



TESTIMONY OF SEBASTIAN FECULAK
POLITICAL DIRECTOR IRONWORKERS MID-ATLANTIC STATES DISTRICT COUNCIL

SB0938 / HB1096 – FRAUD PREVENTION AND WORKER PROTECTIONS - PROHIBITIONS, PENALTIES,
AND ENFORCEMENT

BEFORE THE SENATE FINANCE COMMITTEE AND HOUSE ECONOMIC MATTERS COMMITTEE

FAVORABLE

Chairs Beidle and Wilson, and Members of the Senate Finance and House Economic Matters committees, My name is Aaron Bast, and I serve as the Business Manager and Financial Secretary Treasurer for Iron Workers Local 5. On behalf of the hardworking union members we represent, I am here today to express our strong support for SB0938 / HB1096, a critical piece of legislation that strengthens worker protections, closes loopholes in our unemployment insurance system, and ensures that Maryland's wage laws are enforced with real consequences for bad actors.

For too long, unscrupulous employers have exploited gaps in our labor laws to misclassify workers, underpay unemployment insurance contributions, and cheat working Marylanders out of their hard-earned wages. This bill takes meaningful steps to address these abuses by:

- Prohibiting fraudulent underpayment of unemployment insurance contributions and wrongful payment of benefits over a set threshold.
- Strengthening enforcement of Maryland's Wage and Hour Law, Wage Payment and Collection Law, workplace fraud laws, living wage laws, and prevailing wage laws.
- Establishing the Worker Protection Unit within the Office of the Attorney General to ensure that violations of worker protection laws are properly investigated and prosecuted.

One of the greatest weaknesses in Maryland's current system is that the Attorney General lacks the statutory power to enforce wage theft, misclassification, and related labor violations. As a result, enforcement of these critical protections falls solely on the Department of Labor and other agencies, which often lack the capacity to address the full scale of the problem. Without the ability to take direct legal action, the Attorney General's Office is unable to pursue bad actors who systematically exploit workers through wage fraud, depriving both employees and the state of rightful earnings and tax revenue.

Granting the Attorney General concurrent jurisdiction with the Department of Labor and other state agencies would significantly enhance Maryland's ability to combat wage theft and worker misclassification. This expansion of authority would allow the AG to collaborate with existing enforcement bodies, share investigative resources, and ensure that violations are prosecuted to the fullest extent of the law. Moreover, wage theft and worker misclassification are often linked to other forms of fraud, including tax fraud, insurance fraud, workers' compensation fraud, unemployment insurance fraud, and FICA fraud. Providing the Attorney General with the ability to investigate and prosecute these cases holistically would not only protect workers but also ensure that employers who follow the law are not undercut by those who engage in illegal practices.



Other states have recognized the necessity of granting their Attorneys General the power to enforce wage laws. California, Illinois, Massachusetts, New York, Washington, and the District of Columbia have all enacted statutory wage enforcement powers for their AGs. In contrast, some states, like North Carolina, derive their AG's authority from constitutional provisions, while others have developed enforcement powers through common law precedents.

Maryland should follow the lead of these states by providing its Attorney General with statutory wage enforcement powers to ensure that unscrupulous employers cannot evade accountability. SB0938 / HB1096 is a long-overdue step toward ensuring that Maryland's workers are treated fairly and that employers who violate the law are held accountable. By improving enforcement mechanisms and increasing penalties for wage theft and misclassification, this bill helps protect the rights of workers and strengthens Maryland's economy as a whole.

Iron Workers Mid-Atlantic District States Council stands firmly in support of this legislation, and we urge the committee to give it a favorable report. Thank you for your time and consideration. I am happy to answer any questions you may have.

Sincerely,

Sebastian Feculak
Political Coordinator Mid-Atlantic States District Council