

**UNDERGROUND ECONOMY AND EMPLOYEE  
MISCLASSIFICATION TASK FORCE MEETING**

**Tuesday, October 14, 2014**

**9:00am**

**1511 Pontiac Avenue, Bldg 70, 2nd Floor Conference Room  
Cranston, RI 02920**

**In attendance:**

**Charles Fogarty, DLT Director - Chair**

**David Sullivan, Tax Administrator**

**Paula Pallozzi, Department of Business Regulation**

**Joseph Degnan, Assistant Director DLT Workforce Regulation and  
Safety**

**Genevieve Allaire Johnson, Attorney General's Office Designee**

**John Alfred, Commissioner of the Department of Public Safety  
Designee**

**George Salem Jr, Associate Judge, Workers' Compensation Court  
Designee**

**1.) Call to Order: The meeting was called to order at 9:10am by DLT  
Director and Chair, Charles Fogarty.**

**2.) Approval of the Previous Meeting's Minutes: A motion was made by George Salem Jr to accept the minutes to the previous meeting (8/12/2014); seconded by Joseph Degnan and passed unanimously.**

**3.) Education / Outreach: DLT Assistant Director, Matt Weldon, addressed the task force.**

**Information flyer: The approved informational flyer was sent out in the September mailing. Approximately 33,000 – 34,000 were mailed.**

**Website / Hotline: Information for the website is requested from task force members. The web address is [www.tax.ri.gov/taskforce](http://www.tax.ri.gov/taskforce).**

**David Sullivan, Taxation, addressed the task force regarding the Hotline. The Hotline number is (401) 574 – TIPS. Mr. Sullivan notes the hotline is staffed by a taxation investigator and is anonymous. The hope is to role out the hotline to the media in the next few weeks. DLT and Taxation Media personnel will work together on the role out.**

**Seminars: DLT UI Fraud will be conducting a seminar on 10/15/14. Taxation will attend for the portion on misclassification.**

**David Sullivan (Taxation) informs the task force that the Taxation seminar cycle has begun. Upcoming seminars are scheduled for**

## **November in Newport and Warwick.**

**Matt Weldon notes that he is seeking information from other states regarding their efforts on misclassification and will report at the next meeting.**

**4.) Building an Investigative Framework: Task force members discuss their current misclassification complaint processes.**

**Joseph Degnan, DLT Assistant Director of Workforce Regulation and Safety (WRS), addressed the task force. Complaints usually come in as part of a wage complaint to the Labor Standards Unit. Mr. Degnan explained the Labor Standards Unit's investigative process. The Department is creating a new Misclassification Complaint Form and is looking for information regarding what should be included on the form. The draft form will be shared with Taxation and Workers Compensation. The goal is to finalize the form by the end of the month.**

**Paula Pallozzi, DBR, addressed the task force regarding their investigative process. Ms. Pallozzi notes that complaints come after an insurance company has conducted an audit.**

**David Sullivan (Taxation) recommended a sub group to meet to discuss that cases each agency has as a part of data sharing. Matt**

**Weldon will identify the parties that will meet.**

**George Whalen, Contractors' Registration and Licensing Board, was invited to today's meeting for input on this matter. Mr. Whalen addressed the task force of the need to pursue independent contractors; encouraged uniformity in definitions across agencies; looking to technology and smart phone applications as a way to file complaints. Mr. Whalen feels the misclassification is a problem in the construction industry. Mr. Whalen informed the task force of the Contractors Registration and Licensing Board willingness to assist in any way.**

**5.) Data Sharing Agreements: Sean Fontes, DLT Executive Counsel, presents the task force with a draft Memo of Understanding (MOU) regarding data sharing. Counsel Fontes notes the MOU that the information sharing is confidential, identifies the statutes of each division that speaks to the key elements shared and the process of how data will be handled. Counsel Fontes requests comments and will initiate signing once the MOU has been approved. The goal is to have the MOU signed by the next meeting.**

**5.) Public Comment Period:**

**Attorney Greg Mancini (Build RI) addressed the task force regarding the calculation of damages for misclassification for incentives to**

**comply with the law or file a complaint; recommends using federal definitions; educating contractors as well as employers; and data sharing.**

**Tom Furey (Contractors' Registration and Licensing Board) addressed the task force suggesting utilizing OSHA investigations to identify contractors.**

**Tom Savoie (Carpenters LU94) addressed the task force and expressed his appreciation for the task force and offers assistance with information. Mr. Savoie recommends the task force look at mill projects with tax credits for misclassifications.**

**7.) Adjournment: A motion to adjourn was made by Genevieve Allaire Johnson; seconded by David Sullivan and passed unanimously. The meeting adjourned at 9:55am.**