



RHODE ISLAND
DEPARTMENT OF
LABOR AND TRAINING



Underground Economy &
Employee Misclassification Task Force

Annual Report & Wage Theft Report 2024

Table of Contents

Introductory Letter.....	1
Legislative History.....	2
2024 Data.....	3
2024 Task Force Highlights.....	4
2024 Violations & Penalties Assessed.....	5

The Honorable Daniel J. McKee

Governor
State of Rhode Island
Providence, RI 02903

The Honorable Dominick J. Ruggerio

President
Rhode Island Senate
Providence, RI 02903

The Honorable K. Joseph Shekarchi

Speaker
Rhode Island House of Representatives
Providence, RI 02903

RE: Submittal of the 2024 report on wage theft and misclassification of employees as established in Section 19.1 of Chapter 14 of Title 28 of the Rhode Island General Laws.

As the Director of the Department of Labor and Training (DLT), I am pleased to present you with this report describing DLT’s investigatory and enforcement functions set forth in Title 28 of the Rhode Island General Laws.

The Department of Labor and Training continues to provide fair, balanced, and assertive labor and employment law administration and to work with the Office of the Attorney General to ensure a just and balanced approach to enforcing our state’s employment and labor laws.

Ensuring fair treatment for workers and maintaining a level playing field for businesses in our state continues to be a top priority for our agency. We are grateful for our collaborative efforts with the Office of the Attorney General and look forward to continuing this vital work. The experiences gained in the first year of enforcing the new wage theft and misclassification provisions established during the 2023 legislative session will assist us in achieving even more effective enforcement of our laws and will further enhance our ability to safeguard both our state’s workers’ hard-earned wages and our employers’ right to fair competition.

Sincerely,



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

Legislative History

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 inter-agency 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:

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

Per statute, the DLT Director serves as the task force's chair and is responsible for producing an annual report outlining the Department and Task Force's work.

In 2023, Governor Daniel J. McKee signed into law new legislation creating enhanced penalties for intentional and egregious wage theft and misclassification of employees as independent contractors. The legislation further enshrined in statute the cooperative relationship between the Department of Labor and Training (DLT) and the Office of the Attorney General.

This legislation established an annual cadence of reporting on the investigatory and enforcement actions of DLT and the Office of the Attorney General. The following report incorporates those reporting requirements into the annual report of the Underground Economy and Employee Misclassification Task Force.

2024 Wage Theft and Misclassification Data

The following data is responsive to the reporting requirements set forth in R.I.G.L. § 28-14-19.1. These figures pertain to actions taken by the Department during the 2024 calendar year. Please note that certain investigations can involve lengthy timelines and may cross calendar years; therefore, this report describes the number of investigations opened by the Department in 2024 and the number and types of case resolutions reached in 2024. The latter figure includes the resolution of several matters opened before the **calendar year 2024**.

Below is the Department's relevant data for calendar year 2024:

- Number of complaints filed with the department for wage theft and misclassification of employees: **627**
- Number of complaints found by the department to be actionable: **346**
- Number of complaints referred by the department to the department of the attorney general: **0**
- Number of complaints that are handled administratively or civilly by the Department, both the aggregate number and also disaggregated by the resolution or outcome of those complaints:
 - New Matters Opened: **627**
 - Total Matters Resolved: **605**
 - Matters Dismissed or Closed: **259**
 - Matters Assigned for Hearing: **23**
 - Matters Settled: **317**
 - Matters Resolved through Agency Decision and No Appeal: **27**
- Matters referred to the Office of the Attorney General: **344**¹
- Total Wages Collected: **\$924,671.17**

¹ The Department transmitted a list of all matters resulting in settlement or issuance of violation shortly after the conclusion of the calendar year; in future years, as our offices further refine our collaborative efforts, additional referral mechanisms may be established.

2024 Task Force Highlights

- The Employer Tax Unit conducted 633 audits in 2024, uncovering a total of 945 misclassified individuals and nearly \$16 million in underreported wages (\$15,730,693.57). As a result of these audits, \$565,054.44 was assessed in tax, interest, and penalties.
- In 2024, the Workers' Compensation Unit ordered \$118,444.80 in lack of insurance penalties and \$2,008,313.49 in restitution ordered, of which \$98,797.71 has been collected. In addition, the unit collected \$12,500.00 in carrier penalties.
- Through investigations, the Labor Standards Unit uncovered \$1,010,477.87 in wage violations in 2024 and assessed \$351,500 in misclassification penalties. This unit also found \$582,859 in prevailing wage violations.
- In July 2024, Haven Roofing LLC entered into a settlement agreement with the DLT, where they agreed that they did not pay the prevailing wage to twenty-seven (27) employees on 2 public works construction projects identified as the Joseph Jenks Middle School and Agnes Little Elementary School. The total wages and interest owed were \$371,005.79, and the civil penalty was \$ 371,005.79. During the investigation, the Department notified the Awarding Authority, City of Pawtucket, to hold all payments, which was then utilized to pay all the victims of wage theft. In addition, Haven Roofing LLC. twenty-seven employees working on the construction project.
- In 2024, JS Interior Construction, Inc. entered into a settlement agreement with the DLT, agreeing that they misclassified ten (10) employees on a construction project in Rhode Island. This was the third violation, and the Department imposed the maximum penalty. The total due was \$50,000, with \$25,000 in penalties going to the DLT and \$25,000 going to the ten employees.
- In 2024, MC Building Construction, Inc. entered into a settlement agreement with the DLT, agreeing they misclassified twenty-two (23) employees on a construction project in Rhode Island. The total due was \$33,000, with \$16,500 going to the DLT and \$16,500 going to the twenty-two employees.
- In 2024, RCSRI LLC entered into a settlement agreement with the DLT, agreeing that they misclassified thirteen (13) 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, Hotel Construction Services LLC entered into a settlement agreement with the DLT, agreeing they misclassified nine (9) employees on a construction project in Rhode Island. The total was \$13,500, with \$6,750 going to the DLT and \$6,750 going to the nine employees.

2024 Violations & Penalties Assessed



