

WHAT IS A STOP ORDER?

A Stop Order is a legal demand to cease all employee labor at a job site due to violation of state law(s). This type of order is issued by government agencies when there are safety concerns or unlawful actions in progress. Effective January 1, 2011, the Contractors State License Board (CSLB) was given authority by Business and Professions (B&P) Code section (§) 7127 to issue Stop Orders where there is no workers' compensation insurance coverage for employees.

Enforcing this law protects law-abiding contractors, construction employees, and property owners who have hired a company or individual to provide new construction or home improvement services. Workers' compensation insurance, or acceptable self-insurance, is a business requirement of B&P Code § 7125 and Labor Code § 3700. Without a valid workers' compensation insurance policy, the financial liability associated with work site injuries could become the responsibility of the injured worker or the property owner.

When CSLB issues a Stop Order, the contractor must immediately stop using employee labor on all of his or her projects until an appropriate workers' compensation insurance policy has been secured and the contractor provides written proof of the policy to CSLB. Failure to comply with the Stop Order by any employer, officer or person having management or control of the contractor's business or employees is a misdemeanor criminal offense, punishable by up to 60 days in county jail or by a fine of up to \$10,000, or both.

Appeal Process

An employer who has received a Stop Order from CSLB may protest the action by filing a written request for a hearing within 20 days after service of the order. The employer will be notified by mail of the hearing time and place, and the hearing will be held within five (5) days from the filing date of the request. At the conclusion of the hearing, the Stop Order will either be affirmed or dismissed and, within 24 hours, CSLB will issue and serve by registered or certified mail a Written Notice of Findings and Findings.

EMPLOYEES

- You are an employee working for a contractor who has been issued a Stop Order for failure to carry a valid workers' compensation insurance policy. This contractor must immediately stop using employee labor until workers' compensation insurance is secured, CSLB receives and verifies proof of that insurance, and CSLB lifts the Stop Order. It is a misdemeanor criminal offense if the contractor does not comply with the Stop Order. As an employee, you have the right to be paid for up to 10 days of lost work time. See the California Department of Industrial Relations' Division of Labor Standards Enforcement website for details about employee rights at www.dir.ca.gov/dlse.



CONTRACTORS STATE LICENSE BOARD

P.O. Box 26000
Sacramento, CA 95826-0026
800.321.CSLB (2752)
www.cslb.ca.gov • CheckTheLicenseFirst.com

DEPARTMENT OF CONSUMER AFFAIRS

13P-071/1216

A GUIDE FOR CONSUMERS AND CONTRACTORS

What is a Stop Order?



CONTRACTORS STATE
LICENSE BOARD

Department of Consumer Affairs



HOMEOWNER

○ **Unlicensed Operator**

State law requires all construction-related work to be performed by licensed contractors except for projects that are less than \$500 in combined labor, material costs and all other items. You have put yourself in jeopardy by hiring and allowing a person on your property who is unlicensed and whose employees are not covered by a workers' compensation insurance policy, a direct violation of state law. Should there be an injury on your job site, you could be responsible for any financial liability. Through a Stop Order issued by CSLB, your contractor was ordered to cease all work on your property. Work cannot resume by this unlicensed, uninsured operator or by his or her employees at any location until a contractor license has been obtained, all appropriate workers' compensation insurance has been secured, and CSLB has lifted the Stop Order.

○ **Licensed Contractor**

Your licensed contractor has failed to secure workers' compensation insurance for his or her employees and has been issued a Stop Order (pursuant to B&P Code § 7127); therefore, he or she will be unable to use employee labor on any project until appropriate workers' compensation insurance is secured, CSLB receives and verifies proof of the policy, and the Stop Order has been lifted. When CSLB lifts a Stop Order, the contractor is notified and work with employee labor may resume.

CONTRACTOR

○ **Unlicensed Operator**

You do not have a license for the trade work you are performing—work that exceeds \$500 in combined labor, material costs and all other items, a violation of state law (B&P Code §7028). You must become a licensed contractor before resuming any work. Contracting without a license is a misdemeanor criminal offense punishable by a fine of up to \$5,000, up to six (6) months in county jail, or both. Second and subsequent convictions for contracting without a license carry steeper fines and mandatory jail time of up to one (1) year. Failure to comply with this Stop Order is a misdemeanor criminal offense.

- You also employ individuals and do not have workers' compensation insurance, a violation of B&P Code § 7125.2(d) and Labor Code §3700. You must correct these state law violations before you can use any employee labor on this or any other job site.

CSLB provides unlicensed operators with instructions on how to resolve their contracting violations, which include:

- Obtaining a valid state contractor license in the appropriate classification for the work to be performed; or
- Performing the work as a bona fide employee of a licensed, insured contractor who has a direct contract with the property owner.

○ **Licensed Contractor**

You are a contractor who holds a state license but you do not have a valid workers' compensation insurance policy. You cannot use any employee labor for this or any other job site until you have secured the appropriate workers' compensation insurance policy for the work that your employees perform, provide proof of that policy to CSLB, verify that CSLB has the information, and then request and confirm that the Stop Order has been lifted. Failure to comply with this Stop Order is a misdemeanor criminal offense. Upon issuance of this Stop Order, the workers' compensation exemption previously filed for your company is revoked. If you do not submit a valid workers' compensation insurance policy or file a new workers' compensation insurance exemption within the next 30 days, your license will be suspended.

Submit your workers' compensation policy to:

EMAIL: WorkersComp@cslb.ca.gov

FAX: (916) 255-4023

U.S. MAIL: Attn: Workers' Compensation Unit
9821 Business Park Drive
Sacramento, CA 95827

How to Remove a Stop Order

The contractor of record must provide CSLB proof of a valid workers' compensation insurance policy. Once that proof has been received, the contractor needs to contact the CSLB Stop Order Coordinator (listed on the Stop Order form), who will verify that the insurance policy is in effect, and then will lift the Stop Order and notify the contractor that employee labor may resume.