



## Employer Fraud: Spotting the red flags

Below are a few of the behaviors that might indicate that an employer is not paying industrial insurance/workers' compensation for their employees.

### Potential Fraudulent Activity by an Employer

#### IF you know an employer who...

- Is operating a business without the proper license or registration and has workers.
- Has employees but works only for cash and does not provide signed bids, contracts or receipts.
- Submits bids on jobs well below the industry standard.
- Pays workers in cash and doesn't give them any kind of payroll stub or pays overtime in cash without any payroll records.
- Gives workers a 1099 form instead of the standard W-2.
- Pays workers other than in cash or check, by such things as free rent, reimbursement of expenses, barter, etc.
- Is a construction contractors advertising in the newspaper, local want-adds, yellow pages or bid documents without a listed contractor registration number.
- Does not maintain or report complete and accurate employee payroll information.
- Pays workers on a piece work basis and does not record hours.
- Requires employees to work long hours but turns in fewer hours than they actually worked.
- Works well outside of the normal workday (evenings or weekends) or has employees who leave the jobsite when people arrive.
- Uses unmarked out of state vehicles or drops work crews off at the jobsite and then picks them up the end of the day.
- Has a worker who gets injured on the job, and the employer promises to pay the doctor and medical bills rather than report the accident to L&I.
- Has workers who find they do not qualify for unemployment insurance because the employer under-reported their hours.
- Hires multiple "friends" or "sub-contractors" to help each other do the same type of work in the same place at the same time but does not report them as employees.
- Has several "corporate officers" who act as workers and do not exercise control of the business operations.

#### Then...

**Report Employer Premium  
Fraud at  
[www.Fraud.LNI.wa.gov](http://www.Fraud.LNI.wa.gov)  
or  
Call: 1-888-811-5974**

**You Can also Check  
[www.lni.wa.gov/Main/Fraud/  
EmployerVerification.asp](http://www.lni.wa.gov/Main/Fraud/EmployerVerification.asp)  
To verify premium  
reporting or contractor  
registration status.**

#### Look for ...

- Work being done that the firm is not insured for.
- A firm with workers when their account status shows closed, no account found, or "Call account representative for premium status".
- Construction firms working without a valid contractor registration number.



*It's your money.*