

**JOINT REPORT TO  
THE PRESIDENT OF THE FLORIDA SENATE**

**THE SPEAKER OF THE  
FLORIDA HOUSE OF REPRESENTATIVES**

*by*

**THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES  
DIVISION OF INVESTIGATIVE AND FORENSIC SERVICES  
BUREAU OF WORKERS' COMPENSATION FRAUD  
&  
DIVISION OF WORKERS' COMPENSATION**

*January 13, 2025*



The Florida Department of Financial Services, Division of Workers' Compensation (DWC) and Division of Investigative and Forensic Services (DIFS) / Bureau of Workers' Compensation Fraud (BWCF) submit this joint report to the President of the Florida Senate and the Speaker of the Florida House of Representatives, pursuant to subsection 626.989(9), Florida Statutes (F.S.) 2003. The joint report addresses the areas identified in subsection 626.989(9), F.S., for the period of July 1, 2023, through June 30, 2024.

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January 13, 2025

The Honorable Ben Albritton  
President of the Senate

Room 400-Senate Office Building  
Tallahassee, Florida 32399-1100

The Honorable Daniel Perez  
Speaker of the House

The Capitol – Suite 420  
Tallahassee, Florida 32399-1300

Dear President and Speaker:

The Division of Investigative and Forensic Services and the Division of Workers' Compensation appreciate the opportunity to provide you with this joint report regarding workers' compensation fraud, pursuant to subsection 626.989(9), Florida Statutes.

This report is a summary of our efforts and activities in combating workers' compensation fraud for the period of July 1, 2023– June 30, 2024.

If you have any questions or concerns regarding this report, please give either of us a call.

Sincerely,



Tanner Holloman, Director  
Division of Workers' Compensation  
(850) 413-1600

Sincerely,



Simon Blank, Director  
Division of Investigative and Forensic Services  
(850) 413-3115

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# DIVISION OF INVESTIGATIVE AND FORENSIC SERVICES, BUREAU OF WORKERS' COMPENSATION FRAUD

The Division of Investigative and Forensic Services (DIFS), Bureau of Workers' Compensation Fraud (BWCF) is comprised of twenty-one detectives, two intelligence analysts, and four supervisors assigned to squads located in Miami, West Palm Beach, Orlando, and Tampa. The BWCF is overseen by a Captain and a Bureau Chief. In addition to these investigative resources, the BWCF currently has four dedicated prosecutors located in Miami-Dade, Hillsborough, Broward, and Palm Beach Counties. These resources allow investigators to obtain timely arrest warrants and a more cohesive prosecution of individuals charged with violating the workers' compensation fraud statutes and related criminal acts.

The BWCF has continued to prioritize investigative resources in the areas of employee/claimant fraud, premium fraud, and joint operations concerning construction sites working without appropriate coverage, with our partners in the Division of Workers' Compensation (Division), Bureau of Compliance. The BWCF will continue to enforce criminal statutes regarding "working without coverage" and the violation of Stop-Work Orders as issued through the Bureau of Compliance.

The BWCF has participated in joint pro-active ventures with the Division, the Department of Business and Professional Regulation (DBPR), and multiple local law enforcement agencies throughout the state to prevent and prosecute unlicensed contractors and those working without the appropriate workers' compensation coverage at residential and commercial job sites. These operations resulted in arrests for unlicensed contracting and working without workers' compensation insurance.

The BWCF is engaged in pro-active field investigations concentrating on companies engaged in premium fraud and operating without workers' compensation insurance.

The BWCF continues to work closely with the Florida's Workers' Compensation Fraud Task Force, an independent body formed in 1992 by members from the insurance industry, employers, DIFS personnel, and interested citizens.

The mission of the task force is to explore ways to combat insurance fraud through enhanced legislation, administrative rules, and public education.

Over the years, the task force has proposed many legislative enhancements and administrative rule changes that have been enacted. This has greatly enhanced the ability to pursue criminal fraud and has helped the insurance companies prevent fraud from taking place.

The BWCF actively participates in the Florida Insurance Fraud Education Committee (FIFEC) annual conference in Orlando, Florida, to teach and conduct panel discussions related to workers' compensation fraud. Additionally, throughout the year, BWCF members were provided training in topics related to workers' compensation fraud, healthcare fraud, financial fraud, as well as other types of insurance fraud.



# CASE HIGHLIGHTS

## FIELD OFFICE: MIAMI WORKERS' COMPENSATION SQUAD

### Case 23-1370

An investigation was conducted by the Department of Financial Services, Division of Investigative & Forensic Services, Bureau of Workers' Compensation Fraud, which revealed that a company owner actively concealed their payroll to avoid paying a higher workers' compensation premium. In 2020, they applied for workers' compensation coverage and reported an estimated annual remuneration of \$312,367. Based on the provided information, a traditional policy was issued with an estimated annual premium of \$19,867.

The investigation revealed that the owner failed to notify his workers' compensation carrier of significant payroll changes as detectives were able to determine that during the policy period, over \$3.1 million in labor costs were paid to the company. According to the insurance carrier, had the additional payroll been reported, the company would have been assessed an additional \$253,012 in premium.

On 02/28/2024, the company owner was arrested and charged with Workers' Compensation Premium Fraud and Grand Theft. Both are first degree felonies and if convicted, carries a sentence of up to 60 years in prison.

## FIELD OFFICE: WEST PALM BEACH WORKERS' COMPENSATION SQUAD

### Case 23-1854

An investigation conducted by the Department of Financial Services, Division of Investigative & Forensic Services, Bureau of Workers' Compensation found that a business owner using a pseudo name conspired to conceal information from an insurance company during the policy period where an estimated annual payroll of \$150,000 was reported.

After positively identifying the owner, detectives were able to prove the company actually paid out over

\$10.6 million in total payroll. This resulted in a loss of premium owed to the insurance company in excess of \$600,000.

On 01/18/2024, the company owner was arrested and charged with Omitting or Concealing Information to Avoid WC Premium, Organized Scheme to Defraud, and Grand Theft over \$100,000.

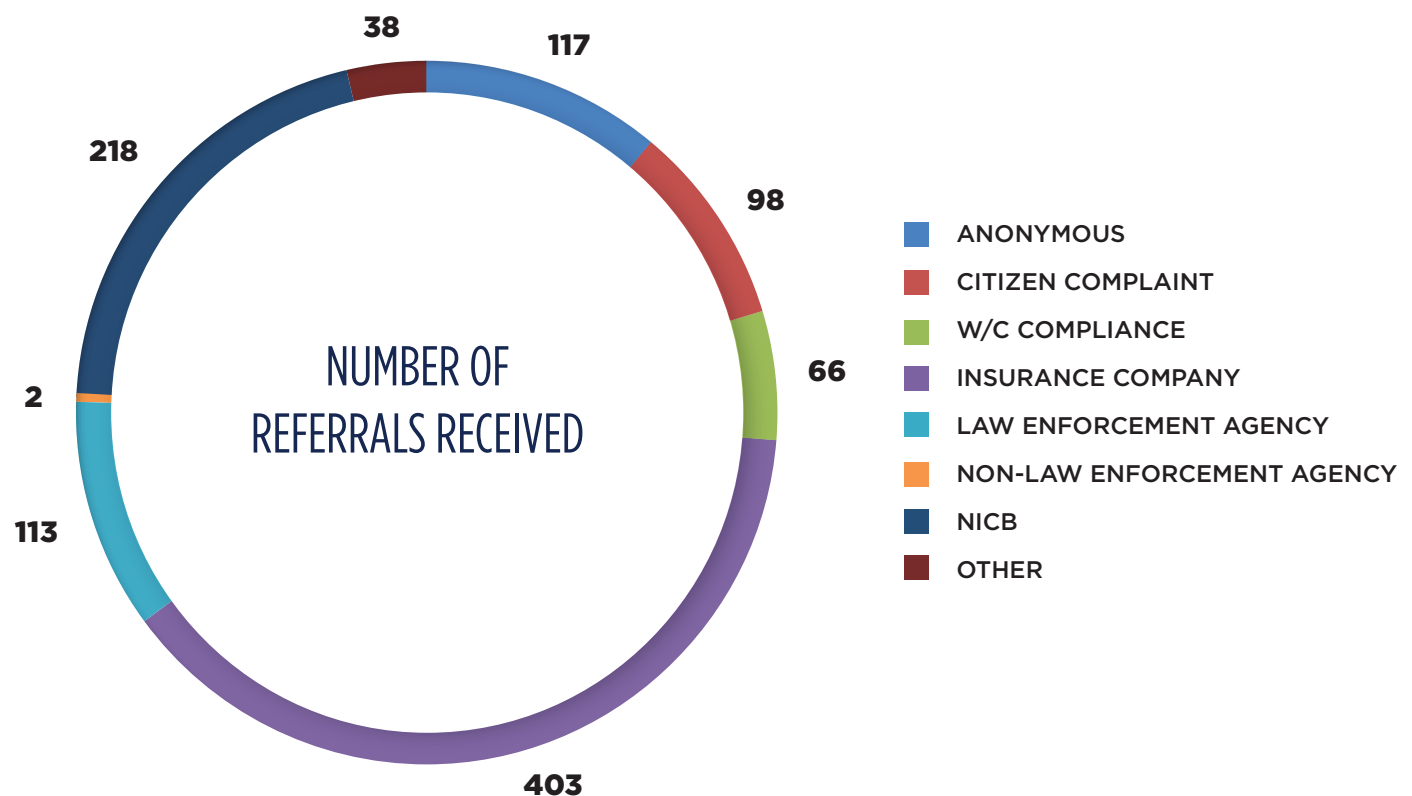
## FIELD OFFICE: TAMPA WORKERS' COMPENSATION SQUAD

### Workers' Comp Fraud / Unlicensed Contractor Sting

In April 2024, the Department of Financial Services, Division of Investigative and Forensic Services, Bureau of Workers' Compensation Fraud along with the Manatee County Sheriff's Office, the Department of Business & Professional Regulation, and the Manatee County Code Enforcement conducted a joint Workers' Compensation Fraud/Unlicensed Contractor Sting, in Manatee County. The purpose of the sting was to address unlicensed contractors who are both working without the required contractor's license and are doing construction work without the required workers' compensation insurance. The joint operation lasted three days and resulted in the arrest of 16 individuals.

# NUMBER OF SUSPECTED FRAUD REFERRALS & NUMBER OF CASES INITIATED

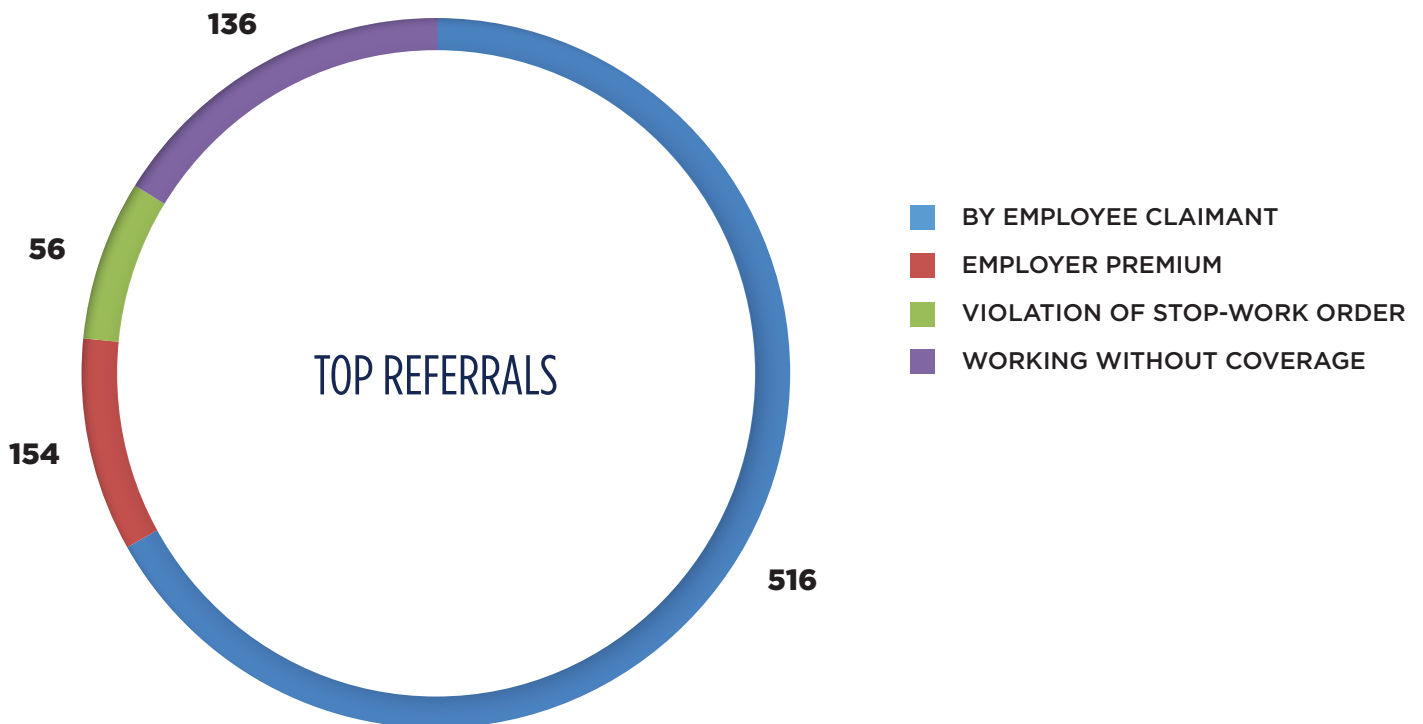
SOURCE	NUMBER OF REFERRALS RECEIVED	CLOSED: CASE INITIATED
ANONYMOUS	117	6
CITIZEN COMPLAINT	98	9
W/C COMPLIANCE	66	30
INSURANCE COMPANY	403	66
LAW ENFORCEMENT AGENCY	113	92
NON-LAW ENFORCEMENT AGENCY	2	0
NICB	218	15
OTHER	38	16
<b>GRAND TOTAL</b>	<b>1,055</b>	<b>234</b>



# TYPES OF WORKERS' COMPENSATION REFERRALS

## SUB TYPE

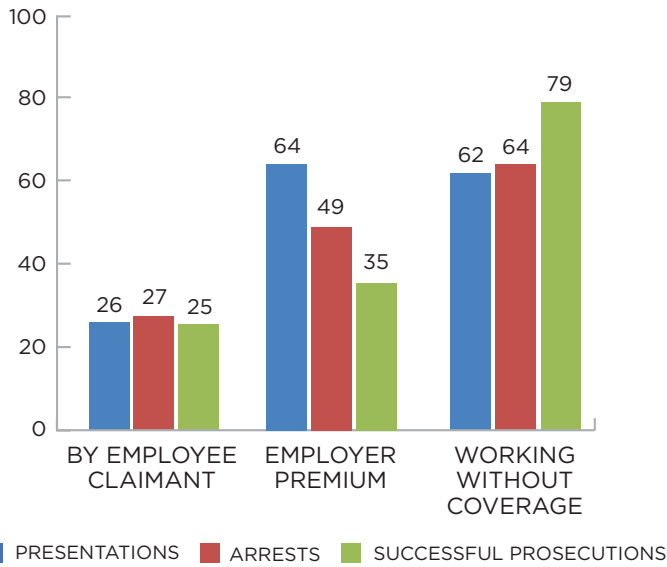
AGENT PREMIUM	1
APPLICATION	10
BY EMPLOYEE CLAIMANT	516
BY EMPLOYER	77
BY PROVIDER	20
EMPLOYEE PAYROLL DEDUCTION	17
EMPLOYER PREMIUM	154
FAILURE TO PAY PENALTY	3
FICTITIOUS CERTIFICATE OF EXEMPTION	5
FICTITIOUS CERTIFICATE OF INSURANCE	14
ID THEFT OF NUMBER OR NAME	25
MONEY SERVICE BUSINESS	21
VIOLATION OF STOP-WORK ORDER	56
WORKING WITHOUT COVERAGE	136
<b>GRAND TOTAL</b>	<b>1,055</b>



# ENFORCEMENT ACTIVITY

TYPE OF CASE	PRESENTATIONS	ARRESTS	SUCCESSFUL PROSECUTIONS
BY EMPLOYEE CLAIMANT	26	27	25
BY EMPLOYER	1	1	2
EMPLOYER PREMIUM	64	49	35
FICTITIOUS CERTIFICATE OF INSURANCE	2	2	3
ID THEFT OF NUMBER OR NAME	18	5	7
MONEY SERVICE BUSINESS	4	3	0
VIOLATION OF STOP-WORK ORDER	17	15	12
WORKING WITHOUT COVERAGE	62	64	79
<b>GRAND TOTALS</b>	<b>194</b>	<b>166</b>	<b>163</b>

## TOP OCCURRENCES



**\$13,727,444.16**



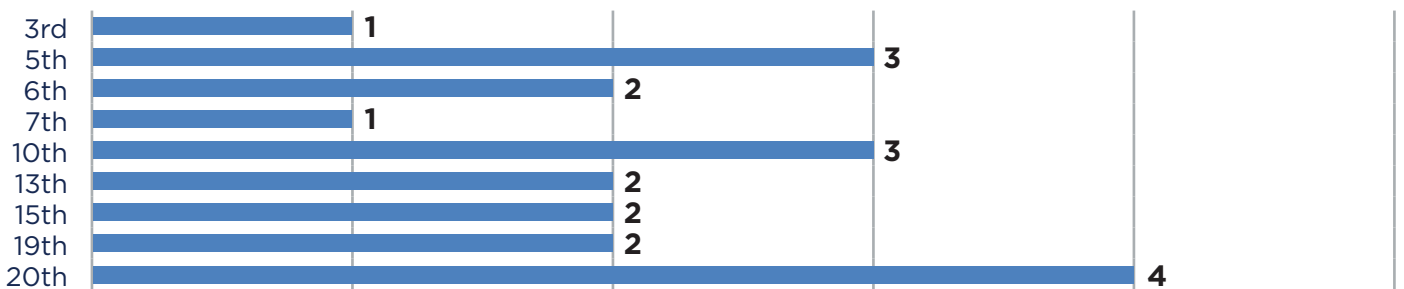
TOTAL RESTITUTION

**\$28,988,729.65**

REQUESTED ORDERED

A total of twenty presentations were declined prosecution by the respective state attorney's office.

## DECLINATIONS BY JUDICIAL CIRCUIT



# DIVISION OF WORKERS' COMPENSATION (DIVISION, DWC)

The Division is responsible for ensuring employers are in compliance with Florida's coverage requirements by obtaining workers' compensation insurance for their employees. A strong employer compliance program results in coverage for employees who may have been previously without the required coverage; ensures that employees with work-related injuries receive all statutorily required benefits; levels the economic playing field for all employers; and adds premium dollars to the system that were previously evaded due to non-compliance.

The Division conducts investigations to determine employer compliance and assesses penalties against employers who fail to adhere to the coverage requirements in Chapter 440, Florida Statutes (F.S.) The Division uses various tools to focus its investigative efforts on identifying non-compliant employers and combating premium fraud in the workers' compensation system.

Last year, the Division created two online workers' compensation coverage and compliance tutorials. The tutorials include information on coverage requirements, exemption eligibility and compliance with enforcement actions. One tutorial is required prior to completing an application for a workers' compensation exemption. The other tutorial is offered to eligible employers after an enforcement action is issued. Both are designed to educate employers on workers' compensation coverage requirements and increase compliance.

The Division recognizes the importance of collaborative efforts with other state and local enforcement agencies, especially the Division of Investigative and Forensic Services (DIFS). The Division also has long established partnerships with a variety of state and local agencies as well as industry-related associations and organizations to make the best use of resources, leverage data, and increase employer compliance.

Pursuant to subsection 626.989(9), F.S., the Division provides the following report of workers' compensation enforcement, compliance activities, and performance during FY 2023-24.



# I. REFERRALS

## Division of Investigative and Forensic Services (DIFS)

The Division and DIFS maintain a cooperative working relationship to carry out our respective statutory duties.

The Division enforces administrative compliance with the workers' compensation law, pursuant to section 440.107, F.S., while DIFS enforces the criminal provisions of the workers' compensation law, pursuant to section 440.105, F.S. Our jointly developed referral program facilitates the efficient referral of cases between the divisions and allows each division to determine if an investigation will be initiated based upon a referral. Referrals are made to each division within 24 hours of a suspected violation of the law and are considered a priority to be acted upon immediately.

Not only do the divisions communicate with each other upon receipt of a referral, but the Division often works jointly with DIFS on compliance sweeps seeking out employers that are not in compliance with the workers' compensation law.

During the period of July 1, 2023, through June 30, 2024, the Division's Bureau of Compliance referred 66 employers to DIFS for possible criminal investigation.

## Referrals to Other Agencies

The Division works cooperatively with local building and permitting agencies and provides timely responses to local agencies' calls for assistance in verifying employers who are in violation of the workers' compensation law. Joint operations have been conducted throughout the state with several city and county code enforcement offices, the Department of Business and Professional Regulation (DBPR), and DIFS.

In addition to the referrals for workers' compensation fraud, 110 employers were referred to DBPR for suspected violations of laws regulated by this entity.

## Non-Compliance Referral Database

The Division receives public referrals regarding employers who are suspected of failing to adhere to the workers' compensation coverage requirements through its online Non-Compliance Referral Database, emails and phone calls. The database streamlines the process to initiate investigations promptly and provides real-time feedback to the person who made the referral.

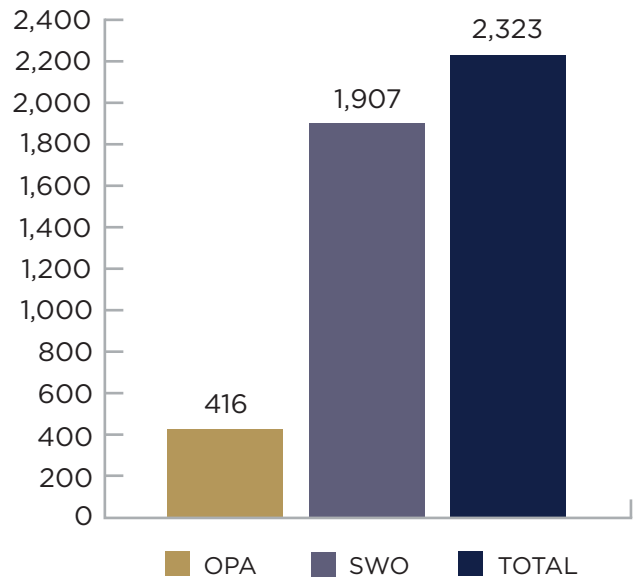
The Division investigated 841 referrals submitted via the Non-Compliance Referral Database during FY 2023-24. The investigations initiated by the referrals resulted in the issuance of 186 enforcement actions and \$1.6 million in assessed penalties against noncompliant employers.

## II. ENFORCEMENT ACTIVITIES & WC EXEMPTION STATISTICS

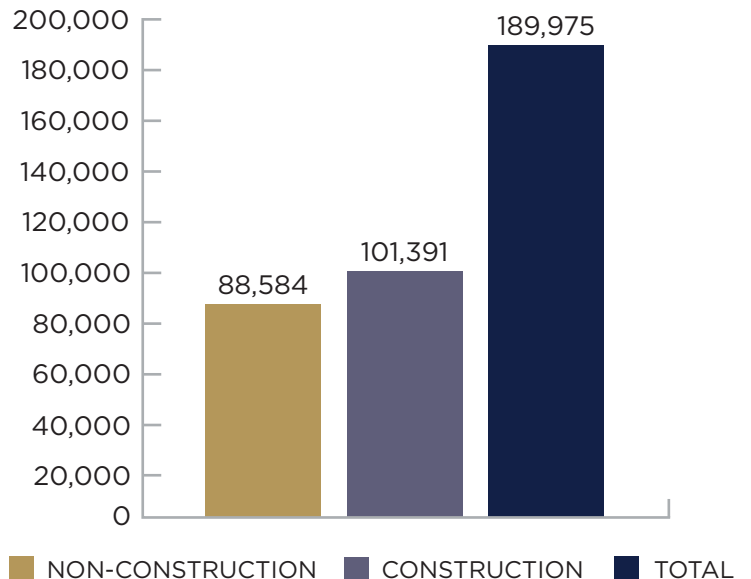
During FY 2023-24, the Division:

- Conducted 25,060 investigations. Investigations are virtual and physical onsite inspections of an employer’s jobsite or business location conducted to determine employer compliance with the workers’ compensation coverage requirements.
- Issued 2,323 enforcement actions. Enforcement actions are Stop-Work Orders and Orders of Penalty Assessment. Stop-Work Orders (SWOs) are issued for the following violations: failure to obtain workers’ compensation insurance, materially understating or concealing payroll, materially misrepresenting or concealing employee duties to avoid paying the proper premium, materially concealing information pertinent to the calculation of an experience modification factor, and failure to produce business records in a timely manner. Orders of Penalty Assessment (OPAs) are issued in cases where the employer obtains coverage prior to the issuance of the enforcement action, but after the investigation is initiated.
- Collected a total of \$ 14,737,562 in penalties. An employer who has failed to comply with the workers’ compensation coverage requirements is assessed a penalty based upon the methodology required by the workers’ compensation law. Assessed penalties are equal to 2 times what the employer would have paid in workers’ compensation insurance premiums for all periods of non-compliance up to two-years, or \$1,000, whichever is greater. Penalty amounts vary and are dependent on the employer’s payroll, risk classification, and period of non-compliance.
- Increased workers’ compensation coverage for 8,457 new employees, which generated \$6,723,970 in insurance premium.
- Issued 101,391 construction industry certificates and 88,584 non-construction certificates.

ENFORCEMENT ACTIONS ISSUED



EXEMPTION APPLICATIONS PROCESSED



## CASE STUDIES

### Case One

In September 2023, the Division initiated a virtual investigation on a janitorial/cleaning company. The investigation was a result of the employer being identified through the Bureau's data-mining initiative (Lead List) as operating without workers' compensation coverage. During the virtual investigation, the business owner informed the Investigator that the company was not providing workers' compensation insurance for its employees. As a result of the virtual investigation, the employer was issued a Stop-Work Order for failure to secure workers' compensation for its employees. The employer secured a workers' compensation policy covering 10 employees and adding \$12,691 in premium to the workers' compensation system. The employer was assessed a penalty of \$18,943.44, but after receiving a 25% penalty reduction for providing sufficient records timely, a credit for the initial payment towards its workers' compensation policy and a 15% reduction for successfully passing a workers' compensation tutorial, the final assessed penalty being owed was the minimum penalty of \$1,000. The employer has paid the assessed penalty and returned to compliance.

### Case Two

In September 2023, the Division initiated an investigation into a printing/manufacturing company based on an injured worker referral. During the investigation, the owner indicated the company employed over 10 employees and was not currently providing workers' compensation insurance. Due to the non-compliance, the employer was issued a Stop-Work Order for failure to secure workers' compensation insurance for its employees. As a result of the enforcement action, the employer secured a workers' compensation policy covering 12 employees and adding \$15,515 in premium to the workers' compensation system. The employer was assessed and paid a penalty of \$20,343.93.

### Case Three

In November 2023, the Division initiated an investigation on a medical transportation company because of a public referral. The referral alleged that a workplace incident had occurred, and the company was not providing workers' compensation insurance for its employees. During the initial investigation, the Investigator was unable to contact the owners of the company. As a result, a business records request was issued and mailed to the employer. The owner responded to the business records request and informed the Investigator the business employed 21 employees and currently was not providing workers' compensation insurance. As a result of the non-compliance, the business was issued a Stop-Work Order. The employer secured a workers' compensation policy covering 21 employees and adding \$46,618 in premium to the workers' compensation system. The employer was assessed a penalty of \$44,508.61 for the violation and has entered a periodic payment agreement to pay the assessed penalty.

### Case Four

In February 2024, the Division initiated an investigation into a dental office. The investigation was a result of the employer being identified through the Bureau data-mining initiative (Lead List) as operating without workers' compensation insurance. During the initial investigation, the business owner informed the Investigator that the office employed 24 employees and currently was not providing workers' compensation insurance for its employees. Because the business employed the number of employees that statutorily requires an employer to provide workers' compensation insurance, the business was issued a Stop-Work Order. The employer secured a workers' compensation policy covering 23 employees, resulting in \$3,400 in premium being added to the workers' compensation system. The employer was assessed a penalty of \$2,349.22, but because the employer took advantage of the various credits that the Division offered (25% reduction for timely and sufficient records, initial payment toward policy and penalty tutorial), the employer was assessed and paid the minimum penalty of \$1,000.

## III. DIVISION INITIATIVES

### Employer Education

The Division continues its effort to provide Florida's employers with information regarding their statutory obligations under the workers' compensation law. The Division has been providing free seminars to employers, contractors and a variety of organizations through classroom instruction and webinars throughout the state. Instruction has been provided to a number of industry groups to assist them in understanding their statutory obligations under the workers' compensation law. The Division partners with the U.S. Department of Labor, Office of Safety and Health Administration (OSHA), and the USF Safety Florida Consultation Program in providing these educational seminars.

The Division is certified to provide instruction and continuing education credits for training on workers' compensation and workplace safety to employers who are licensed by DBPR, Construction Industry Licensing Board, Electrical Contractors Licensing Board and the Board of Accountancy.

The Division issued 48 Continuing Education Units (CEUs) to business owners, and licensed contractors who attended scheduled webinars.

### Collection Activities

Employers have the option of paying their penalties in full or entering into a periodic payment agreement. Subparagraph 440.107(7)(a.), F.S., permits employers to submit periodic penalty payments pursuant to a payment agreement schedule. In FY 2023-24, the Division entered into 749 payment agreements.

### Investigative Leads Initiative Through the Use of Data

Several key initiatives are allowing the Division to focus its investigative efforts on identifying non-compliant employers to maximize its resources for the benefit of the citizens of this state. The Division utilizes several data sources to identify non-compliant employers.

- The Division utilizes payroll and employee information provided from the Department of Revenue to cross match with the Division's policy data; the Division is able to create lists of suspected non-compliant employers. Employers identified as potentially non-compliant are notified of the workers' compensation requirements and the penalties for failure to secure workers' compensation. Those employers that do not secure coverage following the notification are referred for investigation.
- The Division reviews policy cancellation information to identify employers whose policies have been canceled and no subsequent coverage has been obtained.
- County and city permitting information is obtained to identify new jobsites where construction activity may be occurring.
- The Division utilizes information from a check cashing store database operated by the Office of Financial Regulation to identify employers using money service businesses to underreport payroll, thus avoid paying the appropriate workers' compensation premium.
- The Division utilizes the Coverage and Compliance Automated System (CCAS), Daily Activity Report to obtain information documented by investigators as information for underwriters. This material is compared to policy data and provides a review of compliant employers with detailed information about the number of employees observed onsite.

## IV. BUREAU OF COMPLIANCE TRAINING

### THE OBJECTIVE

The Division's training and continuing education programs are an integral component of activities to help investigators in identifying and administering enforcement actions for employers that are not in compliance. The Division conducted numerous workers' compensation training sessions during FY 2023-24.

The primary objective of the training sessions is to give each staff member greater technical skills to enhance their enforcement efforts by reviewing policies and procedures, comparing and analyzing data, and identifying areas for improvement within the enforcement process.

The training sessions are summarized here:

#### Inservice Training Workshops

Inservice training workshops are designed to educate compliance investigators, penalty auditors, facilitators and exemption staff members on the workers' compensation law, administrative rules, and new and existing policies and procedures.

#### Penalty Administration Training Workshops

This training series is designed primarily for the Division's penalty auditors. It focuses on laws, procedures and policies related to calculating penalties for non-compliant violations. The training is important in ensuring consistent application of the penalty calculation procedures.

Penalty auditors are required to attend these training workshops.

#### New Investigator/Auditor Training Program

As new investigators and penalty auditors are hired, the District Supervisors and the Training Coordinator provide individualized training on policies and procedures, processes, forms, databases, customer service and the investigative process. This 10-week training program was developed and implemented specifically for new investigators and auditors. The investigator/auditor and the supervisor sign an acknowledgement form after the completion of each portion of the training program. The investigator/auditor is then assigned to accompany experienced investigators/auditors in the field prior to being assigned to perform enforcement action independently.

#### National Certified Investigator and Inspector Training

In April 2024, the Investigations Team attended a 3-day training provided by the Council on Licensure, Enforcement and Regulation (CLEAR). This training covered a range of topics from professional conduct to investigative process.

## V. DIVISION WEBSITE & DATABASES

The Division's website contains links to several databases that are helpful to employers. These databases provide access to information for all stakeholders in the Workers' Compensation System. The Division recognizes the importance of providing stakeholders with as much information as possible to assist them in fulfilling their rights and responsibilities under the workers' compensation law. The Division's website is located at: [www.MyFloridaCFO.com/Division/wc/](http://www.MyFloridaCFO.com/Division/wc/)

The following is a list and description of databases within the Division's website:

### Proof of Coverage Database

The Proof of Coverage Database is available to the public and is helpful to employers in both the construction and non-construction industries. An employer can determine if a subcontractor, or other entity, has a workers' compensation insurance policy or certificate of exemption, enabling them to assess their own liability for providing coverage for unprotected workers, as required by section 440.10, F.S.

The website is located at: <https://dwcdataportal.fldfs.com/ProofOfCoverage.aspx>

### Compliance Stop-Work Order Database

The Compliance Stop-Work Order Database, which is accessed through the Division's website, lists employers that have been issued Stop-Work Orders for failing to comply with the coverage requirements of Chapter 440, F.S. The database contains each employer's name, the date the Stop-Work Order was issued, the date the Stop-Work Order was released and the type of noncompliance violation.

The website is located at: [secure.fldfs.com/wcapps/swo/SWOquery.asp](http://secure.fldfs.com/wcapps/swo/SWOquery.asp)

### Construction Policy Tracking Database

The Construction Policy Tracking Database continues to be an effective tool for contractors and other interested parties regarding the workers' compensation coverage and exemption status of the subcontractors they use. The system is designed to send automatic electronic notification to an employer concerning any changes to the subcontractor's coverage and/or exemption status.

This database is also a useful tool for local permitting and licensing officials and insurers. As of June 30, 2024, a total of 3,110 Construction Policy Tracking Database registrants are tracking workers' compensation policies and/or exemptions associated with 57,210 subcontractors.

The website is located at: <https://contractor.fldfs.com/>

### Coverage Assistance Program

The Division published the Coverage Assistance Program to assist employers in obtaining workers' compensation coverage for their employees. This online tool allows employers to enter their primary class code or business description to find insurance companies that are currently providing workers' compensation coverage to employers with that same class code or business description. Although the results do not guarantee an insurance company will write a policy for the employer who is seeking coverage, the program can assist employers in their pursuit of cost-effective premiums and save time in the process.

The program also allows employers to estimate their policy premium based on the class codes for their business operation. The results are not the exact amounts that will be billed by the insurance companies since there are additional fees associated to obtain a workers' compensation insurance policy. This is simply an informational guide to forecast what your premium may be prior to additional fees.

The website is located at: <https://minimarket.fldfs.com/>

### DWC e-alerts & Instructional Videos

The Division publishes e-alerts when newsworthy events or important announcements are available. Announcements regarding employer seminars, the promulgation of rules, and changes to the laws are examples of how the e-alert system is used. This is very helpful to employers who need to remain current with the changes in regulations governing their businesses. Instructional videos on key workers' compensation subjects are available on the Division's website.



## VI. DWC OFFICE LOCATIONS & STAFF

The Division maintains seven district offices statewide. The offices are located in Jacksonville, Orlando, West Palm Beach, Miami, Pensacola, Tampa, and Fort Myers.

	District Office Locations	Number of Investigators
District 1	Jacksonville	9
District 1A	Pensacola	8
District 2	West Palm Beach	9
District 3	Tampa	8
District 4	Orlando	7
District 5	Miami	8
District 7	Ft. Myers	8
Total	All District Offices	57

## VII. AVERAGE CASELOAD

For the period of July 1, 2023, through June 30, 2024, a total of 25,060 employer investigation cases were initiated resulting in an average caseload of 439 cases per investigator.

