

WHEN AN UNLICENSED CONTRACTOR RECEIVES A STOP ORDER

State law requires that only licensed contractors perform construction work, except for small projects costing less than \$1,000 including labor and materials. Hiring an unlicensed contractor puts you at risk should there be an injury on your job site as 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. If the CSLB has issued a Stop Order to your contractor, all work must stop immediately. No work can continue by the unlicensed, uninsured operator or by their employees at any location until a contractor license has been obtained, workers' compensation insurance is secured, and CSLB lifts the Stop Order.

WHAT DOES A STOP ORDER MEAN FOR AN UNLICENSED CONTRACTOR?

You do not have a license for the trade work you are performing—work that exceeds \$1,000 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 individuals 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 bonafide **employee of a licensed, insured contractor** who has a direct contract with the property owner.
- You can find more details about how to become a licensed contractor in CSLB's *Get Licensed to Build: A Guide to Becoming a California Licensed Contractor* publication on CSLB's website at cslb.ca.gov.

WHEN A LICENSED CONTRACTOR RECEIVES A STOP ORDER

Your licensed contractor has failed to secure workers' compensation insurance for their employees and has been issued a Stop Order. This means they cannot use employee labor on any project until they obtain the proper insurance, CSLB receives and verifies proof of the policy, and then lifts the Stop Order. When CSLB lifts a Stop Order, the contractor will be notified, and work with employee labor can resume.

WHAT DOES A STOP ORDER MEAN FOR A 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

U.S. MAIL:

ATTN: Workers' Compensation Unit
9821 Business Park Drive
Sacramento, CA 95827