

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). It's issued by government agencies when there are safety concerns or unlawful actions in progress. Since 2011, Business and Professions (B&P) Code section (§) 7127 gave CSLB the authority to issue Stop Orders if the contractor doesn't have workers' compensation insurance coverage for their employees.

This law helps protect law-abiding contractors, construction employees, and property owners who hire contractors for construction or home improvement. **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 projects** until they get workers' compensation insurance and provide proof 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

If a contractor gets a Stop Order from CSLB, they can challenge it by submitting a written request for a hearing **within 20 days** of receiving the order. The contractor is notified by mail of the hearing time and place, and the hearing is held within five (5) days from the filing date of the request. At the end of the hearing, the Stop Order is either affirmed or dismissed and, within 24 hours, CSLB issues and serves by registered or certified mail a Written Notice of Findings and Findings.

EMPLOYEES IMPACTED BY A STOP ORDER

You have protections if you work for a contractor who has been issued a Stop Order for failure to carry a valid workers' compensation insurance policy. The 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.** For more information about your rights, visit California Department of Industrial Relations' website at dir.ca.gov/dlse.



CONTRACTORS STATE LICENSE BOARD

P.O. Box 26000
Sacramento, CA 95826-0026
800-321-CSLB (2752)
cslb.ca.gov

DEPARTMENT OF CONSUMER AFFAIRS

13P-071/0825

A GUIDE FOR CONSUMERS AND CONTRACTORS

What is a Stop Order?



CONTRACTORS STATE LICENSE BOARD

Department of Consumer Affairs



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