

# Joint Enforcement Strike Force (JESF)

## Combating California's Underground Economy

JOINT ENFORCEMENT  
STRIKE FORCE

STATE OF CALIFORNIA

*“Underground Economy” refers to those individuals and businesses that deal in cash and/or use other schemes to conceal their activities and their true tax liability from government license, regulatory, and tax agencies.*

### What is JESF?

The JESF is a coalition of California State government enforcement agencies that work together and in partnership with local and federal agencies to combat the underground economy to ensure a level playing field for California businesses. The JESF goals are intended to help restore economic stability and to improve working conditions and consumer and worker protection in the state.

### The goals of the JESF are to:

- Eliminate unfair business competition.
- Protect workers by ensuring that they receive all compensation, benefits, and worker protections they are entitled to by law relating to their employment.
- Protect the consumer by ensuring that all businesses are properly licensed and that they adhere to the state's consumer protection regulations.
- Reduce the burden on law-abiding citizens and businesses by ensuring that all businesses and individuals comply with the state's licensing, regulatory, and payroll tax laws.
- Reduce the tax gap by increasing voluntary compliance with the state's payroll tax laws to maximize the state's general and special fund revenues.

### The JESF was established by Executive Order to:

- Develop and share information necessary to combat the underground economy.
- Improve the coordination of enforcement activities.
- Develop methods to pool, focus, and target the enforcement resources of all JESF members.

### What is JESF's Legal Authority?

On October 26, 1993, the Governor signed Executive Order W-66-93, which created the JESF on the Underground Economy. The Governor subsequently signed Senate Bill 1490, which placed the provisions of the Executive Order into law as section 329 of the California Unemployment Insurance Code (CUIC), effective January 1, 1995.

The Employment Development Department (EDD) is the lead agency for JESF, and the Director of EDD or his or her designee, is the chairperson. The JESF is responsible for enhancing the development and sharing of information necessary to combat the underground economy, to improve the coordination of enforcement activities, and to develop methods to pool, focus, and target enforcement resources. The JESF is empowered and authorized to form joint enforcement teams when appropriate to utilize the collective investigative and enforcement capabilities of JESF members.

### JESF members includes but is not limited to the following:

- Employment Development Department (EDD)
- Franchise Tax Board (FTB)
- Contractors' State License Board (CSLB)
- Division of Labor Standards Enforcement (DLSE)
- California Department of Tax and Fee Administration (CDTFA)
- California Department of Insurance (CDI)
- California Occupational Safety and Health Administration (Cal/OSHA)

### Help us Fight Fraud

The JESF has a charge to investigate businesses that avoid paying taxes, many of which are part of the underground economy. If you would like to help us protect workers and create a level playing field for business competition, the EDD offers several methods for reporting such businesses:

- Impacted Workers: If you are a worker who has been inappropriately treated as an independent contractor or expected to take cash wages under the table, please contact us to provide information so that we can investigate the business.
- Impacted Businesses/Competitors: If you are a business and you have information that indicates that another business, competitor, or supplier is operating in the underground economy, please contact JESF to supply information so that we can investigate the business.

**To report fraud, call the JESF hotline at:  
1-800-528-1783**