



RHODE ISLAND  
Department  
of Labor and Training

# UNDERGROUND ECONOMY & EMPLOYEE MISCLASSIFICATION TASK FORCE



# 2023 | ANNUAL REPORT

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**The Honorable Daniel J. McKee**

Governor  
State of Rhode Island  
Providence, RI 02903

**The Honorable Marvin L. Abney**

Chairman  
RI House Committee on Finance  
Providence, RI 02903

**The Honorable Louis P. DiPalma**

Chairman  
RI Senate Committee on Finance  
Providence, RI 02903

**RE: Submittal of the 2023 Annual Report summarizing the recent work of the Underground Economy and Employee Misclassification Task Force.**

As the Director of the Department of Labor and Training (DLT) and chairman of the Underground Economy and Employee Misclassification Task Force, I am pleased to present you with the 2023 Annual Report.

The Department of Labor and Training continues to provide fair, balanced, and assertive labor law, and working with our interagency partners ensures that work is done with fidelity.

After urging the General Assembly in 2023 to consider increasing penalties for wage theft and worker misclassification, we're pleased that the penalties have been significantly enhanced, providing additional tools to root out these egregious acts. To ensure that businesses, workers, and the general public were aware of the updated penalties and procedures, the department hosted several public awareness forums to explain the changes and field questions about enforcement.

Ensuring fair treatment for workers and maintaining a level playing field for businesses in our state continues to be a top priority for our agencies. The efforts and achievements outlined in this report demonstrate our ongoing dedication to this mission.

Sincerely,



Matthew D. Weldon  
Director  
Rhode Island Department of Labor and Training

## About the Task Force

The Underground Economy and Employee Misclassification Task Force was established in 2015 and is described under Rhode Island General Law §42-156.

In establishing this task force, the Rhode Island General Assembly recognized the harms of the underground economy and employee misclassification, which:

- exploits vulnerable workers and deprives them of legal benefits and protections;
- give unlawful businesses an unfair competitive advantage over lawful businesses by illegally driving down violators' taxes, wages, and other overhead costs;
- defraud the government of substantial tax revenues; and
- harm consumers who suffer at the hands of unlicensed businesses that fail to maintain minimum levels of skills and knowledge.

The task force aims to protect workers' health, safety, and benefit rights while restoring competitive equality for law-abiding businesses. This is accomplished by enhancing interagency cooperation and information sharing and conducting joint, targeted investigation and enforcement actions against violators. The task force also fosters voluntary compliance with the law by educating business owners and employees about applicable requirements.

The following state officials serve on the group task force:

- Director of the Department of Labor and Training
- Attorney General for the State of Rhode Island
- Rhode Island Tax Administrator
- Director of the Department of Business Regulation
- Assistant Director of the Workforce Regulation and Safety Division
- Commissioner of the Department of Public Safety
- Chief Judge of The Workers' Compensation Court

Per statute, the DLT Director serves as the task force's chair.

## 2023 Task Force Highlights

- The Employer Tax Unit conducted 824 audits in 2023, uncovering a total of 1,016 misclassified individuals and nearly \$13.6 million in underreported wages (\$13,599,753). As a result of these audits, \$391,502.55 was assessed in tax, interest, and penalties.
- Through investigations, the Labor Standards Unit uncovered \$609,641 in wage violations in 2023 and assessed \$391,500 in misclassification penalties. This unit also found \$528,273 in prevailing wage violations.
- In 2023, the Workers' Compensation Unit ordered \$184,072.85 in lack of insurance penalties and \$132,443.40 in criminal restitution. In addition, the unit collected \$10,250 in carrier penalties.
- In December 2023, WL Builders, LLC was issued a Hearing Officer Decision from the DLT Adjudicative Section, where it was confirmed that they did not pay the prevailing wage to fifteen employees on 3 public works construction projects identified as the Rhode Island College Horace Mann Hall, Cumberland High, & Cumberland Elementary. The total amount of wages and interest owed was \$414,074.56, and the civil penalty was \$ 414,074.56. In addition, WL Builders, LLC. misclassified fifteen employees working on the project.
- In 2023, American Safety Programs and Training, Inc. entered into a settlement agreement with the DLT, where they agreed that they misclassified twenty-seven employees. The total due was \$40,500, with \$20,250 in penalties going to the DLT and \$20,250 going to the twenty-seven employees.
- In 2023, Rapid Steel Builders Corp., entered into a settlement agreement with the DLT, where they agreed they misclassified fifteen employees on a construction project in Rhode Island. The total due was \$22,500 with \$11,250 going to the DLT and \$11,250 going to the fifteen employees.
- In 2023, Alliance Framing, Inc., entered into a settlement agreement with the DLT, where they agreed that they misclassified thirteen employees on a construction project in Rhode Island. The total due was \$19,500 with \$9,750 going to the DLT and \$9,750 going to the thirteen employees.
- In 2023, AMD Builders, LLC, entered into a settlement agreement with the DLT, where they agreed that they misclassified twelve employees on a construction project in Rhode Island. The total was \$18,000 with \$9,000 going to the DLT and \$9,000 going to the twelve employees.

# 2023 Violations & Penalties Assessed

