

FIGHTING PAYROLL FRAUD

WHAT IS PAYROLL FRAUD?

Unscrupulous employers evade workers comp, unemployment insurance, and basic payroll taxes by knowingly misclassifying workers as “independent contractors,” paying in cash off the books, and running other scams. They cost taxpayers billions, hurt honest businesses, and exploit workers.

Here's what you need to know.

IS IT CRIME, OR CONFUSION?

Illegal Profits & Bid-Rigging

These criminals know their workers meet all legal definitions as “employees.” They just want illegal profits and illegally low costs that help them steal business from honest competitors.

Fraud as a Business Plan

The issue is not definitions. These people know they are cheating—they're just used to getting away with it.

No Paper Trail = More Crime

Scammers either file no payrolls at all, file falsely, or pledge to send tax forms but don't. With no records, it's easy to hide fraud and other crimes

Rampant in Construction and Beyond

These scams are construction's “dirty secret.” Even big contractors knowingly use law-breaking subs to cut bids and win work. Delivery and many other sectors suffer, too.

A Coast-to-Coast Epidemic

Payroll fraud occurs in all 50 states and Canada, on projects of every kind.

WHO SHOULD CARE?

- **Taxpayers & Communities**
- **Workers & Families**
- **Small Businesses**
- **Governments and Agencies**
- **Insurers**
- **Hospitals**
- **Law Enforcement & Prosecutors**
- **Developers & Construction Users**

WHAT ARE THE REAL COSTS?

Billions in Lost Revenue

Every year, every level of government loses vast sums to payroll fraud—in state and federal taxes, social security and medicare contributions, uncovered workers comp and unemployment payouts, and more.

Taxpayers Take the Biggest Hit

Tax cheats force honest citizens to choose between higher taxes or cutting key programs like schools and public safety.

Corrupt Firms Control Construction

Fraud gives bidders up to 30% lower costs, so they undercut and ultimately steal markets from tax-paying, law-abiding contractors.

Honest Businesses Lose Business

Fraud forces workers comp, UI, and health care costs higher, so all honest employers pay more—and become even less competitive.

Higher Insurance Costs

Hospitals must treat all job-based injuries, so workers' comp and medical insurers have to raise rates on honest firms to make up for uncovered workers.

Crime and Racketeering

These schemes involve carefully planned major crimes like tax evasion, mail and insurance fraud, grand theft, money laundering, conspiracy, and racketeering/RICO activity.

The Underground Economy

In many places, construction is now an all-cash business—cash that feeds other crimes.

WHAT CAN WE DO? CAN THE EFFORT BE SELF-FUNDING?

Multi-Agency Enforcement Pays For Itself—and More.

Cracking down reaps big returns—in revenue, fairness for honest employers, less pressure on health care, and respect for the law.

Improve and Enforce the Law.

Use task forces... stop-work orders... per-day/per-worker fines. Give agencies support to catch cheaters and recover revenue.

Back Leaders Who Fight Fraud.

Support officials and candidates who help honest businesses and who take action against those who flout the law.

Prosecute w/ Asset Forfeiture

Along with fines, civil forfeiture helps to settle cases, and creates highly visible enforcement that literally pays for itself.

Join the Nonpartisan Crackdown

The U.S. Govt. Accountability Office, IRS, Treasury Inspector General, Dept. of Labor and many state agencies call payroll fraud a serious problem—and are taking action. The crackdown gives honest employers nothing to fear and much to be gained.

Stand up for honest employers and their employees.

Take a stand against payroll fraud.

For the latest news and resources on legislation, policy, research, task forces, and enforcement, visit

**WWW.
PAYROLL FRAUD
.NET**

WHAT IF WE DO NOTHING?

Doing nothing isn't neutral—it helps the criminals.