

**SENATE . . . . . No. 2110**

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**The Commonwealth of Massachusetts**

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**In the One Hundred and Ninetieth General Court**  
**(2017-2018)**  
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SENATE, Tuesday, July 11, 2017

The committee on Labor and Workforce Development to whom was referred the petition (accompanied by bill, Senate, No. 1041) of Michael J. Rodrigues and Michael J. Barrett for legislation relative to the recognition and registration of professional employer organizations operating in the Commonwealth,- reports the accompanying bill (Senate, No. 2110).

For the committee,  
Jason M. Lewis

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**In the One Hundred and Ninetieth General Court  
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An Act relative to the recognition and registration of professional employer organizations operating in the Commonwealth of Massachusetts.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1           SECTION 1. Chapter 149 of the General Laws, as appearing in the 2014 Official  
2 Edition, is hereby amended by inserting after section 191 the following 13 sections:-

3           Section 192. The following words, as used in this section and in sections 193 through  
4 204, inclusive, shall have the following meanings unless the context otherwise requires:

5           “Client”, a person who enters into a professional employer agreement with a professional  
6 employer organization.

7           “Covered Employee”, an individual employed in a PEO relationship where the  
8 individual’s PEO relationship is under a professional employer agreement. Individuals who are  
9 officers, directors, shareholders, partners and managers of the client will be covered employees,  
10 except to the extent the professional employer organization and the client have expressly agreed  
11 in the professional employer agreement that such individuals would not be covered employees,

12 provided such individuals meet the criteria of this paragraph and act as operational managers or  
13 perform day-to-day operational services for the client.

14 “Department”, the department of labor standards.

15 “Director”, the director of the department of labor standards.

16 “Employment Agency”, shall have the same meaning as defined in section 46A of  
17 chapter 140.

18 “PEO Group”, 2 or more professional employer organizations that are majority owned or  
19 commonly controlled by the same entity, parent or controlling person or persons.

20 “Person”, any individual, partnership, corporation, limited liability company, association  
21 or any other form of legally recognized entity.

22 “Professional Employer Agreement”, a written contract by and between a client and a  
23 professional employer organization that: (a) provides for the PEO relationship of covered  
24 employees; (b) allocates employer rights and obligations between the client and the professional  
25 employer organization with respect to the covered employees; (c) allocates the responsibilities  
26 between the professional employer organization and the client; and (d) shall not affect, modify or  
27 amend any employee rights under federal, state, local or municipal law and in no way abrogate  
28 obligations of the client or the PEO to covered employees under such laws.

29 “Professional Employer Organization” or “PEO”, any person engaged in the business of  
30 providing professional employer services who is subject to registration and regulation pursuant  
31 to sections 192 through 204, inclusive regardless of its use of the term or conducting business as  
32 a professional employer organization staff leasing company, registered staff leasing company,

33 employee leasing company, administrative employer or any other name provided that the  
34 following shall not be deemed to be professional employer organizations or to be providing of  
35 professional employment services: (a) arrangements wherein a person, whose principal business  
36 activity is not entering into professional employer arrangements and which does not hold itself  
37 out as a PEO, shares employees with a commonly owned company within the meaning of section  
38 414(b) and section 414(c) of the Internal Revenue Code of 1986, as amended; (b) Independent  
39 contractor arrangements as defined by Section 148 of this chapter; or (c) Services provided by an  
40 Employment Agency or Staffing Agency

41 “PEO Relationship”, a co-employment relationship, where all the rights, duties and  
42 obligations of an employer which arise out of an employment relationship have been allocated  
43 between the PEO and the client pursuant to a professional employer agreement, provided  
44 however, that a staffing agency and an employment agency are not a PEO. In a PEO relationship:  
45 (a) the professional employer organization is entitled to enforce only such employer rights and is  
46 subject to only those obligations allocated in the professional employment agreement or as  
47 specifically required pursuant to sections 192 through 204, inclusive; (b) the client is entitled to  
48 enforce those rights, and obligated to provide and perform those employer obligations allocated  
49 to the client by the written professional employer agreement; (c) the client is entitled to enforce  
50 any right and obligated to perform any obligation of an employer not specifically allocated to the  
51 PEO or sections 192 through 204, inclusive; and (d) neither the client nor the PEO may delegate  
52 duties and responsibilities to the other unless such delegation is provided in the professional  
53 employer agreement and unless the covered employees are informed about this delegation of  
54 duties and responsibilities.

55 “Professional Employer Services”, the service of entering into PEO relationships in  
56 which all or a majority of the employees providing services to a client or to a division or work  
57 unit of the client are covered employees.

58 “Registrant”, a PEO registered pursuant to section 196 of this chapter.

59 “Staffing Agency”, as defined by section 159C of this chapter.

60 “Wages”, as defined by section 148 of this chapter.

61 Section 193. (a) Nothing contained in sections 192 through 204, inclusive, or in any  
62 professional employer agreement shall affect, modify or amend any collective bargaining  
63 agreement, or the rights or obligations of any client, PEO or covered employee under the federal  
64 National Labor Relations Act, the Federal Railway Labor Act, chapter 150A or 150E of the  
65 General Laws or any other applicable federal or state law.

66 (b) Collective bargaining, should it commence after an agreement is entered into between  
67 a PEO and a client, shall be conducted as required by federal and state law.

68 (c) Nothing in sections 192 through 204, inclusive or in any professional employer  
69 agreement shall:

70 (1) Diminish, abolish or remove rights of covered employees to a client or  
71 obligations of such client to a covered employee existing prior to the effective date of the  
72 professional employer agreement under federal or state law;

73 (2) Affect, modify or amend any contractual relationship or restrictive covenant  
74 between a covered employee and any client in effect at the time a professional employer  
75 agreement becomes effective. Nor shall it prohibit or amend any contractual relationship or

76 restrictive covenant that is entered into subsequently between a client and a covered employee. A  
77 PEO shall have no responsibility or liability in connection with, or arising out of, any such  
78 existing or new contractual relationship or restrictive covenant unless the PEO has specifically  
79 agreed otherwise in writing; or

80 (3) Affect, modify or amend any employee rights under federal, state, local or  
81 municipal law.

82 Section 194. (a) Nothing contained in sections 192 through 204, inclusive, or any  
83 professional employer agreement shall affect, modify or amend any federal, state or local  
84 licensing, registration or certification requirement applicable to any client or covered employee.

85 (b) A covered employee who must be licensed, registered or certified according to law or  
86 regulation is deemed solely an employee of the client for purposes of any such license,  
87 registration or certification requirement.

88 (c) A PEO shall not be deemed to engage in any occupation, trade, profession or other  
89 activity that is subject to licensing, registration or certification requirements, or is otherwise  
90 regulated by a government agency solely by entering into and maintaining a PEO relationship  
91 with a covered employee who is subject to such requirements or regulation.

92 (d) A client shall have the sole right of direction and control of the professional or  
93 licensed activities of covered employees and of the client's business. Covered employees and  
94 clients shall remain subject to regulation by the regulatory or governmental entity responsible for  
95 licensing, registration or certification of such covered employees or clients.

96           Section 195.(a) For purposes of the determination of tax credits and other economic  
97 incentives provided by the commonwealth or other government entity and based on employment,  
98 covered employees shall be deemed solely the client's employees. A client shall be entitled to the  
99 benefit of any tax credit, economic incentive or other benefit arising as the result of the  
100 employment of covered employees of such client. Notwithstanding that the PEO is the W-2  
101 reporting employer; the client shall continue to qualify for the benefit, incentive or credit. If the  
102 grant or amount of any benefit, incentive or credit is based on number of employees, then each  
103 client shall be treated as employing only those covered employees involved in a PEO  
104 relationship by such client. Covered employees working for other clients of the PEO shall not be  
105 counted. Each PEO will provide, upon request by a client or by agency employment information  
106 reasonably required for administration of any tax credit or economic incentive and necessary to  
107 support any request, claim, application or other action by a client seeking any tax credit or  
108 economic incentive.

109           (b) With respect to a bid, contract, purchase order or agreement entered into with the  
110 commonwealth or a political subdivision thereof, a client company's status or certification under  
111 federal or state law as a small, minority-owned, disadvantaged, woman-owned business or other  
112 underutilized class of enterprise shall not be affected because the client company has entered into  
113 a PEO relationship.

114           Section 196.(a) Except as otherwise provided in sections 192 through 204, inclusive, no  
115 person shall provide, advertise or otherwise hold itself out as providing Professional Employer  
116 Services in the commonwealth, unless such person is registered pursuant to this section.

117 (b) Each applicant for registration shall provide the department with the following  
118 information:

119 (1) The name or names under which the PEO conducts business or will conduct  
120 business;

121 (2) The address of the principal place of business of the PEO and the address of  
122 each office it maintains in the commonwealth;

123 (3) The PEO's taxpayer or employer identification number;

124 (4) A list by jurisdiction of each name under which the PEO has operated in the  
125 preceding 5 years, including any alternative names, names of predecessors and, if known,  
126 successor business entities;

127 (5) A statement of ownership, which shall include the name and evidence of the  
128 business experience of any person that, individually or acting in concert with one or more other  
129 persons, owns or controls or will own or control if known or reasonably known at the time of  
130 registration, directly or indirectly, twenty-five percent or more of the equity interests of the PEO;

131 (6) A statement of management, which shall include the name and evidence of the  
132 business experience of any person who serves or will serve, if known or reasonably known at the  
133 time of registration, as president, chief executive officer, or otherwise has the authority to act as  
134 senior executive officer of the PEO; and

135 (7) A financial statement setting forth the financial condition of the PEO or PEO  
136 Group. At the time of application for a new license, as part of the financial statement, the  
137 applicant shall submit an audit of the applicant, which shall be the most recent audit available

138 and shall not be older than 13 months. Nothing in this paragraph shall be construed as to require  
139 the department to conduct the audit. Thereafter, a PEO or PEO Group shall file on an annual  
140 basis, at the time of renewal, a succeeding audit. An applicant may apply for an extension with  
141 the department but any such request must be accompanied by a letter from the auditors stating  
142 the reasons for the delay and the anticipated audit completion date. The financial statement shall  
143 be prepared in accordance with generally accepted accounting principles, and the audit shall be  
144 conducted by an independent certified public accountant licensed to practice in the jurisdiction in  
145 which such accountant is located, and shall be without qualification as to the going concern  
146 status of the PEO. A PEO Group or a PEO that is part of an organizational structure where it is  
147 majority owned or commonly controlled by an entity, parent or controlling person may submit  
148 combined or consolidated audited financial statements to meet the requirements of this section. A  
149 PEO that has not had sufficient operating history to have audited financials based upon at least  
150 12 months of operating history must meet the financial capacity requirements below and in  
151 subsections (l) and (m) and must present financial statements reviewed by a certified public  
152 accountant; and

153 (8) A list of clients including client name, physical address, telephone number and  
154 federal identification number.

155 (c) A PEO shall complete its initial registration prior to initiating operations within the  
156 commonwealth. In the event a PEO that is not registered in the commonwealth becomes aware  
157 that an existing client not based in the commonwealth has employees and operations in the  
158 commonwealth, the PEO must either decline to provide PEO services for those employees or  
159 notify the department within five business days of its knowledge of the fact and file a full  
160 business registration if there are more than 15 covered employees. The department may issue an

161 interim operating permit for the period the registration applications are pending if (i) the PEO is  
162 currently registered or licensed by another state and (ii) the department determines it to be in the  
163 best interests of the potential covered employees.

164 (d) Upon expiration of its registration, the registrant shall renew its registration by  
165 notifying the department of any changes in the information provided in the registrant's most  
166 recent registration or renewal. A registrant's existing registration shall remain in effect during the  
167 pendency of a renewal application.

168 (e) PEOs in a PEO Group may satisfy the reporting and financial requirements  
169 established pursuant to this section on a combined or consolidated basis provided that each  
170 member of the PEO Group guarantees the financial capacity obligations under paragraph (7) of  
171 this section for each member of the PEO Group. In the case of a PEO Group that submits a  
172 combined or consolidated audited financial statement, including entities that are not PEOs or that  
173 are not in the PEO Group, the controlling entity of the PEO Group under the consolidated or  
174 combined statement must guarantee the obligations of the PEOs in the PEO Group.

175 (f) A PEO that is part of an organizational structure where it is majority owned or  
176 commonly controlled by an entity, parent or controlling person may submit a combined or  
177 consolidated audited financial statement provided the controlling entity under the consolidated or  
178 combined statement guarantees the obligations of the PEO.

179 (g) The department shall maintain a list of PEOs registered pursuant to this section that is  
180 readily available to the public by electronic or other means.

181 (h) The department may prescribe forms necessary to promote the efficient  
182 administration of this section.

183 (i) applications, documents, reports and other filings shall be submitted in a manner  
184 determined by the director, which may also include the acceptance of electronic filings and other  
185 assurance by an independent and qualified assurance organization approved by the director that  
186 provides satisfactory assurance of compliance acceptable to the director consistent with or in lieu  
187 of the requirements of subsections (b) through(g), inclusive, and subsection (k), and other  
188 requirements of sections 192 through 204, inclusive or the regulations promulgated pursuant to  
189 those sections. The director shall permit a PEO to authorize such an approved assurance  
190 organization to act on the PEO's behalf in complying with the registration requirements pursuant  
191 to section 196, including electronic filings of information and payment of registration fees. Use  
192 of such an approved assurance organization shall be optional and not mandatory for a registrant.  
193 Nothing in this subsection shall limit or change the department's authority to register or  
194 terminate registration of a professional employer organization or to investigate or enforce any  
195 provision of this chapter.

196 (j) All records, reports and other information obtained from a PEO for the purposes of  
197 section 197, except to the extent necessary for the department's proper administration of this  
198 chapter, shall be confidential and shall not be published or open to public inspection other than to  
199 public employees in the performance of their public duties or otherwise in accordance with  
200 federal or state law.

201 (k) The department shall determine by rule any fee to be charged for initial registration,  
202 renewal or group registration.

203 (l) Except as provided by subsection (e) and (f), each PEO or collectively each PEO  
204 Group shall maintain:

205 (1) positive working capital, as defined by generally accepted accounting  
206 principles, proof of which will be submitted at registration as reflected in the financial statements  
207 submitted to the department with the initial registration and each annual renewal; and

208 (2) Each PEO shall maintain a surety bond in the amount of \$250,000, proof of  
209 which will be submitted at the time of registration. The surety bond required shall be in a form  
210 acceptable to the director and maintained while the license remains in effect or any obligations or  
211 liabilities of the registrant remain outstanding.

212 (m) A PEO or PEO Group that does not have positive working capital may provide a  
213 bond, irrevocable letter of credit or securities with a minimum market value equaling the  
214 deficiency plus \$250,000. Such bond is to be held by a depository designated by the department,  
215 securing payment by the PEO of all taxes, wages, benefits or other entitlement due to or with  
216 respect to covered employees, if the PEO does not make such payments when due.

217 Section 197.(a) Except as specifically provided in sections 192 through 204, inclusive  
218 and in the professional employer agreement pursuant to this section, or under any subsequent  
219 written agreement or amendment, in each PEO relationship:

220 (1) The client shall be entitled to exercise all rights, and shall be obligated to  
221 perform all duties and responsibilities, otherwise applicable to an employer in an employment  
222 relationship; and;

223 (2) The PEO shall be entitled to exercise only those rights, and obligated to  
224 perform only those duties and responsibilities, specifically required pursuant to sections 192  
225 through 204, inclusive, or those set forth in the professional employer agreement. The rights,  
226 duties and obligations of the PEO with respect to any covered employee shall be limited to those

227 arising pursuant to the professional employer agreement and those required pursuant to this  
228 chapter during the term of the PEO relationship with such covered employee.

229 (3) Unless otherwise expressly agreed by the PEO and the client in a professional  
230 employer agreement, the client retains the exclusive right to direct and control the covered  
231 employees as is necessary to conduct the client's business, to discharge any of the client's  
232 fiduciary responsibilities or to comply with any licensure requirements applicable to the client or  
233 to the covered employees.

234 (b) Except as specifically provided in sections 192 through 204, inclusive, the PEO  
235 relationship between the client and the PEO and between the PEO and each covered employee,  
236 and the client and each covered employee shall be governed by the professional employer  
237 agreement.

238 Each professional employer agreement shall include the following:

239 (1) The allocation of rights, duties and obligations as described in subsection (a).

240 (2) The extent that the PEO has assumed responsibility in the professional  
241 employer agreement; (i) where the PEO shall have responsibility to pay such wages to covered  
242 employees; (ii) to withhold, collect, report and remit payroll-related and unemployment taxes;  
243 and (iii) to make payments for employee benefits for covered employees.

244 (3) That the PEO shall have a right to hire and terminate a covered employee as  
245 may be necessary to fulfill the PEO's responsibilities pursuant to sections 192 through 204,  
246 inclusive, the professional employer agreement, or as actually delegated by the client. The client  
247 shall have a right to hire, discipline and terminate a covered employee.

248 (c) Upon initiation of the PEO relationship, the PEO shall provide and the client is  
249 required to post a notice in a conspicuous place at the client's worksite and depending on the  
250 customary way that the client communicates with its employees; either provide a hard copy or an  
251 electronic copy of this notice that shall contain the following information:

252 (1) Notice of the general nature of the co-employment relationship between and  
253 among the professional employer organization, the client and such covered employees, including  
254 the rights, responsibilities and duties that the PEO and the client have with respect to the covered  
255 employees;

256 (2) The name and telephone number of the department;

257 (3) The name and telephone number for the PEO;

258 (4) Disclosure if the benefit plan is self-funded or is not fully insured;

259 (5) the name of the workers' compensation carrier and the policy number;

260 whether the PEO or the client maintains the workers' compensation policy and performs safety  
261 inspections at the workplace; and a phone number or contact to report injuries and hazardous  
262 worksite conditions; and

263 (6) include a multilingual tagline on the notice provided by the department in  
264 languages required under clause (iii) of subsection (d) of section 62A of chapter 151A that  
265 includes the name and telephone number of the department and states that the notice contains  
266 important information that should be translated.

267 (d) Upon termination, and in accordance with applicable federal law and General Laws,  
268 the PEO shall provide covered employees with written notice of the termination of the PEO

269 relationship. The notice can be provided electronically if that is the customary manner in which  
270 the client and the PEO communicate with the covered employee.

271 (e) Except to the extent otherwise expressly provided by the applicable professional  
272 employer agreement:

273 (1) A client shall be solely responsible for the quality, adequacy or safety of the  
274 goods or service produced or sold in the client's business.

275 (2) A client shall be solely responsible for directing, supervising, training and  
276 controlling the work of the covered employees with respect to the business activities of the client  
277 and solely responsible for the acts, errors or omissions of the covered employees with regard to  
278 such activities

279 (3) A client shall be solely responsible for the payment of any wages to covered  
280 employees and to make payments for employee benefits for covered employees.

281 (4) A client shall be solely responsible for safety, risk and hazard control at the  
282 worksite and compliance with related state and federal laws.

283 (5) Upon termination of the PEO relationship, the client shall be solely  
284 responsible for providing employees with information regarding the handling of claims and  
285 benefits.

286 (6) A client shall not be liable for the acts, errors or omissions of a PEO, or of any  
287 covered employee of the client and a PEO, when such covered employee is acting under the  
288 express direction and control of the PEO.

289 (7) A PEO shall not be liable for the acts, errors or omissions of a client, or of any  
290 covered employee of the client, when such covered employee is acting under the express  
291 direction and control of the client.

292 (8) Nothing in this subsection shall serve to limit any contractual liability or  
293 obligation specifically provided in the written professional employer agreement.

294 (9) A covered employee is not, solely as the result of being a covered employee of  
295 a PEO, an employee of the PEO for purposes of general liability insurance, fidelity bonds, surety  
296 bonds, employer's liability which is not covered by workers' compensation or liquor liability  
297 insurance carried by the PEO unless the covered employees are included by specific reference in  
298 the professional employer agreement and applicable prearranged employment contract, insurance  
299 contract or bond.

300 (10) Nothing in this section shall in any way limit the liabilities and obligations of  
301 any PEO or client to covered employees as required by this chapter.

302 (11) The client shall be solely responsible for notifying the PEO of all covered  
303 employees. Where the client has failed to notify the PEO, the client will be deemed to be the sole  
304 employer of the employee.

305 (12) The client shall retain all records in compliance with state and federal law,  
306 including, but not limited to section 52C of this chapter and section 15 of chapter 151.

307 Section 198. (a) Any tax assessed or assessment or mandated expenditure on a per capita  
308 or per employee basis shall be assessed against the client for covered employees and against the  
309 PEO for its employees who are not covered employees involved in a PEO relationship with a

310 client. Benefits or monetary consideration that meet the requirements of mandates imposed on a  
311 client and that are received by covered employees through the PEO either through payroll or  
312 through benefit plans sponsored by the PEO shall be credited against the client's obligation to  
313 fulfill such mandates.

314 (b) In the case of a tax or an assessment imposed or calculated upon the basis of total  
315 payroll, the PEO shall be eligible to apply any small business allowance or exemption available  
316 to the client for the covered employees for purpose of computing the tax.

317 Section 199. (a) A client or a registered PEO shall each be deemed an employer under the  
318 laws of this state for purposes of sponsoring welfare benefit plans for its covered employees.

319 (b) A fully-insured welfare benefit plan as defined in 29 U.S. Code § 1002 offered to the  
320 covered employees of a single PEO shall be treated for purposes of state law as a single  
321 employer welfare benefit plan.

322 (c) For purposes of chapter 176J of the General Laws a PEO shall be considered the  
323 employer of all of its covered employees and all covered employees of one or more clients  
324 participating in a health benefit plan sponsored by a single PEO shall be considered employees  
325 of that PEO.

326 (d) If a PEO offers to its covered employees any health benefit plan which is not fully-  
327 insured by an authorized insurer, the plan shall:

328 (1) Utilize a third-party administrator licensed to do business in this  
329 commonwealth;

330 (2) Hold all plan assets, including participant contributions, in a trust account  
331 consistent with the requirements of section 403 of the Employee Retirement Income Security Act  
332 of 1974 or ERISA; and

333 (3) Provide sound reserves for such plan as determined using generally accepted  
334 actuarial standards of practice and consistent with the prudence and loyalty standards of care for  
335 ERISA fiduciaries.

336 (e) A PEO is not engaged in the sale of insurance or in acting as a third party  
337 administrator by offering, marketing, selling, administering or providing professional employer  
338 services which include services and employee benefit plans for covered employees.

339 Section 200. (a) Workers' compensation coverage shall be provided pursuant to section  
340 14A of chapter 152 of the General Laws and regulations promulgated pursuant to said chapter  
341 152.

342 (b) PEOs and clients shall comply with employer posting notices pursuant to sections 21,  
343 22 and 30 of said chapter 152.

344 (c) To the extent the PEO has assumed responsibility in the professional employer  
345 agreement, the PEO shall maintain responsibility for the management of workers' compensation  
346 claims.

347 (d) The PEO agreement shall specify the allocation of responsibilities between the PEO  
348 and the client for workplace safety, risk and hazard control including the responsibility for  
349 disclosing information about workplace injuries and illness required by the federal Occupational

350 Safety and Health Act and for performing workplace safety inspections of all premises where  
351 covered employees are employed.

352 (e) Where the PEO has workers' compensation coverage and has executed an alternate  
353 employer endorsement naming the client as an additional insured, both the client and the PEO  
354 shall be considered the employer for purpose of coverage under said chapter 152.

355 (f) Where the client has workers' compensation coverage and has executed an alternate  
356 employer endorsement naming the PEO as an additional insured, both the client and the PEO  
357 shall be considered the employer for the purpose of coverage under said chapter 152.

358 Section 201.(a) For purposes of chapter 151A of the General Laws, covered employees of  
359 a registered PEO are considered the employees of the client, and the PEO shall be responsible for  
360 the payment of contributions, penalties and interest on wages paid by the PEO to its covered  
361 employees during the term of the applicable professional employer agreement.

362 (b) The PEO shall report and pay all required contributions to the unemployment  
363 compensation fund using the state employer account number and the experience rate of the client  
364 company pursuant to chapter 151A and the regulations promulgated pursuant to said chapter.

365 Section 202. Except as otherwise provided in this chapter, for the purposes of federal,  
366 state or local laws relating to employee count, including but not limited to paid and unpaid leave,  
367 health and transportation benefits and protection under fair employment laws, the employee  
368 count shall include all of the client company's employees, including the client's employees who  
369 are covered employees under the PEO relationship between the client and the PEO.

370 Section 203. (a) A person may not knowingly and intentionally:

371 (1) Offer or provide professional employer services or use the names PEO,  
372 professional employer organization, staff leasing, employee leasing, administrative employer or  
373 other title representing professional employer services without registering with the department  
374 pursuant to section 197;

375 (2) Provide false or fraudulent information to the department in conjunction with  
376 any registration, renewal or in any report required pursuant to sections 192 through 204,  
377 inclusive;

378 (3) Enter into a PEO relationship and split a client workforce for the sole purpose  
379 of avoiding compliance with federal, state or municipal laws; or

380 (4) Make a material misrepresentation to the department, to other governmental  
381 agencies or to covered employees.

382 (b) Disciplinary action may be taken by the department for violation of the provisions of  
383 this chapter including for:

384 (1) The conviction of a PEO or a controlling person of a PEO of a crime that  
385 relates to the operation of a PEO or the ability of the licensee or a controlling person of a  
386 licensee to operate a PEO;

387 (2) Knowingly making a material misrepresentation to the department, or other  
388 governmental agency; or

389 (3) A willful violation of this chapter or any order or regulation.

390 (c) Any individual may file a complaint with the department against a PEO, PEO group  
391 or client. The complaint shall be filed in writing, with the department, in a form prescribed by  
392 the director.

393 (1) Upon receipt of a complaint, the department will proceed to review and  
394 investigate the complaint to determine if further action is warranted.

395 (2) If the director, after investigation, has cause to believe that there have been  
396 violations of this chapter, the director may refer the complaint to the Office of the Attorney  
397 General.

398 (d) Upon finding, after notice and opportunity for hearing, that a PEO, or a controlling  
399 person of a PEO, or a person offering PEO services has violated one or more provisions of this  
400 chapter, including the failure to furnish records and requested information to the department and  
401 its inspectors, or if a PEO, PEO group or client hinders or interferes with any authorized  
402 inspector while in the performance of their duties, subject to any appeal, the director may:

403 (1) Deny an application for a license;

404 (2) Revoke, suspend, restrict or refuse to renew a license;

405 (3) Impose an administrative penalty in an amount not to exceed \$1,000 for each  
406 material violation;

407 (4) Place the licensee on probation for the period and subject to conditions that the  
408 department specifies; or

409 (5) Issue a cease and desist order.

410           Section 204. Wages shall be paid in accordance with section 148 of this chapter and any  
411 minimum wage and overtime requirements as provided for in chapter 151 of the General Laws.  
412 A PEO who fails to pay wages, to the extent the PEO has assumed responsibility in the  
413 professional employer agreement or subsequent written agreement and as required under this  
414 chapter, shall be subject to penalties under this chapter.

415           SECTION 2. Each Professional Employment Organization as defined by section 192 of  
416 chapter 149 of the General Laws operating within the commonwealth as of the effective date of  
417 this act shall complete its initial registration not later than 180 days after the effective date of this  
418 act. Initial registration shall be valid for 1 year after the date of issuance.

419           SECTION 3. The Office of the Attorney General shall promulgate regulations to  
420 effectuate the purposes of this act.