

Penalties Assessed by L&I Auditors

Penalty Description	When Appropriate	Amount	How Many in FY 2007
Unregistered Employer	When an employer has employment and does not have an active workers compensation account.	The maximum amount is \$500 or double the premiums due for the 4 quarters prior to opening an account, whichever is greater.	This penalty was assessed in 771 of the 4,741 audits performed in FY07 (16% of the audits).
Failure to Provide Records	When we request business records that we need to determine the employer's premium liability and the employer refuses to produce the records.	The maximum amount is \$250.	This penalty was assessed in 213 audits (4% of the audits).
Failure to Keep Records	When the employer does not keep the information required by Title 51 (generally, payroll records such as: the hours worked by employees, the risk class in which employment occurred, etc).	The maximum amount is \$250 or double the quarterly premium amount, whichever is greater, per occurrence. Each worker for whom adequate records were not kept represents one occurrence.	This penalty was assessed in 1,015 audits (21% of the audits).
Deliberate Misrepresentation	When the employer knowingly misreports their premium liability to the department.	The maximum penalty is 10 times the difference between the actual premium liability and the amount the employer reported.	This penalty was assessed in 49 audits (1% of the audits).

For the Deliberate Misrepresentation penalty, how many times did we assess at the maximum level (10x) and how often at lesser levels?

Less than 1x: We assessed at this level in 27 audits

Between 1x and 5x: We assessed at this level in 19 audits

10x: We assessed the maximum in 3 audits

The minimum amount assessed for the Deliberate Misrepresentation penalty was \$45 and the maximum was \$320,273. Average: \$39,149

Total amount of this penalty assessed in FY 2007: \$1,918,314.