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**GOVERNOR PATRICK SIGNS EXECUTIVE ORDER TO REDUCE EMPLOYMENT FRAUD
IN BAY STATE**

New joint task force will take steps to increase worker protections and fair business competition

PLYMOUTH — Wednesday, March 12, 2008 — Governor Deval Patrick today signed an Executive Order establishing a joint task force to promote the sharing of investigative information and increased enforcement against employers who misclassify their employees and engage in other fraudulent business practices.

“Unfortunately, Massachusetts is not immune from this troubling nationwide trend,” said Governor Patrick. “We must act now to restore fairness to our state’s economy and help those who go to work each day to earn an honest day’s wage but also help those employers who obey the law so they can continue to grow their business and create new jobs.”

The underground economy includes individuals and businesses that willfully avoid compliance with labor, licensing and tax laws by misclassifying employees as independent contractors or deal in cash and other “off-the-books” schemes to conceal their activities, and true tax liability from licensing, regulatory and tax agencies.

The Executive Order signed by Governor Patrick establishes a Joint Task Force on the Underground Economy and Employment Misclassification, to be chaired by Director of Labor George E. Noel.

“I am honored to be chairing this important task force and look forward to working with my fellow task force members to create fairness for businesses, workers, consumers and taxpayers of our great Commonwealth,” said Noel.

The Task Force consists of representatives from the Department of Labor; Department of Industrial Accidents; Division of Occupational Safety; Department of Workforce Development; Division of

Apprentice Training; Division of Career Services; Division of Unemployment Assistance; Division of Professional Licensure; Department of Revenue; Department of Public Safety and the Attorney General's Office of Fair Labor.

Task force members will meet regularly to:

- Encourage local employers and employees with firsthand knowledge of illegal activities to share that information by doing things such as reporting tips to a toll-free hotline operated through the Dept. of Industrial Accidents, at 1-877-MASSAFE
- Target industries where the underground economy is most prevalent
- Share investigative information across agencies
- Support local district attorneys to prosecute offenders and
- Review existing laws, regulations and policies to identify where enhancements are needed.

Governor Patrick has charged Secretary of Labor and Workforce Development Suzanne M. Bump with creating an advisory panel to engage employer, labor and community groups to solicit feedback and input as part of the information sharing process.

"I look forward to engaging stakeholders in this important process because the underground economy impacts not only law abiding employers, but honest, hard working employees, defrauded consumers and the taxpayers of the Commonwealth," said Secretary Bump.

Nationally, findings from a 2005 Bear Stearns Asset Management report which estimates that as many as six million jobs nationwide may have been shifted from the legitimate economy into the underground economy in recent years.

Statewide, a 2004 Harvard University study of the Underground Economy in the Massachusetts construction industry conservatively estimates that the Commonwealth lost nearly \$100 million in unpaid income tax payments and another \$100 million in unpaid workers' compensation contributions in from 2001-2003. Across all industries as a whole, including construction, 13 percent of employers were found to under-report workers wages and unemployment insurance tax liability to the Commonwealth, while among construction employers the figure for misclassification could be as high as 24 percent of employers or one in four employers in that industry during this time period.