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Shocking State Fair Scandal, Wage Theft Epidemic, Spur Nationwide Protests

by Art Levine

Activists in more than 30 cities, organized by [Interfaith Worker Justice](#) and backed by labor groups, are staging a National Day of Action Against Wage Theft on November 18. "As the crisis for working families in the economy has deepened, so too has the crisis of wage theft," says Interfaith Worker Justice (IWJ) Executive Director [Kim Bobo](#), perhaps the country's [leading reformer](#) addressing the ongoing scandal.

As much as [\\$19 billion](#) is stolen from American workers annually in unpaid overtime and minimum wage violations and, in some cases, through the [human trafficking](#) of *legal* immigrant workers. The latest case to come to light involves [alleged horrendous conditions](#) for immigrant workers reportedly hoodwinked in Mexico by a food services contractor for the [New York State Fair](#) and kept in near-slavery conditions of \$2 an hour.

Indeed, the scandal surfaced when some of these legal guest workers showed up several weeks ago at a Syracuse area clinic, severely dehydrated and malnourished after allegedly being kept in virtual imprisonment in a trailer at the fair and at other locations; they were reportedly being denied thousands of dollars in legal wages owed them while working about 100 hours a week at fairs for months, according to legal filings and Danny Postel, communications coordinator for Interfaith Worker Justice.

"It's one of the most shocking cases of wage theft," Postel says.

The contractor, Pantelis Karageorgis, is the target of a labor standards class-action lawsuit filed last month by Farmworker Legal Services and a Labor Department investigation. But criminal charges by the U.S. Attorney's office have been dropped— "dismissed without prejudice"—and instead a modest settlement involving some back payment for the workers is being hammered out, knowledgeable sources say. *In These Times* spoke to the vendor's attorney Thursday seeking comment, but didn't hear back as of this writing.

While Obama's Labor Department under Hilda Solis has been winning [high marks](#) for adding new inspectors and its tough rhetoric, as well promoting [outreach to workers](#) victimized by wage theft, the on-the-ground enforcement remains uneven. One reason: the under-funded, outgunned Wage and Hour Division has a spotty record for cooperating with local advocates and workers' centers.

Kim Bobo says, in a tempered statement:

Interfaith Worker Justice is pleased with the new DOL leadership's commitment to wage theft enforcement...Nonetheless, given the crisis of wage theft around the country, the partnerships between the Wage and Hour Division and local workers centers need to be strengthened, and a Wage and Hour Director should be nominated who can develop aggressive and creative approaches to stopping and deterring wage theft.

In fact, one activist notes in blunter terms "The Wage and Hour Division is way behind OSHA in having a culture of aggressively targeted investigations."

Today's OSHA, of course, despite some new inspectors, is widely viewed as [still failing to effectively protect workers](#). With just a thousand inspectors to oversee abuses and wage theft affecting over 20 million low-wage workers -- the primary but not the sole victim of a crime

affecting white-collar workers, too -- the Wage and Hour Division hasn't been able to turn around yet the willful flouting of labor laws essentially encouraged by the Bush Labor Department's years of neglect. (The problem is only worsened by the grossly under-manned state labor agencies, which, a new study by [Ohio Policy Matters](#) finds, have less than 700 *total* investigators enforcing minimum wage and related labor laws in the over 40 states surveyed.)

Indeed, as Ted Smukler, IWJ's policy director sums up, "Secretary Solis is using her bully pulpit and hired 250 additional investigators, but Obama needs to get a Wage and Hour administrator confirmed [there's only an acting director] and they could be doing a lot more in enforcement."

Whatever the Department of Labor is attempting to do in this arena, it's clearly not had much of a deterrent effect. A new IWJ video underscores the scope of the continuing unstoppable corporate crime wave (see above).

Cincinnati workers bilked out of overtime pay?

The failure to effectively enforce wage theft has allowed employers to underpay and stiff workers with impunity. For instance, one alleged scheme by owners of a Cincinnati animal hospital reportedly involved paying immigrant workers overtime, but then demanding the pay be returned to the owners in the form of cash kickbacks.

Daniel Sherman, the director of the Cincinnati Interfaith Workers Center, contends, "It's one of the most egregious examples of wage theft"—but hardly unique in his area. He contends, "The law is not very strong and it is not pursued."

As the *Cincinnati Enquirer* [reported](#) late last month:

Three undocumented workers say they were extorted into kicking back \$24,000 in overtime pay to the owners of an animal hospital under the threat that if they didn't come up with the money they'd be deported.

Those workers and advocates for immigrants say the practice is not uncommon in Greater Cincinnati and is a growing problem.

The former employees of the Hamilton Avenue Animal Hospital and Clinic in Pleasant Run and the Sycamore Animal Hospital in Symmes Township say veterinarians Michael Cable and his daughter, Stephanie Cable, first accepted their payments in personal checks but later required them to pay in cash.

Two of the workers placed a hidden camera in the Sycamore Animal Hospital on Montgomery Road and filmed themselves three different times giving cash to Stephanie Cable. One worker rented the apartment above the animal hospital and installed the camera from there.

Jose Aguilar and another worker, Salvador Martinez, 20, gave the Enquirer the video, pay stubs and a series of canceled checks that had been deposited into the animal hospital's account at Huntington Bank...

The video provided by the workers shows three men paying Stephanie Cable cash.

"Hey, Steph - how much I need pay back for overtime this check?" asks Aguilar in the video.

"Uh, I think it's in my car - I really need to start bringing my bag in," Stephanie Cable says on the video.

In one scene, she takes the money from a man and quickly puts it in her back pocket....

But the attorney for the Cables, Steve Goodin, told *In These Times*, "The Cables have categorically denied that they were extorting or threatening to deport their employees." Because of pending investigations, he says, he can only say about the alleged labor law violations: "We're urging everyone not to rush to judgment," noting that there was a bomb threat aimed at the owners after the *Enquirer* story appeared.

Yet it's also clear the Cables are planning to mount an aggressive defense: they've already filed a criminal complaint with the county sheriff against the workers who arranged the filming for allegedly violating wiretapping and trespass laws, although Goodin concedes a criminal prosecution seems unlikely. They're also planning a civil suit on similar grounds. Still, he says of the owners, "They were friendly with these guys."

He also argues that an [earlier 2007 settlement](#) the Cables made with the Department of Labor for allegedly underpaying overtime to 19 former employees—in which they admitted no guilt but paid about \$9,200—is completely unrelated to these latest violations.

Workers' advocates: Employers act with near impunity

Whatever the merits of the new charges against these owners, advocates at these privately-funded workers' centers often affiliated with IWJ, including Daniel Sherman in Cincinnati and Rebecca Fuentes in Syracuse, regularly field complaints from the victims of employers who routinely ignore labor laws with little fear of timely or effective punishment.

As one national activist told *In These Times* privately, the Department of Labor usually has to go to court to enforce its own regulations, and so "the smart [employers]" just wait for the interminable legal process to play itself out or get dropped altogether—assuming any enforcement efforts are even started.

As a result, Sherman and other advocates report, new abuses keep cropping up. In yet another case of labor trafficking, for example, he learned just last month about 12 immigrant laborers working about 120 hours a week for \$1,000 a month each, housed at the warehouse where they worked—and who were essentially forced to sleep inside just four hours a night.

Sherman's organization only discovered the abuse after one worker jumped out of a warehouse window and escaped to a church for help. "The church called us," he says, and he in turn contacted the Department of Labor to pursue labor law violations-- and the FBI, to investigate human trafficking. But he's not confident that there will be any prosecutions for trafficking because the threatened and intimidated workers were theoretically free to leave.

But in another recent case, Sherman says, the employer just pulled a gun on two immigrant workers who complained about not getting paid. No criminal or legal actions have yet been pursued because the families of the workers are too scared, he observes.

'Perfect conditions' for 'slave-like situations' at New York State Fair

The allegations made against the New York food vendor illustrate some of the ways employers can purportedly intimidate and abuse workers. In a startling affidavit filed by a federal Immigration and Customs Enforcement ("ICE") agent that accompanied the arrest of Pantelis Karageorgis in September (again, the charges have been dropped at the request of the prosecutor), Special Agent Thomas Kirwin outlines some of the alleged tricks of the labor trafficking trade used against employees hungry for work. The agent's affidavit and the original class-action lawsuit filed by

Nathaniel Charny as the lead counsel of Farmworkers Legal Services on behalf of four named workers and others paint quite an ugly picture.

And the local workers' rights advocate, Rebecca Fuentes, who helped discover and expose the alleged Syracuse worker abuse, points out, "The guest worker visa program is very flawed, and it ties workers to one employer. That creates perfect conditions for almost slave-like situations," like those facing the apparently starving New York State Fair workers. (She also claims that, at least in her region, the federal Department of Labor is more responsive than the state labor department, which dawdles for months in the face of serious wage theft complaints - a pattern afflicting many [weak state labor departments](#).)

The food-stand employees were recruited this past summer in Mexico with allegedly "fraudulent" promises of a relatively well-paying job, complete with written contracts, as legal guest workers under the H-2B visa program. They were hired as workers in the Karageorgis firm's Greek food concession stands that accompanied some carnivals and fairs in the United States.

Starting in Buffalo in August, then moving to Syracuse, agent Kirwin reported, the workers arrived with no food or money, were allowed to get their meals solely by eating at the concessions stands only once or twice a day, and were housed in trailers on the fair sites, working 16 or more hours each day. "On the last day of the [Syracuse] fair, the employees worked 24 hours consecutively," he noted about the state government-sponsored fair. "At the conclusion of the fair in Syracuse, the defendant paid each of the employees \$260."

Yet by some estimates, for the months of nonstop work at a promised \$10.71 per hour and extra overtime pay, the workers actually should have each received closer to \$30,000. But for approximately 280 hours of work in just a three-week period, each worker got a mere \$360, Kirwin stated.

When the employees complained about not getting their full wages, Karageorgis allegedly made a variety of threats, including potentially firing them, cutting their pay even further, or having them deported—and barring them from ever working in the U.S. again. Kirwin added, "The defendant, who traveled with the Employees the entire time, routinely berated and sought to demean them, calling them, for example, 'pussies' if they complained about illness or injury."

One of the sadder ironies of the entire case is that some of these victims, also cited in the civil suit, such as Adonai Vasquez, started working for the vendor, Peter's Fine Greek Food, Inc., as far back as July, 2008. But they kept returning on different work trips for as little as \$1 or \$2 an hour—despite the previously broken promises of \$10 to \$12 per hour in wages. This is the reality of the "race to the bottom" in the Wild West-style globalized economy: Immigrants are literally starving to work in the United States.

The still-pending civil suit filed in October alleges, "For a period at least as far back as six years from the date of commencement of this action, there have been hundreds of Mexican national treated in the same violative fashion in regards to the payment of wages."

At the same time, the lawsuit claims, "Upon information and belief, Defendants [Karageorgis and his firm], grossed more than \$500,000 in the past fiscal year."

Even though one of Karegeorgis's lawyers, Dawn Cardi, was unable to comment as of this writing, the ICE agent's affidavit recounts Karageorgis's version of events. The Greek food entrepreneur explained his operation: his agents recruit workers in Mexico and he submits their legal paperwork to U.S. labor and immigration authorities. But he claimed to be surprised to learn that they were promised \$10.71 an hour. He conceded to Kirwin he hadn't yet paid his workers in full, but intended to do so—while somehow asserting that none of them ever worked in Buffalo for

him and thus they weren't owed money for that work. He also denied making any threats against his workers, except that he'd notify his attorney if they quit.

But the observant immigration agent also noticed that Karegeorgis wasn't short of cash at the time of his arrest. "He had in his pants' pockets three bulky wads of cash and also had a briefcase that he said contained money, the security of which he was concerned about," Kirwin noted dryly. Despite the defendant's claims, Kirwin added, the agent requested that the food merchant "be dealt with according to law."

So far, though, he seems unlikely to face any criminal prosecution.

Activists to demand reform around country

It's small wonder, then, with employers apparently stealing wages with so much impunity, that a groundswell by activists is building to [take action](#), even in a still-weakened regulatory climate. At a preview for next week's events, for instance, hundreds of workers and allies [marched in Minneapolis](#) last Saturday demanding fair wages, an end to wage theft and safe working conditions for retail cleaning workers at major stores, including Supervalu and Target.

The worsening economy makes it even easier to rip off workers desperate for work, the protesters declared (hat tip to *Workday Minnesota*). "Corporations are responsible for pitting cleaning companies against each other which results in plummeting wages and increased workloads," said Veronica Mendez, an organizer with Center for Workers United in Struggle, a IWJ-affiliated labor-faith coalition. "The only way to stop this is for these retail chains to meet with workers to establish fair standards. These poor working conditions affect everyone in our communities..."

Interfaith Worker Justice and its allies have ambitious plans for its nationwide local protests next Thursday:

Events on the National Day of Action Against Wage Theft will include protests at businesses guilty of wage theft to demand back wages for workers and events at which political leaders, workers, faith leaders, community groups, and labor unions will present new initiatives to end wage theft.

In Houston, a worker center will release a local report on wage theft and will send a "Justice Bus" around the city to call attention to local businesses that steal their workers' wages. Other innovative local events include a text messaging campaign, a "Worst Employers" Awards ceremony, "Know Your Rights" workshops for workers, a jazz funeral for lost wages and a Thanksgiving-themed auction and a dramatization against wage theft in Memphis.

Yet the Republican take-over of the House and rising anti-union sentiment have already changed one of their primary legislative goals. The coalition's call for action includes this sweeping reform priority:

On September 29, Congressman Phil Hare (D-IL) introduced the Wage Theft Prevention and Community Partnership Act (H.R. 6268), which would authorize the U.S. Department of Labor (DOL) to establish a competitive grant program to prevent wage theft. The bill would expand the efforts of enforcement agencies and community organizations to educate workers about their rights and the remedies available to them, while educating employers about their responsibilities under the law.

"That's dead," one knowledgeable activist admitted. "He lost the election." © 2010 In These Times