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Tougher, more consistent sanctions in the works to stop unregistered contracting

Some unregistered contractors act as if getting a ticket is no big deal. The worst of the rule-breakers accumulate three, five or even more infractions for unregistered contracting. They ignore fines and win jobs that should go to law-abiding contractors.

Contractor Compliance wants to stop the cycle. Program staff are developing comprehensive guidelines of when to take tougher action against repeat violators of state contractor registration and related laws. The escalation strategy calls for educating contractors who are unaware of rules while imposing increasingly severe sanctions for serious or repeated violations. It's part of an initiative by all L&I enforcement programs to realize a key department goal: **Help honest workers, businesses and providers by cracking down on the dishonest ones.**

Here are a few highlights of Contractor Compliance's escalation plan so far:

More closely monitor repeat violators. Program supervisors are tracking contractors who receive their second (or higher) unregistered contractor infraction within two years. They're monitoring whether violators pay fines and register, and if they don't, whether it's intentional or due to an oversight. Harming consumers or refusing to comply will result in stepped up enforcement.

Get tough on repeat violators. L&I can issue violators of the contractor registration law a civil infraction (like a ticket), refer them to prosecutors for a gross misdemeanor criminal charge, or do both. Contractors who receive a contractor registration infraction and fail to pay fines may also be charged with "failure to respond," a misdemeanor. Contractor compliance is gearing up to seek prosecution more frequently and consistently.

Issue Stop Work Orders. Contractor Compliance has streamlined the once-cumbersome internal process to stop contractors from working when they fail to provide workers' compensation insurance for employees. Inspectors are getting some unregistered contractors to register and pay workers' comp premiums just by mentioning the very real possibility of a stop work order.

Stay tuned for plan updates.



New service answers workers' comp coverage questions

Employers can now find out *before they're audited* if they need to provide workers' compensation insurance to independent contractors, volunteers or individuals.

The department's new Workers' Comp Coverage Determination Program offers employers and potential employers the ability to find out if a worker should be reported to L&I for workers' comp purposes. For answers to these or other coverage questions, email Determinations@Lni.wa.gov or call 509-324-2627.

Requests won't trigger an audit or an audit referral. Requestors will simply receive a timely, written answer to rely upon in future interactions with L&I.



Fraud blotter: New criminal charges, latest sentencing in construction underground economy

L&I, the Washington Attorney General and county prosecutors partner to prosecute crooks in the underground economy in construction.

The Attorney General's Office or county prosecutors file criminal charges based on L&I inspections and investigations. Here are developments in two recent cases:

Peter Daniel Yeaman, owner of Southgate Roofing, of Belfair in Mason County.

Yeaman, 55, pleaded guilty in November to unregistered contracting and a felony count of doing business after coverage for his workers' comp insurance was revoked. A Kitsap County Superior Court judge ordered Yeaman to serve 10 days in jail for both charges as part of a suspended sentence.

The court allowed Yeaman to serve the time on electronic home monitoring. But if Yeaman breaks any criminal law in the next two years, the order requires he serve up to 354 days in jail.

The court also ordered him to repay \$4,500 to a customer who learned Yeaman was unregistered while Yeaman's crew was re-roofing his home. The customer, who had already paid Yeaman for half of the project, hired a registered contractor to finish the job, costing the consumer \$4,500 more than anticipated.

Before the criminal charges were filed, L&I had ticketed Yeaman six times in the past two years for unregistered contracting and twice for permit-related infractions.

Terry Foster, doing business as Terry the Consultant and Terry the Painter, in Colville.

Foster, 82, faces three counts of unregistered contracting in Stevens County District Court. Charging papers allege L&I inspectors caught Foster or his son at painting jobs in Colville in 2013 and 2015, and in Chewelah in 2014.

Contractors who were frustrated at having to compete against an unregistered contractor tipped off inspectors to Foster, according to charging papers filed by the Attorney General's Office. According to an L&I investigative report, Foster told the agency that he believes contractor registration requirements don't apply to him.

L&I has issued Foster nine civil infractions for unregistered contracting since 2008. He owes more than \$30,000 in fines and \$130,000 in workers' comp premiums.

Foster served on the Colville City Council from late 2010 through April 2015.



Urging wildfire victims to hire registered contractors

Disaster victims too often face a second catastrophe at the hands of dishonest contractors. To help prevent that, L&I recently partnered with other state agencies to encourage victims of last summer's record wildfires to hire registered contractors as they rebuild and repair homes and businesses.

In October, L&I, Employment Security, and Revenue spread the message through a joint news release and social media. At L&I's request, the state Office of Insurance Commissioner later emailed insurance agents in wildfire-stricken counties, asking them to pass along this crucial information to their customers.