



January 2014

2013

2013 In Review – The Annual Fraud Report

This year saw new records and accomplishments in fighting fraud and the Underground Economy. Each year our [annual report](#) to the Legislature gives the details.

Some highlights from 2013 include:

- Assessed a record \$28.8 million in unpaid employer premiums plus penalties, including \$11.2 million for unregistered employers.
- Audited 1,072 unregistered employers.
- Identified over \$5 million in health care provider overpayments.
- Improved audit selection; 82% of employers audited owed debts to L&I.
- Issued 2,696 infractions in the Construction Compliance program, 93% were for *underground economy* violations.
- Collected nearly \$9.20 for every dollar invested in fighting workers' compensation fraud.
- Collected \$157.3 million in delinquent employer premiums.
- Reviewed 3,512 public works contracts worth \$4.1 to ensure workers' compensation premiums were paid.



Fraud Blotter:

A 41-year-old Bremerton man faces 25 felony charges alleging he faked on-the-job injuries to dupe hospitals and clinics into prescribing him narcotics.

Robert B. Boyer, Jr., is accused of visiting more than three dozen emergency rooms and urgent-care clinics throughout Western Washington to get prescriptions for Vicodin, Percocet and other painkillers, according to charges filed recently by the Washington Attorney General's Office.

Boyer pretended to be an ironworker when he showed up with visible cuts and other injuries that he said he suffered in construction accidents from November 2012 through February 2013, charging papers said. An L&I investigation found Boyer filed 51 fraudulent workers' compensation claims.

Boyer faces 15 counts in Pierce County and 10 counts in King County of obtaining a controlled substance by fraud. Read the full [News Release](#) on L&I's website.



Weekend Work Snags Violators

On a recent Sunday morning, L&I construction compliance inspector, Jesse Jameson checked out a tip that a contractor with a suspended license was building a house in Kent. The inspector's personal initiative – and an exceptionally strong tip – led to the discovery of four unregistered contractors.

A visit to the jobsite revealed a contractor applying stucco to the building exterior and a worker tiling a bathroom floor. After multiple interviews, research and three more visits to the site the inspector determined the general contractor, as well as the distinct contractors performing the stucco, tiling and roofing work were all operating with suspended contractor licenses.

The case was a perfect example of L&I's efforts to help honest workers and businesses by cracking down on the dishonest ones.

The tipster was Donald Vose, owner of Legends Roofing Co. He was thrilled when the inspector told him the investigation results. Vose initially found out about the general contractor's status the hard way. The contractor wrote Legends a bad check for one job, then skipped out on paying the firm for roofing supplies on the Kent job.

"I was thankful someone went out to a job site. To have the guy (Jesse) call you and say he actually went out a Sunday, I was absolutely blown away. As an employer in the state of Washington, I was extremely impressed."

After Jesse visited the job site, Vose said his company took the unregistered contractor to court and recently recovered all the money that was owed plus collections costs.

"I think about all the people trying to do business legitimately in the state and feed their families," Jesse said. "Part of what hurts them is folks without licenses who continue to operate —That's what motivates me."



Update: Construction Underground Economy

In July of 2013, L&I teamed up with the Department of Revenue, Employment Security Department and external stakeholders to form the Construction Underground Economy Advisory Committee (CUEAC). The committee is a joint effort to curb the underground economy in the construction industry. It is loosely modeled after the 2007 Underground Economy Taskforce, which ended in 2009.

Over the course of six months, CUEAC identified and prioritized multiple problems encountered with the construction underground economy. Next the group developed possible solutions for each problem identified. Based on that work, L&I is now beginning work on various projects using only current agency resources to better address the construction underground economy.

Moving forward, CUEAC will meet quarterly for status reports on projects and to discuss emergent problems identified by the committee. We look forward to continuing to grow and strengthen the relationships developed in CUEAC as the committee works towards the shared goal of eliminating the underground economy in the construction industry.