



JOINT ENFORCEMENT TASK FORCE ON WORKPLACE FRAUD: 2025 ANNUAL REPORT

January 2026

PRESENTED TO:
Wes Moore, Governor
Aruna Miller, Lt. Governor

January 30, 2026
The Honorable Wes Moore
Governor
State House 100
Annapolis, Maryland 21401

The Honorable Aruna Miller
Lieutenant Governor
State House 100 State Circle
Annapolis, Maryland 21401

Subject: Joint Enforcement Task Force on Workplace Fraud 2025 Annual Report

Dear Governor Moore and Lieutenant Governor Miller,

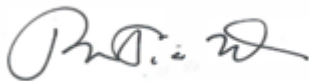
The Maryland Department of Labor, on behalf of the entire [Joint Enforcement Task Force on Workplace Fraud](#), is pleased to submit this 2025 Annual Report. This report marks the first full year of coordinated engagement across Task Force agencies under Executive Order (EO) No. 01.02.2024.04, Re-establishing the Joint Enforcement Task Force on Workplace Fraud.

Since the EO, Maryland has moved to a whole-of-government approach for combating worker misclassification, the practice of mislabeling employees as independent contractors to avoid legal obligations. Task Force partner agencies have deepened collaborative efforts through new tools and enforcement strategies. As a result of these efforts, Task Force agencies collectively identified **7,767 misclassified workers** in Fiscal Year 2025, a nearly **39% increase** over 2024.

While significant progress has been made, more work remains to be done. Moving forward, the task force will continue to explore the impact worker misclassification has on various industries, expand outreach efforts to impacted workers, pursue legislative and policy strategies, and deepen enforcement coordination through formal data sharing agreements.

We remain grateful for the Moore-Miller Administration's commitment to work, wages, and wealth for all Marylanders.

Sincerely,



Portia Wu
Chair, Joint Enforcement Task Force
Secretary, Maryland Department of Labor

Introduction

In January 2024, Governor Wes Moore issued an Executive Order (EO) No. 01.02.2024.04, Re-establishing the Joint Enforcement Task Force on Workplace Fraud (Task Force). As defined by the EO, “workplace fraud” means an employer's failure to properly classify an individual as an employee in violation of applicable law.¹ Workplace fraud strains public resources, deprives workers of their rights, and negatively impacts responsible businesses who want to compete on an even playing field.

Since re-establishing the Task Force, Maryland has renewed its commitment to pursue a coordinated, multi-agency strategy to address workplace fraud. The 2024 Annual Report of the Joint Enforcement Task Force on Workplace Fraud detailed the Task Force’s early achievements, including renewed interagency partnerships, expanded investigative capacity, and robust stakeholder engagement. It also reported on the thousands of misclassified workers in specific industries rife with misclassification, such as the construction industry, and identified potential policy solutions.

This 2025 Annual Report marks the first full year of sustained, coordinated engagement and enforcement under the Task Force’s new framework and reflects Maryland’s whole-of-government approach to combating misclassification. Over the past two years, Task Force agencies have strengthened investigative collaboration, referral processes, and data sharing. In 2025, these partnerships matured through key new infrastructure, such as the adoption of an encrypted shared investigations portal launched in November 2024, progress toward multi-agency memoranda of understanding for data sharing, and more sophisticated cross-agency case development strategies.

Collectively, in Fiscal Year 2025, Task Force agencies discovered **7,767 misclassified workers** through their enforcement actions. This represents a **38.8%** increase from 2024.² The Division of Unemployment Insurance identified over **\$52 million in**

¹ Executive Order No. 01.01.2024.04, Re-establishing the Joint Enforcement Taskforce on Workplace Fraud, Maryland State House, January 2024, https://governor.maryland.gov/Lists/ExecutiveOrders/Attachments/33/EO%2001.01.2024.04%20Reestablishing%20the%20Joint%20Enforcement%20Task%20Force%20on%20Workplace%20Fraud_Accessible_Rev1.pdf.

² The 2025 Joint Enforcement Task Force Report utilizes data from State Fiscal Year 2025 (July 1, 2024–June 30, 2025). To ensure long-term consistency, Task Force agencies have transitioned from the calendar year format used in the 2024 report (January 1–December 31, 2024) to the state fiscal year. Consequently, the 2025 report contains six months of data (July–

unreported taxable wages paid to workers due to workplace fraud, a **44.4% increase** from 2024, and the Comptroller assessed **\$3.6 million** in tax, interest, and penalties on businesses for misclassifying workers, a **2.8% increase** from the previous year.

The Moore–Miller Administration remains committed to ensuring that every worker in Maryland has access to fair wages, legal protections, and safe working conditions, and that businesses operating responsibly are not undercut by unlawful labor practices. With strengthened partnerships among the Maryland Department of Labor (MD Labor) Division of Labor and Industry, Division of Occupational and Professional Licensing and Division of Unemployment Insurance, the Comptroller, the Attorney General, the Workers' Compensation Commission, the Maryland Insurance Administration, and the Department of Assessments and Taxation, the State is now better positioned than ever to identify, deter, and prevent workplace fraud.

Given the collective progress, this report provides:

- **An overview of the Joint Enforcement Task Force**, including a summary of the 2024 Annual Report and recommendations;
- **A summary of Task Force activities undertaken in 2025**, including public meetings and enforcement coordination efforts;
- **Updated data** documenting the scale and impact of misclassification in Maryland across multiple sectors;
- **Progress updates** on data sharing, interagency MOUs, and coordinated enforcement infrastructure;
- **Barriers** that continue to impede efficient, collaborative enforcement; and
- **Policy recommendations**, including collaboration with other state agencies that are not part of the Task Force, legislative updates, expanded outreach and education to workers.

The 2025 Annual Report highlights the efforts undertaken by Task Force agencies to collectively combat workplace fraud. In addition, it reflects continuing policy priorities and recommendations for adoption that, together, will move Maryland closer to a fairer and more equitable economy that supports pathways to work, wages, and wealth for all Marylanders.

December 2024) that overlaps with the previous year's publication. Unless otherwise noted, all data points adhere to the state fiscal year.

Overview of the Joint Enforcement Taskforce

Task Force Background

The Joint Enforcement Task Force on Workplace Fraud was re-established by Executive Order on January 9, 2024, to enhance the State's cross-agency capacity to address worker misclassification and related labor, tax, and employment-law violations. The Task Force, chaired by the Secretary of Labor, Portia Wu, is composed of the following members:

- The Comptroller of Maryland Brooke Lierman
- Attorney General Anthony Brown
- Workers' Compensation Commission Chair Maureen Quinn
- Insurance Administration Commissioner Marie Grant
- Director of Assessments and Taxation Bob Yeager
- Commissioner of the Division of Occupational and Professional Licensing John Dove
- Commissioner of Labor and Industry Devki Virk
- Assistant Secretary of Unemployment Insurance Rachel Torres

Under the Executive Order, the Task Force is charged with coordinating enforcement strategies, improving information sharing, engaging with researchers and stakeholders, and issuing an annual report to the Governor regarding accomplishments, barriers, and recommendations.

2024 Summary

The 2024 Annual Report documented progress made by the Task Force during the first year of renewed engagement. Together, Task Force agencies identified 5,595 misclassified workers through their enforcement actions.

Individual agencies, such as the Division of Unemployment Insurance, reported uncovering in excess of \$36 million in unreported taxable wages.

The Division of Labor and Industry expanded its Workplace Fraud Unit from one full-time investigator to five investigators. From January 1, 2024, to December 31, 2024, this division issued 29 workplace fraud citations, identified 199 misclassified workers, and referred 235 possible cases to sister agencies.

The Comptroller of Maryland reported multiple audit findings related to misclassification, including a significant finding that of the 24 audits assessed for misclassified workers, 14 audits found that construction companies misclassified workers as independent contractors.

The goal for the Workers' Compensation Commission was to expand its Employer Compliance Unit and develop new policies and procedures to focus on the Commission's ability to hold hearings and issue orders for non-compliant employers. The Commission set regularly scheduled hearing dates and began hearing employer compliance cases bi-monthly.

Finally, other agencies strengthened reviews of workers' compensation coverage and business compliance.

As noted in the report, the Task Force also held four public meetings and two stakeholder sessions to hear from researchers, labor unions, workers, and small businesses. Through these sessions, Task Force agencies heard how workplace fraud detrimentally impacts workers in certain industries and small businesses and fundamentally creates a race to the bottom. Workplace fraud destabilizes the Maryland marketplace by forcing ethical businesses to compete against companies where misclassification—the erosion of worker protections—creates artificially low bids.

The 2024 report also reported on steps taken to enhance collaborative enforcement through cross-agency referrals, coordinated investigations, increased interagency communication, and establishing a shared data portal. At the same time, the Task Force noted structural barriers that continued to impede effective enforcement, including limited data-sharing mechanisms, insufficient public awareness, and a lack of strong deterrents for recurrent violators.

These findings validated the Task Force's policy considerations as outlined in the 2024 Annual Report, informed priorities for 2025, and continue to guide efforts to strengthen Maryland's approach to preventing and reducing workplace fraud.

Activities Undertaken in 2025

Task Force Meetings

During 2025, the Task Force focused its information-gathering efforts on understanding and analyzing the structural mechanisms that enable workplace misclassification and barriers to enforcement. Two public Task Force meetings were held in May and October 2025, each focusing on a distinct but interrelated

dimension of these systemic challenges. The May meeting centered on labor supply arrangements, particularly the role of labor brokers, in the construction industry, while the October meeting examined the impacts of misclassification on Maryland's workers' compensation insurance system.

- At the May meeting, a panel of industry experts and labor union leaders specifically stated that labor brokers were primary drivers of systemic misclassification within the construction industry. According to panelists, these brokers function as "labor-only" entities that supply workers to prime contractors without assuming the traditional responsibilities of an employer, such as providing workers' compensation or adhering to tax and safety regulations. Panelists explained that this model enables a "race to the bottom" in bidding by bypassing union wages and payroll taxes, through a "web of relationships" and shell companies. Testimony highlighted how shell companies "borrow" various forms of identification and verifications, including Federal Employment Identification Numbers ("FEIN") and Certificates of Insurance ("COI") to appear compliant. Additionally, they noted that although these companies generally carry insurance, their insurance coverage may only cover administrative jobs and not more dangerous on-site construction jobs.
- Solutions that were raised and discussed by panelists included considering joint-employer liability, addressing statutory loopholes that enable labor brokers, developing greater control on the issuance of certificates of insurance, and increasing collaboration with labor organizations.
- The October meeting examined the downstream consequences of misclassification for Maryland's workers' compensation system. Moderated by Task Force member Maureen Quinn, Commissioner of the Workers' Compensation Commission, the panel consisted of Maryland Insurance Administration Commissioner Marie Grant, the Maryland representative from the National Council on Compensation Insurance, and the head of the Special Investigations Unit at Chesapeake Employers' Insurance Company (Chesapeake Employers). Chesapeake Employers serves as the State's workers' compensation insurer of last resort, which provides coverage when employers are unable to secure insurance on the private market.³ The panelist

*"These contractors see [labor brokers] as an opportunity to [...] divert the liability that comes from having employees. [...] It is a race to the bottom."
—Labor Leader*

³ Employers in the State of Maryland are required to obtain workers' compensation insurance from any insurance company licensed to write workers' compensation insurance in the State of Maryland or from [the Chesapeake Employers' Insurance Company](#). See MD WCC.

“The reality is that labor brokers in this region have been able to perform the work right whether they are doing something legal or not[...]. I have seen labor brokers be approved as MBEs before and SBEs and other contractors.” —Labor Leader

from Chesapeake Employers highlighted that 70-75% of their audits identified understated payroll frequently driven by the misconception that payments via cash apps like Zelle or Venmo do not count as reportable wages. According to panelists, when employers fail to properly report payroll or carry adequate coverage, injured workers may be left without timely benefits, costs are shifted onto the broader insurance system, and compliant employers face higher premiums. Panelists also underscored that employers that fail to secure any coverage shift those costs to the State’s Uninsured Employers’ Fund (“UEF”), which is obligated to pay claims when there is no coverage.⁴ Finally, the panelists

noted that when general contractors fail to verify subcontractor workers compensation coverage, they may be deemed “statutory employers” under Maryland law and potentially exposed to liability for injuries sustained by uninsured workers on their worksites.

Collaborative Enforcement

Section E(1)–(14) of the Executive Order requires Task Force agencies to coordinate the investigation and enforcement of workplace fraud. These duties include sharing information across agencies; pooling and strategically directing enforcement resources; entering into partnerships and agreements to support cross-jurisdictional investigations; developing strategies for systemic enforcement; identifying significant cases that warrant multi-agency action; and establishing consistent referral procedures. The Executive Order provides the framework for a collaborative enforcement mechanism designed to ensure that violations are addressed using the full range of State power.

Enforcement staff at each of the Task Force agencies began meeting in mid-2024 to share information on active and emerging cases, strengthen working relationships, identify patterns of noncompliance, and coordinate enforcement strategies.

Questions and Answers for Employers, https://www.wcc.state.md.us/Gen_Info/FAQ%20Employers.html (accessed Jan. 22, 2026).

⁴ Uninsured Employers’ Fund. (n.d.). QIS.net. Retrieved January 22, 2026, from <https://www.qis.net/~uef/>.

Throughout 2025, these meetings continued on a regular basis and remained a primary vehicle for operational collaboration among Task Force agencies.

Another vehicle for coordination is the Shared Investigations Portal: a secure, encrypted data portal that allows designated enforcement staff across Task Force agencies to share information about misclassification cases. This portal, launched in November 2024, continues to provide Task Force agencies opportunities to access and act upon cross-agency information on misclassification investigations.

In addition, in 2025 the Division of Unemployment Insurance and the Workers' Compensation Commission signed a data-sharing agreement. Additional data sharing agreements among task force agencies are in development. These agreements will allow agencies to more effectively identify suspected workplace fraud and pool enforcement resources.

Agency collaboration throughout 2024 and FY 2025 has yielded significant results. Case referrals from sister agencies resulted in the Division of Unemployment Insurance identifying **113 misclassified workers** through **3 audit findings** and uncovered approximately **\$3 million in unreported wages**, including **\$886,504.01 in taxable wages**.

The Division of Labor and Industry (L&I)—the agency responsible for enforcing the Workplace Fraud Act—continued to share its ongoing investigations, issued citations with enforcement staff at partner agencies, and **referred 375 potential misclassification cases** for further review. These cases include not only matters involving violation of the Workplace Fraud Act by construction and landscaping employers, but misclassification in other industries identified through L&I's general wage and labor standards work.

Many of these referrals resulted in reviews enabling the State to identify additional misclassified workers

The Office of the Attorney General secured convictions against two individuals who participated in a scheme to cheat construction workers out of the wages they were owed. Congratulations Construction was a labor broker that supplied drywall carpenters and laborers for various projects including at the University of Maryland. These projects required that contractors pay workers prevailing wages and submit certified payroll records demonstrating that they had done so.

An investigation by the Office of the Attorney General revealed that although certified payroll records submitted to the State represented that the workers were paid prevailing wages, these records were falsified.

In addition to incarceration, the two defendants were ordered to pay a total of \$291,133.07 in restitution. The Maryland State Police, Comptroller, and State's Attorney for Baltimore City assisted in these prosecutions.

and uncover wage, tax, and workers' compensation coverage violations that might otherwise go unnoticed.

Despite this progress, several barriers continue to limit a more fully coordinated enforcement strategy. Although agencies have increased information sharing, more formalized and systematized data-exchange mechanisms are needed. The Executive Order authorizes Task Force agencies to develop referral protocols and strategies for systemic enforcement and to enter into multi-agency data-sharing agreements.

As noted in the 2024 Annual Report, work toward establishing these agreements began in 2024; however, they have not yet been finalized. Challenges related to memorializing cross-agency data practices, addressing confidentiality requirements, and navigating the siloed structure of State government have contributed to delays. Completion of these agreements remains an essential next step toward achieving the Task Force's vision of coordinated, data-driven enforcement.

Whole-of-Government Approach to Addressing Workplace Fraud

When Governor Moore announced the Executive Order renewing and expanding the Task Force, he noted, "Today, we take an important step toward a more equitable, competitive, and prosperous economy that lifts all Marylanders."⁵ While the Task Force itself currently is composed of only nine members, the goal of addressing workplace fraud goes beyond these specific agencies—it requires a "whole-of-government" approach.

Over the last year, Maryland agencies across the board have taken decisive steps toward ending the exploitation of workers within their respective jurisdictions. For example, to encourage best practices in State procurement, the Moore-Miller Administration's Procurement Reform Act of 2025 created the "Good Labor Practices" procurement preference, which applies a technical evaluation advantage to bidders who agree that they and their contractors and subcontractors will adhere to high-road labor standards throughout the performance of the contract. This legislation tracks closely the Task Force recommendation to create a market incentivizing good business practices through procurement preferences or incentives.

⁵ Maryland, Office of the Governor. "Executive Order 01.01.2024.03: Joint Enforcement Task Force on Workplace Fraud." *Governor.Maryland.gov*, 11 Jan. 2024, <https://governor.maryland.gov/news/press/pages/governor-moore-issues-executive-order-establishing-crossgovernmental-task-force-to-combat-workplace-fraud.aspx>.

As the Task Force agency data below shows, home health care is a sector in Maryland where misclassification is frequently found. To target systemic misclassification in this industry, the Maryland General Assembly passed the Homecare Worker Rights Act of 2024.⁶ Effective January 1, 2026, state Medicaid reimbursement for in-home personal care assistance services provided by Residential Service Agencies (RSAs) will be paid only if the homecare worker providing services is classified as a W-2 employee.

Complementing this requirement, HB 1142 establishes the Maryland Interested Parties Advisory Group, which mandates data transparency regarding wage rates and turnover metrics for direct care workers. This oversight indirectly addresses rampant misclassification by ensuring that Medicaid rates are sufficient to support a legally classified, stable workforce.

Although these initiatives are not always directly enforced by Task Force agencies, they demonstrate a unified commitment across the state to address workplace fraud and protect the integrity of Maryland's healthcare economy. They also highlight the importance of coordinating with sister agencies and industry stakeholders to address the challenges of workplace fraud in various industry sectors.

Agency Workplace Fraud Investigations and Data Updates

Throughout FY 2025, individual Task Force agencies continued to prioritize investigations and enforcement of workplace fraud. Below are some highlights of individual agency activity and, where applicable, comparisons to data from the 2024 Annual Report.

MD Labor Division of Labor and Industry

In FY 2025, the Maryland Department of Labor's Division of Labor and Industry significantly increased its efforts to combat worker misclassification. As shown in the table below, L&I staff conducted 433 site visits and interviewed 3,074 workers. L&I's workplace fraud investigations **identified 558 misclassified workers** and resulted in the issuance of 30 citations and resolution of 16 additional citations through settlements requiring prospective compliance with applicable laws. L&I also **referred 375 cases** of potential misclassification to sister Task Force agencies.

⁶ Homecare Worker Rights Act of 2024, Md. Laws, ch. 881 (2024), <https://mgaleg.maryland.gov/mgawebsite/Legislation/Details/HB0039?ys=2024RS>.

Key to this increased impact was the General Assembly’s approval of 5 additional PINS (full-time employees) to L&I in the FY 2025 budget. Staff growth combined with the unit's overall refinement of the investigative processes and targeted strategies contributed to L&I's improved results.

Table #1: Division of Labor and Industry Workplace Fraud Findings, July 1, 2024, to June 30, 2025

Year	Site visits	Workers interviewed	Investigations initiated	Workers found to be misclassified	Referrals to sister agencies	Citations issued	Settlement agreements
FY2022				0	28	0	
FY2023				0	34	0	
FY2024	193	495	225	81	130	18	
FY2025	433	3,074	241	558	375	30	16

Source: Maryland Department of Labor, Division of Labor and Industry

MD Labor Division of Unemployment Insurance

The Division of Unemployment Insurance (UI) conducts audits throughout the year to verify that contributions paid by employers are correctly computed and reported on their quarterly wage reports.

UI conducts several types of Workplace Fraud audits—audits where the agency knows the employer is not properly classifying workers. Examples of such audits are:

- 1. Repeat audits:** employer previously found to have misclassified workers is later discovered, in subsequent quarters or years, to be continuing or resuming the same misclassification practices.
- 2. Referral audits:** information regarding misclassification received from other entities and mechanisms, such as state agencies, units/divisions within MD Labor, and employer or constituent complaints.
- 3. Audit of an employer’s subcontractors:** information received during the regular audit of the employer indicating that their subcontractors (businesses) do not have UI accounts or are not reporting their employees.

Between July 1, 2024, and June 30, 2025, **UI conducted 1,821 audits**, which identified **6,896 misclassified workers**, resulting in **\$174,109,005.10 in unreported wages** found and **\$52,669,762.78 in unreported taxable wages** found.⁷

In comparison to the 2024 annual report, which looked at data from January 1, 2024, through December 31, 2024, during that time period **UI conducted 1,783 audits**, which identified **5,396 misclassified workers**, resulting in **\$115,160,616 in unreported wages** paid to employees.

UI also conducts “Targeted industry audits” where an employer is randomly selected from a pool of employers within a targeted industry. Audit findings within targeted industries—construction, home health care, janitorial services, landscaping, employment placement and temporary help services, and security guards—are generally higher than other industries. The chart below provides data on audit findings within these targeted industries in FY 2025.

Table #2: Misclassified Workers found in Targeted Industries, July 1, 2024, to June 30, 2025*

Industry	# of audits completed	# of misclassified workers Found	# of workers reported by employer	Percentage of misclassified workers found	Total wages under-reported	Taxable wages under-reported
Construction	424	1,428	8,117	17.59%	\$39,815,275.69	\$10,806,365.45
Home Health	47	872	1,781	48.96%	\$22,829,267.29	\$8,575,420.16
Janitorial	31	210	582	36.08%	\$2,869,907.53	\$1,272,595.16
Landscaping	61	160	997	16.05%	\$2,071,939.42	\$822,541.50
Employment Services	20	272	1,150	23.65%	\$7,451,223.46	\$2,509,083.51
Security Guards	5	91	891	10.21%	\$3,316,053.81	\$829,080.23

* 2024 Annual Report data timeframe is from January 1, 2024, to December 30, 2024.

⁷ As of December 12, 2025, the number of misclassified workers found for calendar year 2025 is 8,170 workers, resulting in over \$196 million in underreported wages.

Comptroller

As discussed in the 2024 Annual Report, the Comptroller of Maryland completes withholding audits to ensure employers are withholding taxes properly and that the proper amount of withholding tax was reported to the state. Withholding audits are one tool the state can use to identify worker misclassification.

In FY 2025, the Comptroller of Maryland conducted a total of **23 withholding tax audits**. Of the 23 withholding audits conducted, **15 audits** were assessed for **misclassified workers**. A total of **313 misclassified workers** were identified. The audits assessed for misclassified workers resulted in assessments of tax, interest and penalties totaling **\$3,600,708.24**.

Maryland Department of Assessments and Taxation

The Maryland Department of Assessments and Taxation (SDAT) is the central registry for new and existing Maryland businesses. As noted in the 2024 Annual Report, in 2025, SDAT added new questions to the Annual Report, asking each business:

- How many workers they will employ during the calendar year;
- Whether they have registered for unemployment insurance, obtained workers' compensation insurance, registered for a tax withholding account with the Comptroller; and
- If they report what they pay their workers through Form 1099.

The Annual Report contained additional resources with links to key websites such as the Workers' Compensation Commission, Department of Labor, and Comptroller.

Maryland Insurance Administration

Maryland law requires all employers to provide workers' compensation coverage for their employees. When employers wrongly classify workers as independent contractors rather than employees, they often fail to secure the required workers' compensation insurance. This creates several enforcement intersections with the Maryland Insurance Administration (MIA).

Investigations conducted by the Fraud Division's Civil Fraud Unit, Criminal Fraud Unit, and the Attorney General Investigative Team resulted in **\$18,900,677.16 in restitution in FY 2025**. The Civil Fraud Unit also **assessed \$80,250.00 in administrative penalties** for violations of the Insurance Article. Although not directly

related to employee misclassification fraud, these investigations are crucial for stopping broader fraud, preventing financial harm to Marylanders, and ensuring insurance producers comply with Maryland insurance laws.

In addition, the Financial Regulation Division of the MIA is responsible for the financial regulation of domestic and foreign insurance companies, including workers' compensation insurance and group self-insurance for workers' compensation entities. Financial examinations are performed on domestic companies at least once every five years.

MD Labor Division of Occupational and Professional Licensing

The Division of Occupational and Professional Licensing (O&P) has worked collaboratively with other divisions to confirm the licensure status of individuals performing regulated work. Through this coordination, O&P assists in verifying that workers and businesses are appropriately licensed under Maryland law when questions arise during enforcement activities, compliance reviews, or in response to complaints.

This approach helps ensure that enforcement bodies have accurate licensing information when assessing potential workplace fraud or related compliance issues. O&P's participation in these efforts reflects commitment to division coordination and the use of existing regulatory tools to support employment practices that are following the law and protect workers and consumers.

Workers' Compensation Commission

The Workers' Compensation Commission expanded its Employer Compliance Unit to four administrators, who reviewed insurance records and issued over 3,000 letters to uninsured employers. The Commission **set 38 dockets, held 1,073 compliance hearings**, and continued monitoring cases via the shared Joint Enforcement Task Force portal.

Strategies to Prevent Workplace Fraud

Legislative Changes

In the 2024 Annual Report, Task Force agencies made a number of recommendations for advancing legislation to address workplace fraud. Although

several pieces of legislation were introduced during the 2025 legislative session, they did not move forward.

Looking ahead, Task Force agencies recommend strengthening enforcement mechanisms to address and remediate workplace fraud, particularly in industries reliant on labor brokers and layered subcontracting structures where wage theft and misclassification are pervasive.

Focusing on state-level enforcement is increasingly important in light of evolving federal policies and enforcement priorities that have weakened worker protections and reduced accountability for misclassification, thereby placing greater responsibility on states to safeguard workplace standards.

Task Force agencies identified numerous legislative actions that seek to address the barriers in enforcing and eliminating workplace fraud:

1. **Establish joint and several liability for workplace fraud violations**, holding general contractors responsible for violations occurring on their worksites, regardless of whether those violations are committed directly or through subcontractors and regardless of whether the subcontractor is in a direct contractual relationship with the general contractor.
2. **Authorize debarment for violations of the Workplace Fraud Act and specified labor laws**, as well as for employers with repeated labor standard violations, which would prohibit such employers from continuing to receive publicly-funded contracts.
3. **Establish licensure consequences for Workplace Fraud Act violations**, providing licensing boards with explicit authority to suspend or revoke professional or business licenses for noncompliance with final orders or for willful violations.
4. **Encourage reporting and cooperation by vulnerable workers in Workplace Fraud Act investigations** by providing a modest incentive, including requiring that a portion of any civil penalty imposed under the Act be paid directly to affected workers.
5. **Streamline enforcement proceedings** by allowing the State to investigate and resolve violations of multiple workplace laws within a single enforcement action, reducing fragmentation and improving efficiency.

6. **Codify interagency coordination** between the Maryland Department of Labor and the Office of the Attorney General to ensure that cases with merit are referred, investigated, and pursued.

Taken together, these enforcement-focused reforms—when combined with the ongoing efforts of Task Force agencies operating both independently and collaboratively—would significantly strengthen the State’s ability to prevent, detect, and remedy workplace fraud while protecting workers and promoting fair competition among employers.

Education and Outreach

In the 2024 Annual Report, Task Force agencies recommended expanding education and outreach efforts to inform both workers and businesses about workplace misclassification and related violations. In response, Task Force agencies undertook several initiatives to increase awareness and improve access to information.

For example, the Department of Labor launched a dedicated website to serve as a central repository for Task Force materials, including educational resources and guidance related to workplace fraud. The website also includes a direct link for individuals to report suspected workplace fraud.

To further educate businesses about their legal responsibilities, the State Department of Assessments and Taxation (SDAT) incorporated additional resources into its annual business questionnaire, directing employers to key agencies such as the Workers’ Compensation Commission, the Department of Labor, and the Office of the Comptroller.

Looking ahead, Task Force agencies continue to view education and outreach as a critical component of effective enforcement. In fiscal year 2026, Task Force agencies plan to develop an online resource sheet for employers that consolidates links to key compliance resources in a clear, user-friendly format. This tool is intended to help businesses better understand their obligations under Maryland labor laws and identify the appropriate agencies for guidance and assistance.

Task Force agencies also recognize the importance of educating workers about their rights, particularly as workplaces become increasingly decentralized and non-traditional employment arrangements continue to expand. To that end, the Task Force is exploring the use of social media and other digital platforms as effective tools for worker outreach. In addition, the Task Force is considering how state

licensure boards and other regulatory bodies may serve as conduits for disseminating information about workplace rights and protections.

Conclusion

Workplace fraud remains a persistent and evolving challenge that undermines worker protections, distorts fair competition, and deprives the State of critical revenue. As labor markets continue to change and employment structures become increasingly complex, the need for coordinated, proactive enforcement across state agencies has never been greater.

Looking ahead, Task Force agencies are committed to strengthening cross-agency collaboration and refining enforcement strategies to address emerging risks. Areas for continued consideration include enhanced coordination with the Maryland Department of Health to address misclassification and related violations in the home health care industry, where vulnerable workers and complex funding structures present unique enforcement challenges. The Task Force will also explore additional industries with heightened risk of workplace fraud, including sectors such as private security services, where subcontracting and labor-broker models are prevalent.

In addition, Task Force agencies will consider working with the Office of the Comptroller, the Board of Public Works, and the Office of the Attorney General to develop guidance clarifying the circumstances under which permissive debarment may be appropriate. Clear and consistent guidance would promote transparency, support compliant employers, and ensure that public funds are not directed to entities that fail to uphold workplace standards.

Through continued collaboration, targeted enforcement, and expanded education and outreach, the Task Force remains firmly committed to combating workplace fraud across Maryland. These efforts are critical to advancing the State's broader economic and workforce goals, and to fulfilling the Governor's goal of work, wealth, and wages for all Marylanders.