

STAFFING COMPANIES INDICTED FOR RICO VIOLATIONS STEMMING FROM ALLEGED LABOR RACKETEERING, LABOR TRAFFICKING, AND IMMIGRATION VIOLATIONS

In late May 2009, a Midwestern staffing company, Giant Labor Solutions, LLC, Crystal Management, Inc., and Five Star Cleaning, LLC were indicted under the Racketeer Influenced and Corrupt Organizations (RICO) Act in connection with alleged labor racketeering, forced labor trafficking, human trafficking, and various labor-related immigration violations. The companies were in the business of providing cleaning services to hotels and casinos in 14 states. The indictment alleges that the companies and their owners or management conspired to illegally induce foreign nationals to unlawfully enter or remain in the United States for the purpose of engaging in unlawful employment for which they were underpaid by the company.

Companies utilizing staffing companies to meet short-term or long-term labor needs or to outsource certain functions, whether those be in lower skilled positions such as housekeeping or maintenance, or professional positions such as engineering, computer support or technical project work, should take steps to ensure that third-party compliance failures will not be imputed to corporate clients of staffing companies. Employers are encouraged to review internal compliance policies and relationships and contracts with third-party vendors and independent contractors in order to ensure the appropriate level of due diligence with respect to the third-party's compliance record. For more information on steps you can take to protect your organization from imputed workforce compliance violations, contact your Foster Quan immigration attorney.