comp

Contact Information

Informational Memoranda

Publications and Manuals

Related Links

Rules & Forms

Safety

Statistics

What's New

Bureau Chief	(850)413-1600
Lee Pease, Investigation Manager	(850)413-1904, Lee.Pease@fldfs.com
William Dorney, Investigation Manager	(850) 413-1825, William.Dorney@fldfs.com
Tasha Carter, Senior Management Analyst II	(850) 413-1878, Tasha.Carter@fldfs.com
Terry Birch, Operations Analyst I	(850)413-1815, Terry.Birch@fldfs.com

Speaker Requests  
Debra Skinner-Belyeu, (850)413-1867, Debra.Skinner-Belyeu@fldfs.com  
Mailing Address: Bureau of Compliance  
200 East Gaines St.  
Tallahassee, FL 32399-4228

Central Office mailing address  
Bureau of Compliance  
200 East Gaines Street  
Tallahassee, Florida 32399-4228

District Office locations  
Go to the Compliance field office map

### Florida Statutory References

- Section 440.03, Stipulates that every employer and employee as defined in 440.02 is bound by the statutes
- Coverage Procedures: subsections 440.04, 440.05, 440.055, 440.06, 440.075, 440.077, 440.09, 440.091, 440.092
- Section 440.185, Requires insurers to file proof of coverage and related documents with the division
- Enforcement Procedures: subsections 440.103, 440.104, 440.105, 440.107, 440.40
- Section 440.10, Requires subject employers to insure their liability



## **II. DIVISION OF WORKERS' COMPENSATION (Division)**

### **1. Referrals between the Division of Insurance Fraud (DIF) and other Agencies**

The Division of Workers' Compensation and the Division of Insurance Fraud continue to closely cooperate in carrying out our respective statutory duties. The Division of Workers' Compensation enforces administrative compliance with the workers' compensation law, pursuant to s. 440.107, F.S., while the Division of Insurance Fraud enforces the criminal provisions of the workers' compensation law, pursuant to s. 440.105, F.S. Our jointly developed referral program facilitates the efficient referral of cases between the divisions and allows each division to determine if an investigation will be initiated based upon a referral. Referrals are made to each division within 24 hours of a suspected violation of the law, and are considered a priority to be acted upon immediately.

The Bureau of Compliance and Division of Insurance Fraud made the following referrals during the period of July 1, 2005 through June 30, 2006:

- The Division of Workers' Compensation referred 127 employers to the Division of Insurance Fraud for possible criminal investigation.
- The Division of Workers' Compensation received 62 referrals from the Division of Insurance Fraud for administrative investigations.

In addition to internal referral activities between the Division of Insurance Fraud and the Division of Workers' Compensation, the Division has established a referral program with the Department of Business and Professional Regulations (DBPR). If an employer is suspected of failing to secure workers' compensation coverage during a DBPR investigation, the employer is referred to the Division of Workers' Compensation for further investigation. If, during a Division investigation, an employer is suspected of working without a required state license, the Division will refer the employer to DBPR for further investigation.

The Division also works closely with many local building and permitting agencies. These relationships mutually benefit the Division and the local agencies. The local agencies assist the Division in identifying employers who may not have workers' compensation insurance, while the Division refers unlicensed employers and employers who violate local ordinances to the local agencies.

The Division recognizes the importance of cooperating with other state and local enforcement agencies and will continue to facilitate these partnerships. The partnerships help maximize the Division's resources as well as enhance employer compliance with the various state and local statutory requirements.

### **2. Enforcement Activities and Workers' Compensation Exemptions**

#### **Stop Work Orders and Sweep Operations**

During the period of July 1, 2005 through June 30, 2006, the Division issued 2,693 stop work orders; assessed \$58,783,652 in penalties; caused \$30,454,250 in additional workers' compensation insurance premium to be generated; and caused 12,366 new employees to be covered by workers' compensation insurance.

In April 2006, the Bureau of Compliance (Bureau) conducted a three-day workers' compensation compliance sweep in the following areas: St. Augustine (St Johns County); Palm Coast (Flagler County) and Ft. Myers (Collier, Lee and Charlotte Counties). General contractors, drywall contractors, and drywall subcontractors were the primary focus of the sweep. During the sweep, the investigators contacted the following number of employers to determine if workers' compensation coverage was in effect: