workcompcentral®
Improving Workers' Compensation Through News and Education

Return to : Labor Agency Will Use Wage-and-Hour Team in Comp Crackdown

New Jersey -- Labor Agency Will Use Wage-and-Hour Team in Comp Crackdown: *Top* [07/14/09]

The New Jersey Department of Labor and Workforce Development will use its team of wage-and-hour inspectors to put in place the state's first program to stop work at job sites where employers have knowingly failed to provide workers' compensation coverage, low-ball payroll records or misclassify employees as independent contractors.

The Labor agency is gearing up to enforce Assembly 3569, which Gov. Jon Corzine (D) signed into law last week. The law took effect immediately upon Corzine's signature and gives Chief Compensation Judge Peter Calderone the authority to stop work at noncompliant job sites.

Calderone doubles as director of the New Jersey Division of Workers' Compensation (DWC). He could not be reached for comment Monday.

He said in a previous interview that regulations will need to be written to enforce the new law. Among those being considered are rules that define a "knowing violation" of the statute.

Employers that had coverage and let it lapse and repeat offenders will be included in the definition of knowing, Calderone said.

Labor Department spokesman Kevin Smith said Monday that lawmakers gave the agency no money to hire a new staff for the program.

"Our wage-and-hour investigators will serve as investigators for workers' compensation and those hours will be billed back to the workers' compensation system," Smith said.

The DWC will have the power to fine employers that ignore stop–work orders between $1,000 and $5,000 a day for every day a job site remains active.

A 3569 gives the division 72 hours upon finding a violation to stop work by any employer who knowingly misrepresents one or more employees as independent contractors or provides misleading information the number of employees.

After receiving a stop-work order, employers have 10 days to request a hearing, which must be held within 48 hours after the application is received.

The stop-work order applies to any successor company of an employer cited under the new law.

"Responsible employers throughout the state are hurt by those who trample upon our workers' compensation laws and put people at risk," Assemblywoman Annette Quijano, D-Union, said in a statement. "Ultimately, those who play by the rules subsidize companies that don't, so this new law is good for business. It protects hard-working New Jerseyans and responsible employers alike."

The bill may be viewed at http://www.njleg.state.nj.us/2008/Bills/A4000/3569_R2.PDF.

By Michael Whiteley, Eastern Bureau Chief
mike@workcompcentral.com