

ASSEMBLY BILL

No. 2665

Introduced by Assembly Member Dababneh

February 21, 2014

An act to amend Section 3700.5 of the Labor Code, relating to workers' compensation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2665, as introduced, Dababneh. Workers' compensation: enforcement.

Existing law establishes a workers' compensation system to compensate an employee for injuries sustained in the course of employment. Existing law generally requires an employer to secure the payment of compensation, as specified, and makes it a misdemeanor to fail to secure the payment of compensation by one who knew, or because of his or her knowledge or experience should be reasonably expected to have known, of the obligation to secure the payment of compensation, punishable by imprisonment in the county jail for up to one year, a specified fine of not less than \$10,000, or both. Existing law makes a second or subsequent conviction of this offense punishable by imprisonment in the county jail for up to one year, a specified fine of not less than \$50,000, or both. Existing law requires these fines to be deposited in the Workers' Compensation Fraud Account, to be used for specified purposes upon appropriation by the Legislature.

This bill would increase the amounts of these fines to not less than \$25,000 for the first offense and not less than \$75,000 for the 2nd and subsequent offenses.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 3700.5 of the Labor Code is amended to
2 read:

3 3700.5. (a) The failure to secure the payment of compensation
4 as required by this article by one who knew, or because of his or
5 her knowledge or experience should be reasonably expected to
6 have known, of the obligation to secure the payment of
7 compensation, is a misdemeanor punishable by imprisonment in
8 the county jail for up to one year, or by a fine of up to double the
9 amount of premium, as determined by the court, that would
10 otherwise have been due to secure the payment of compensation
11 during the time compensation was not secured, but not less than
12 ~~ten thousand dollars (\$10,000)~~ *twenty-five thousand dollars*
13 *(\$25,000)*, or by both that imprisonment and fine.

14 (b) A second or subsequent conviction shall be punished by
15 imprisonment in the county jail for a period not to exceed one year,
16 by a fine of triple the amount of premium, or by both that
17 imprisonment and fine, as determined by the court, that would
18 otherwise have been due to secure the payment of compensation
19 during the time payment was not secured, but not less than ~~fifty~~
20 ~~thousand dollars (\$50,000)~~ *seventy-five thousand dollars (\$75,000)*.

21 (c) Upon a first conviction of a person under this section, the
22 person may be charged the costs of investigation at the discretion
23 of the court. Upon a subsequent conviction, the person shall be
24 charged the costs of investigation in addition to any other penalties
25 pursuant to subdivision (b). The costs of investigation shall be paid
26 only after the payment of any benefits that may be owed to injured
27 workers, any reimbursement that may be owed to the director for
28 benefits provided to the injured worker pursuant to Section 3717,
29 and any other penalty assessments that may be owed.

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