



Multiple state agencies combine efforts to conduct statewide underground economy sweep - many violations found

News: 2014 Press Release

For Release: August 28, 2014

Media Calls Only: 916-492-3566

Multiple state agencies combine efforts to conduct statewide underground economy sweep - many violations found

SACRAMENTO, Calif. -The California Department of Insurance yesterday led a statewide multi-agency outreach effort, visiting more than 50 businesses to educate business owners about their obligations to comply with insurance, licensing, workplace safety and labor laws, tax codes, and regulations. Enforcement teams from five state agencies and several county district attorneys, including the Department of Industrial Relations, Contractors State License Board, Department of Insurance, Franchise Tax Board, Employment Development Department and the Board of Equalization swept across the state to visit a wide variety of businesses, such as construction, hotels, restaurants, car washes and auto repair.

"Every day the safety of workers is placed at risk, legitimate businesses are at a competitive disadvantage and the state is defrauded out of millions of dollars because dishonest businesses cheat the system by participating in the underground economy," said Insurance Commissioner Dave Jones. "As the eighth largest economy in the world, California's share of the illegal underground economy likely totals into the tens of billions of dollars and is costly to the state's economy."

The statewide effort resulted in more than 80 citations, including five serious infractions resulting in stop-work orders issued by the Department of Industrial Relations and Contractors State License Board. The Department of Insurance found 13 businesses without workers' compensation insurance and a number of businesses were referred to the Employment Development Department, State Board of Equalization, and the Franchise Tax Board due to incomplete recordkeeping. More than \$135,000 in fines and citations were given for a variety of violations and numerous referrals were issued for follow-up reviews for licensing, insurance, safety and tax compliance. Additional violations included unreported worker injuries, no payroll records, evidence of cash pay and unreported workplace injuries. As part of this statewide effort the teams educated all businesses visited about their responsibilities as well as provided informational materials to promote compliance.

While each allied agency participating in yesterday's sweep conducts its own enforcement and compliance investigations and audits throughout the year, departments are looking for ways to collaborate in multi-agency outreach and compliance efforts to educate more business owners and have an impact on the state's illegal underground economy.

###

Media Notes: Agencies participating in yesterday's operation and the media relations contact for each are listed below, so media may make direct contact for questions regarding the department's activity and findings.

California Department of Insurance - Nancy Kincaid (916) 599-1320 (mobile)

Contractors State License Board - Rick Lopes (916) 947-8828
Department of Industrial Relations: Cal/OSHA and the California Labor Commissioner's Office (DLSE) - Erika Monterroza (510) 286-1161
Employment Development Department - Loree Levy (916) 654-9029
Franchise Tax Board - Tami Grimes (916) 845-7940
Los Angeles District Attorney - Lt. Richard Aloise (213) 580-8799
Riverside County District Attorney - John Hall 951-955-8662
State Board of Equalization - Yating Campbell (916) 327-8988
Taskforce for Regional Auto Theft Prevention (LA County) - Nicole Nishida (323) 267-4815
Ventura County District Attorney - Erin Meister 805-654-3907
Ventura County Regional Auto Theft Taskforce - Steve Reid (805) 477-4100
Photos available on the [CDI Flickr](#) page

###

The California Department of Insurance, established in 1868, is the largest consumer protection agency in California, regulating the \$123 billion insurance marketplace. In 2013 the California Department of Insurance received more than 170,000 calls from consumers and helped recover over \$63 million in claims and premiums. Please visit the Department of Insurance web site at www.insurance.ca.gov. Non-media inquiries should be directed to the Consumer Hotline at 800.927.HELP or 213.897.8921. Telecommunications Devices for the Deaf (TDD), please dial 800.482.4833.

[Privacy Policy](#) [ADA Compliance](#) [Site Map](#) [Free Document Readers](#)

[Scheduled Site Maintenance](#)

Copyright © California Department of Insurance