



# Cal-SARA

CALIFORNIA STAFFING AGENCY  
REFORM ASSOCIATION

# Why Cal-SARA?



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# Our Purpose



Association of businesses to promote legal and regulatory compliance in the sale of workers' compensation insurance and to promote the common business interest of members in recognizing and eliminating workers compensation' fraud in the temporary staffing/staffing/recruiting industries.

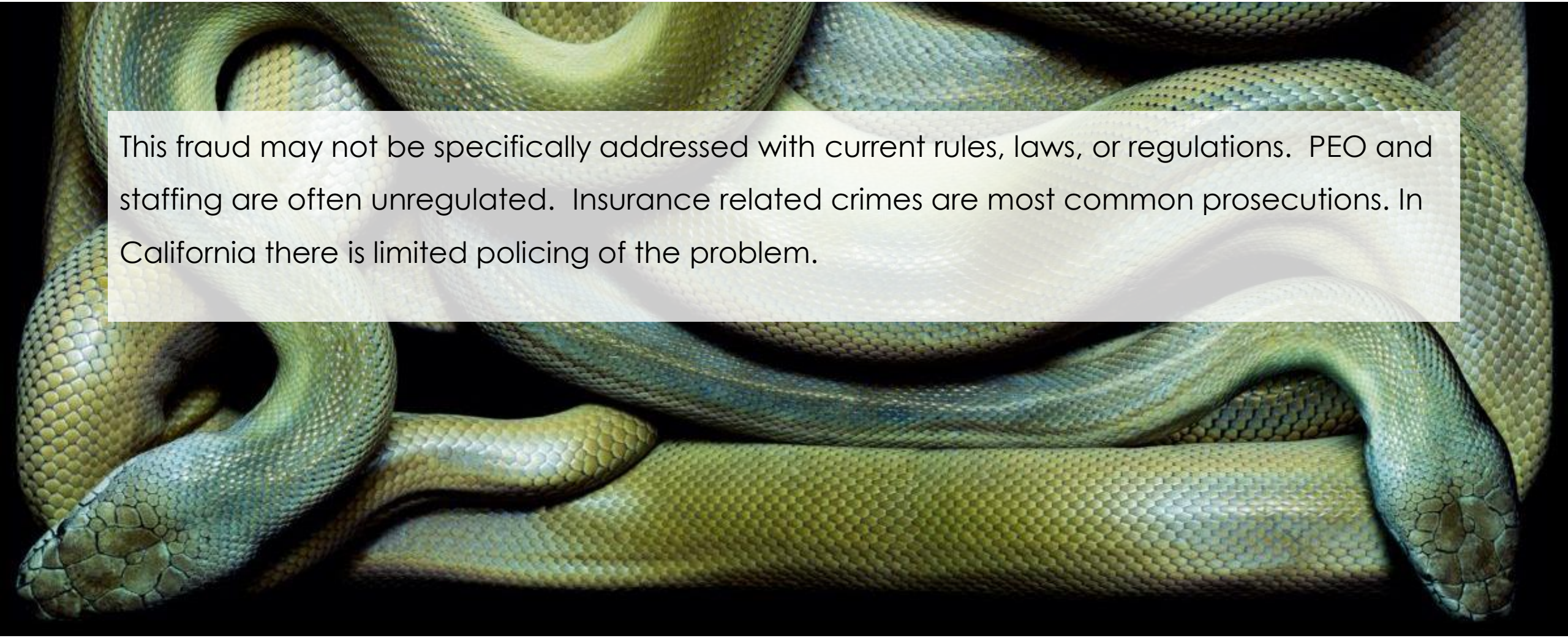


# The Current Situation

- Workers' comp fraud in the staffing and PEO industries is an underground economy (shadow economy) with billions of dollars a year being diverted out of the state regulated workers comp system.
- It undermines fair business practices by creating unrealistic and false pricing narratives. Cheaters do it cheaper.

# The Current Situation

This fraud may not be specifically addressed with current rules, laws, or regulations. PEO and staffing are often unregulated. Insurance related crimes are most common prosecutions. In California there is limited policing of the problem.



# Why?



Cases are complicated



They take time



Cases often need audits, and many regulatory and enforcement entities are short on forensic auditors

These cases offer few arrests for the amount of time, and department investment, made into these cases. It is a bold fraud and easy to detect when you know what to look for... but then again, who is looking?

# Why?



- CDI often denies or fails to follow-up on cases for “lack of resources.”
- Injured workers are often vulnerable populations with low skills levels, limited English speaking, limited employment options, and therefore are easily intimidated and silenced.
- Therefore, most fraudulent activities continue rampant and unchecked.



# Cal-SARA's Approach



- Encourage stakeholders to join Cal-SARA and commit to combating fraudulent practices
- Develop educational materials and presentations to inform and empower stakeholders
- Participate in coalitions and joint efforts to address and expose fraud
- Identify and assist whistleblowers in exposing and addressing fraudulent practices and activities
- Pursue litigation to hold fraudulent actors accountable





# Litigation

- Unfair business practices are an available remedy through litigation under California Business and Professions Code 17200.
- Civil conspiracies in California, require the plaintiff to provide evidence that “the defendant had knowledge of and agreed to both the objective and the course of action that resulted in the injury, that there was a wrongful act committed pursuant to that agreement, and that there was resulting damage.”

# Membership

Members' support  
Cal-SARA with dues  
and contributions  
to the Cal-SARA  
Litigation Fund

**Cal-SARA  
Membership**

Members agree  
to follow a  
Code of Conduct



# Code-of-Conduct

## MISSION:

To work with industry stakeholders to create and maintain a fair and compliant California Staffing Agency Marketplace.

## CORE FUNCTION:

- Education
- Assistance
- Take Action



**Cal-SARA**  
CALIFORNIA STAFFING AGENCY  
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(Attachment 1)

## Cal-SARA Code of Conduct

### Mission

To work with industry stakeholders to create and maintain a fair and compliant California Staffing Agency Marketplace.

### Purpose

The purpose of Cal-SARA is to promote legal and regulatory compliance in the sale of workers' compensation insurance and to promote the common business interest of members in recognizing and eliminating workers compensation fraud in the temporary staffing/staffing/recruiting industries.

### Core Functions

Education, Assistance, and Taking Action

- Provide **education and awareness** to stakeholders relevant to the Cal-SARA purpose and mission
- Provide **assistance** to regulators and insurers relevant to the Cal-SARA purpose and mission
- **Take action** to protect Cal-SARA members from illegal/unethical activity

### Member Code of Conduct

- Staffing agencies
  - Must have and maintain valid workers compensation coverage
  - Must report their all their payroll to their insurance carrier
  - Must not pay claims under the table
- Brokers
  - Must be licensed (if giving advice on work comp)
  - Must not sell Employer of Record services as a workers' compensation insurance replacement
  - Must understand the risks of insuring a staffing agency
- Insurers and PEOS
  - Must enforce payroll reporting by staffing agencies
  - Must not engage in Experience Modification Rating evasion
  - Must enforce claims reporting
- Associate
  - Must subscribe to industry best practices and support the purpose and mission of Cal-SARA

# Education & Partnerships

- Cal-SARA reaches out to like minded individuals and organizations to join forces to identify and eliminate fraud in the workers' compensation insurance marketplace.
- Cal-SARA is developing and borrowing educational tools to help individuals and organizations identify and avoid workers' compensation insurance fraud.

# Next Steps



- Cal-SARA will continue pursue its current litigation against practitioners of fraudulent workers' compensation activities.
- Cal-SARA is developing and producing webinars to explore the various aspects of workers' compensation fraud and its impact on the staffing industry and workers.





# Cal-SARA

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## Thank You.

For more information, visit [www.cal-sara.org](http://www.cal-sara.org)