Impact of U.S. Immigration Law on the Latino Workforce
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The Need for the Hispanic Workforce in Kansas City and the Issue of the Undocumented Workers

Federal Reserve Chairman Alan Greenspan told Congress on Feb. 12, 2002: “Short of a major increase in immigration, economic growth cannot be safely counted upon to eliminate deficits and the difficult choices that will be required to restore fiscal discipline.” Many U.S. businesses do not need to read Chairman Greenspan’s monetary policy report because they know that many of their businesses simply would not survive without the immigrant workforce. Under various estimates, up to 20 percent of the U.S. workforce is employed without authorization. Construction, food preparation and processing, hotel, landscaping, cleaning, fruit and vegetable picking—the list goes on. At the same time, for political and other reasons, while Chairman Greenspan and other leading economists acknowledge that we need immigrant labor, Congress is reluctant to adopt a guest-worker program or change existing inflexible work visa categories.

How does this need for immigrant labor impact Kansas City? A recent study of the Hispanic population of Kansas City conducted by El Centro shows that almost 50 percent of survey respondents in that study arrived in the U.S. with legal immigration permission, but approximately 76 percent of those employed were working without authorization. While jobs are readily available for these immigrants, lack of employment authorization clearly steers them into low-paid employment categories. Serious issues arise in this context: undocumented workers often take jobs without benefits. Only 6 percent of all respondents in the El Centro study received full benefits, such as health insurance, disability, retirement, maternity leave, and paid vacation. Many are driven away from their existing jobs by the “no-match” letters instituted by the Social Security Administration, by the fear of INS raids and deportations, and by discrimination, which is reported by 26 percent of the El Centro study participants. It is crucial to understand that without obtaining legal status in the U.S., undocumented immigrant workers cannot be protected and cannot reach their full potential.

Undocumented Workers are More Vulnerable to Discrimination and Unlawful Labor Practices after the Supreme Court Decision in Hoffman Plastic Compounds

In a 2002 decision, Supreme Court Chief Justice William Rehnquist summarized the court’s view on whether an undocumented worker is eligible for back pay or reinstatement for being illegally fired by his employer:

On the final day of the hearing, Castro testified that he was born in Mexico and that he had never been legally admitted to, or authorized to work in, the United States. . . Neither Castro nor the Board’s General Counsel offered any evidence that Castro had applied or intended to apply for legal authorization to work in the United States. Based on this testimony, the ALJ found the Board precluded from awarding Castro back pay or reinstatement.

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2 "...Y la gente sigue adelante": Examination of the Social, Economic, Educational, and Civic Realities of Latino Immigrants in the Kansas City Area, 2002, by Melida Lewis, LMSW, Special Projects Director, and Richard A. Ruiz, Executive Director, El Centro, Inc.

The astonishing part of this opinion, reversing the long-standing Supreme Court’s precedent in Sure-Tan, Inc. v. NLRB, is Chief Justice Rehnquist’s use of the lower court’s finding that “[the illegal alien] has not offered any evidence that [he] had applied or intended to apply for legal authorization to work in the U.S.” as a relevant factor in arriving at a decision. The Chief Justice used this finding to support the Court’s decision to affirm the lower court’s denial of the worker’s claim for back pay and reinstatement. In fact, it appears that the Chief Justice was not aware that there is no law that could have allowed this particular “illegal” alien to “apply or intend to apply” for legal work authorization. In fact, Hoffman Plastic Compounds, the very employer who illegally fired the worker in this case, was the only party who could have applied for a temporary work visa or an employment-based Green Card for Mr. Castro. Instead, the employer chose to continue to employ the alien illegally and use the fact that the worker was undocumented to fire him in violation of federal law. The Supreme Court sided with the employer: while finding that the termination was illegal, the Court said that it would be a violation of our immigration policy to award an undocumented worker back pay and reinstatement. The Court said that the only punishment the employer deserves in this case is a small fine. After the Hoffman Plastics decision, many immigrant rights advocates are left to wonder whether other anti-discrimination and illegal employment practices laws are any more effective tools in protecting the rights of undocumented workers.

IRCA Compliance and Employer Sanctions

**IRCA Compliance**

The Immigration Reform and Control Act (IRCA) makes it illegal for an employer to hire, recruit, or refer for a fee someone not authorized to work. The statute covers employers who are natural persons and business entities. Successor employers who retain a predecessor’s employees are either responsible for executing new I-9s or are liable for predecessor’s failure to complete or defective completion of I-9s. An employer violates the Immigration and Naturalization Act where:

(i) It employs an alien knowing that the alien is not authorized to be employed under the Immigration and Naturalization Act or by Attorney General.

(ii) It continues to employ an alien knowing that the alien has become unauthorized.

Where the employer is informed that the employee is or may be unauthorized to work by the INS, it must inquire further because it is on constructive notice of unlawful employment. Actual knowledge is not required, the “should have known” standard is applied where the employer fails to verify and re-verify the employee’s status to determine the continuing validity of the employee’s employment authorization. The INS regulation adopts a broad view in its definition of “knowing” as including “not only actual knowledge, but also knowledge which may be fairly inferred through notice of certain facts and circumstances which would lead a person, through the exercise of reasonable care, to know about a certain condition.” Under INS regulation, knowledge may be inferred where the employer fails to complete or improperly completes an I-9; has information available to it that the indicated employee is not authorized to work; or acts with

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5 Immigration and Naturalization Act §274A.
6 8 USC §1324a, INA §274(a)(1).
7 8 CFR §274a1(g). Employer also includes “an agent or anyone acting directly or indirectly in the interest of the person or entity who engages the services or labor of an employee... for wages or other remuneration.” The regulation was upheld in U.S v. Wrangler County Café, 1 OCAHO 138 (Mar. 6, 1990), aff’d sub nom., Steiben v. INS, 932 F2d 1225 (8th Cir. 1991), where the owner of the corporation unsuccessfully sought dismissal of himself because his corporation was a defendant.
10 Mester Mfg. Co. v. INS, 879 F.2d 561, 566-67 (9th Cir. 1989).
12 8 CFR §274a.1(1).
reckless disregard by permitting another individual to introduce unauthorized workers to the workforce.\textsuperscript{13} However, knowledge cannot be inferred from an employee’s foreign appearance or accent.\textsuperscript{14}

(iii) Immigration and Nationality Act is violated where the employer fails to comply with the IRCA-imposed verification system.\textsuperscript{15}

Under IRCA, the employer must attest under penalty of perjury on INS Form I-9 that an employee produced either documents establishing both employment authorization and identity or separate documents evidencing employment authorization and documents establishing identity. It is the employer, and not the employee, who is liable for any defects in the completion of section 1 and defects in the completion and accuracy of section 2 of Form I-9.\textsuperscript{16} The examination and verification of documents should take place within three days of the hiring date.\textsuperscript{17} While demanding compliance, IRCA at the same time prohibits the employer from requiring or specifying which documents an individual is to present. This would constitute a violation of the “Unfair Immigration Employment Practices” provision.\textsuperscript{18} Employers must retain I-9s for three years after the date of hiring or referral, or one year after the worker’s employment is terminated, whichever is later. If a worker’s employment authorization expires or the INS informs the employer that the authorization is not sufficient, the employer must re-verify the I-9 or be on notice that the person is not eligible for employment.\textsuperscript{19} It is important to note that false attestations on Form I-9 are a separate criminal offense.\textsuperscript{20} In addition, it may be treated as a crime of misrepresentation to federal officers.\textsuperscript{21}

\textit{Civil Penalties}

Civil penalties under IRCA for employing an unauthorized alien (excluding paperwork violations) include:

- First offense: $275 to $2,220 for each alien
- Second offense: $2,200 to $5,500 for each alien
- Subsequent offenses: $3,300 to $11,000 for each alien\textsuperscript{22}

In addition, fines may be imposed for paperwork violations, i.e. failure to fill out and maintain I-9s correctly, in the amounts of $110 to $1100 for each I-9 form.

Defenses and mitigating circumstances may include: the size of the employer, good faith of the employer, seriousness of the violation, employee in fact being authorized to work, and any history of previous violations by the same employer.\textsuperscript{23}

Any federal contractor may lose its right to do business with the federal government for IRCA violations under Executive Order 12989 (Feb. 13, 1996).

\begin{itemize}
  \item \textsuperscript{13} Id.
  \item \textsuperscript{14} 8 CFR §274a.1(1)(2).
  \item \textsuperscript{15} INA §274A(a)(1)(B), 8 USC §1324a(a)(1)(B).
  \item \textsuperscript{16} \textit{Mester Mfg. Co. v. INS}, 879 F.2d 561, (9th Cir. 1989).
  \item \textsuperscript{17} 8 CFR §274a.2(b)(1)(i).
  \item \textsuperscript{18} INA §274B(a)(6), 8 CFR §1324(b)(a)(6).
  \item \textsuperscript{19} 8 CFR §274a.2(b)(1)(vii).
  \item \textsuperscript{20} 18 USC §1546(b).
  \item \textsuperscript{21} 18 USC §1001.
  \item \textsuperscript{22} INA §274A(e)(4); 28 CFR §68.52.
  \item \textsuperscript{23} INA §274A(e)(5), 8 CFR §274a.10(b)(2); \textit{U.S. v. Felipe, Inc.} (For the good faith defense, it is necessary to demonstrate “honest intention to exercise reasonable care and diligence to ascertain what IRCA requires and to act in accordance with it.”) See also, \textit{U.S. v. Great Bend Packing Co., Inc.}, 6 OCAHO 835 (Feb. 13, 1996) (“Good faith is determined by the company’s actions at the time of the violations and \textit{not} willingness to cooperate subsequent to investigation.” (Emphasis added). \textit{Id.} at 6.)
\end{itemize}
Use of RICO in Criminal and Civil Suits Based on Employment of Undocumented Workers

In 1996, the Illegal Immigration Reform and Immigrant Responsibility Act (IIRIRA) made employment of workers without employment authorization a predicate offense under the Racketeer Influenced and Corrupt Organizations Act (RICO). Since 2001, civil and criminal suits involving prosecution of employers who hire undocumented workers have been changing the way employers are looking at such practices.

Criminal Prosecution of Tyson Foods Under RICO

Criminal penalties, including up to $3,000 and/or six months in jail, may be imposed under 8 CFR §274a.10 if a “pattern and practice” of IRCA violations is found. It is also a criminal offense, under 8 U.S.C.§1325a(a)(3)(A), carrying a penalty of up to five years in jail for “any person who during a twelve month period knowingly hires for employment at least ten individuals with actual knowledge” that these individuals are not authorized to work and where such individuals were brought to the U.S. in violation of 18 U.S.C.§1324. These laws were used by the Department of Justice to file a federal suit at the U.S. District Court for the Eastern District of Tennessee against Tyson Foods, Inc., the world’s largest producer of poultry products for alleged participation in a scheme to smuggle and employ illegal aliens. In December of 2001, after Tyson refused to settle the case for $100 million, the charges resulted in a 36-count indictment against the company’s executives and managers. INS Commissioner James Ziglar said in a Department of Justice press release Dec. 19, 2001:

“This case represents the first time INS has taken action against a company of Tyson’s magnitude. INS means business and companies, regardless of size, are on notice that the INS is committed to enforcing compliance with immigration laws...”

Similar indictments across the country have businesses fearing treble damages, forfeiture of their plants, and imprisonment of their management personnel based on their employment of undocumented workers. But on March 26, 2003, a federal jury acquitted Tyson Foods, Inc. and three of its managers of all charges related to an alleged conspiracy to import illegal immigrant workers from Mexico and Central America. This closely watched case represented the first time a company this size had been targeted for criminal prosecution on these grounds.

In December 2001, after a three-year INS investigation into the company's hiring practices, a grand jury handed down a 36-count criminal indictment against Tyson Foods and six of its managers. Two of the indicted managers pleaded guilty to conspiracy charges and a third manager committed suicide several months after the indictment was handed down. Prosecutors in the case charged that the remaining defendants knowingly employed illegal workers and actively recruited such workers as part of a scheme to meet the company's labor needs and to keep wages depressed. The government sought to seize millions of dollars it claimed Tyson Foods had gained by employing illegal workers. The individual managers faced jail time and fines if convicted. Before the case went to jury, U.S. District Judge R. Allan Edgar dismissed 24 of the 36 counts for lack of evidence. The counts on which the jury deliberated and acquitted the defendants involved conspiracy to violate immigration laws, transporting illegal immigrants, and document falsification.

24 See, Cooper v. Fed. Reserve Bank of Richmond, 467 U.S. 867 (1984); U.S. v. Mayton, 335 F 2d 153 (5th Cir. 1964); U.S. v. DavCo Food, Inc., Case No. 88-00253-A (E.D. Va. 1988) (charged with pattern and practice where seventeen employees were arrested in two of 106 Wendy’s restaurants owned by the company); U.S. v. Chauvin, Case No. 88000236-A (E.D. Va. Oct. 4, 1988) (charging company officials under 18 USC §1546(b) and the attorney, based on strict liability theory of INA §210(b)(7)(A)(i)).

25 In addition to charging Tyson Foods, Inc., the indictment included two corporate executives, a former Human Resources manager, and several other former managers of the company. U.S. Department of Justice, Press Release # 654 (Dec. 19, 2001) (emphases added). Tyson Foods vigorously denied the charges. On April 20, 2002, The New York Times reported that one of the former Tyson Foods managers, thirty-six-year-old Jimmy Roland, who was freed on $100,000 bond, was found with a gunshot wound in his chest. A suicide is suspected. Mr. Rowland was to stand trial in February of 2003. His maximum possible sentence was reported to be 395 years in prison.
This case highlights the need for comprehensive immigration reform. Businesses cannot find willing U.S. workers to fill many of their low-skilled essential worker positions. Although many foreign nationals are ready and willing to come to the U.S. to fill such positions, there is essentially no visa category under current immigration law that facilitates the matching of willing U.S. employers to foreign national essential workers. This disconnect between local economic conditions and national immigration policy leaves an employment void which must be filled, in many instances, by undocumented immigrants. Such a result plainly is contrary to our national interests. Employers are forced to make difficult subjective determinations about the validity of an applicant’s employment authorization documents and the government is required to waste valuable manpower and resources in trying to enforce ineffective laws. Comprehensive immigration reform involving an earned adjustment for undocumented workers here in the U.S. and a prospective visa classification for essential workers is necessary to solve this troubling dynamic, as is a reduction in the backlog of people seeking to enter this country to join close family members.26

A Group of Companies Wins a RICO Appeal Against a Competitor Based on Allegations of Hiring “Illegal” Aliens

The Second Circuit’s recent decision in Commercial Cleaning Services, L.L.C v. Colin Service Systems, Inc. may have opened the door to a new kind of liability, i.e. treble damages under RICO for employment of workers who are not authorized to work in the United States. Commercial Cleaning Services, L.L.C (Commercial), a small cleaning services company, together with similar firms, filed a class-action lawsuit against Colin Service Systems, Inc. (Colin), one of the nation’s largest corporations engaged in the business of cleaning commercial facilities.27 The class-action complaint alleged that Commercial and the members of the plaintiff class are victims of Colin’s pattern of racketeering activity in violation of 18 U.S.C §1962(c), referred to as the “illegal immigrant hiring scheme.” The theory of the case was that Colin obtained a significant business advantage over the firms in the “highly competitive” and price-sensitive cleaning service industry by hiring “hundreds of illegal immigrants at low wages.”

The complaint alleged that Commercial lost its lucrative cleaning contract with Pratt and Whitney because of Colin’s illegal immigrant hiring scheme. The complaint referred to the hiring of at least 150 undocumented workers, continuing to employ aliens after their work authorization had expired, and failing to prepare, complete, and update employment documents. The allegations asserted that Colin was part of an enterprise composed of entities associated-in-fact that included employment placement services, labor contractors, newspapers in which Colin advertised for laborers, and others. The complaint alleged that Colin’s participation in the enterprise through the illegal-immigrant-hiring scheme violated 8 U.S.C. §1324(a), which prohibits hiring certain undocumented aliens—a RICO predicate offense if committed for financial gain.

The Second Circuit reversed the lower court’s decision to dismiss the claim and allowed the class action to go forward. It found that Commercial was directly injured by Colin’s unlawful hiring scheme.28 If successful on remand, Commercial Cleaning could recover damages of three times its actual losses under RICO’s civil remedy provision, in addition to having stopped the alleged unlawful activity. The decision may have an impact beyond a competitor’s use of illegal aliens. RICO applies to any party that has maintained an enterprise and caused injury through a pattern of racketeering activity. A pattern of racketeering can involve repeated violation of a long list of federal laws, including mail and wire fraud. As a result, the Commercial Cleaning decision may provide additional grounds for civil and criminal liability.29

26 This is a note added to the text after the Cambio de Colores conference: On March 24, 2003, Tyson Foods was acquitted of conspiracy to hire illegal immigrants by a Chattanooga, Tennessee jury. Tyson Foods called the managers who hired undocumented immigrant workers for its plants “rogues.” Two of those managers, Spencer Mabe, 52 and Truley Ponder, 59, who pleaded guilty to conspiring to hire undocumented immigrants were given one-year probation after cooperating with prosecutors.
28 Id at 381.
Until now, the Second Circuit was the only appellate court to have considered allegations of illegal immigrant hiring as a predicate offense for standing to sue under RICO. In June of 2002, as part of a CLE presentation for the Kansas City Metropolitan Association, I predicted that Commercial Cleaning was a ticking bomb, and we would hear about this case soon. The Mendoza v. Zirkle Fruit Co. decision was released for publication on Sept. 3, 2002. In that case, the Ninth Circuit, citing Commercial Cleaning, predictably held that allegations of illegal immigrant hiring may serve as a predicate offense for a RICO claim under a set of facts that must serve as a wake-up call to all employers.

Washington state’s apple growing industry generates over $1 billion a year. There are more than 30,000 orchard pickers and 15,000 fruit packers who work in the apple orchards every year. INS conducted investigations finding that as much as half the growers’ workforce is employed illegally. The Mendoza v. Zirkle Fruit Co. complaint alleged that fruit growers, Zirkle Fruit Company and Matson Fruit Company, had knowledge of illegal harboring and/or smuggling of undocumented workers. According to the complaint, the illegal scheme was facilitated by Selective Employment Agency, Inc., a separate company that employed the illegal workers. It is important to note that the U.S. workers did not sue the employment agency but went directly after their own employers. The court held that knowledge of illegal employment alone was sufficient to allege the predicate act of knowingly hiring undocumented workers, as required to state a claim under RICO. This point cannot be emphasized enough: a company may be found liable not only for hiring or continuing to employ unauthorized workers, but under Mendoza, may be found liable if the company knowingly uses somebody else’s unauthorized workers.

Solutions Available Under Current Law and Needed for the Future

While far from perfect (and sometimes rather maddening), the immigration law as it exists now provides limited solutions to questions raised by the need to employ foreign workers.

Work Visas and Employment-Based Green Cards

Essential Workers: H-2B

H-2B category may be useful in cases where employers experience shortages of workers in some occupations, as long as they can prove that their need is temporary. It is available for workers performing “agricultural labor or services . . . of a temporary nature,” or for those engaged in “other temporary services or labor.” In order to obtain an H-2B classification for a foreign worker, an employer must be able to demonstrate that the position offered is (1) of a seasonal nature, e.g., landscape workers; (2) a one-time occurrence, e.g., a foreign chef specializing in French cuisine coming to a restaurant to train its workers in the preparation of pastries; or (3) a peak-load or an intermittent need.

Despite the annual numeric limitation (66,000 visas available annually), H-2B category visas are almost always available, and the application process is relatively fast. Another advantage is the ability to bring the worker’s family to the United States legally while the primary H-2B worker is employed by the sponsoring company. The weak points include having to go through a temporary labor certification (which involves the additional expense of advertising), the short duration of H-2B visas (up to one year), and the fact that many of the jobs do not fall squarely into this limited category.

31 Id.
34 8 CFR §214.2(b)(6)(ii)(B), see also, Matter of Artee Corp., 18 IandN Dec 366 (comm. 1982) (The employment agency that provided temporary help on continuous basis because of chronic labor shortages denied H-2 because continuous temporary need is equal to a permanent need).
Agricultural Workers: H2A

Agricultural employers may bring workers from abroad on H-2A visas. H-2A visas allow employment for seasonal purposes, such as harvesting crops.

Employment-Based Permanent Residency

Temporary work visas such as H-2B or H-2A are limited in their application. In cases where no visa will work, employers may consider finding qualified workers abroad and sponsoring green cards for them before the workers arrive in the United States. In addition, in cases where temporary work visas have been used, employers do not find it reasonable to lose a valuable worker who has several years of experience on the job, and they would like to have the worker available to them on a permanent basis. Many companies choose to sponsor their foreign workers for employment-based permanent residency (“Green Card”). Depending on the job offer (which determines the immigration category), the location of the offered job, and whether the worker with an approved immigrant visa petition chooses to ask for an immigrant visa at a consulate or apply for adjustment of status in the U.S., the process may take from a few months to several years. An alien does not have to be in the U.S. while a U.S. company is applying through the labor certification and immigrant visa petition. However, if the alien is in the U.S., it is important to maintain a valid non-immigrant status in order to be eligible for adjustment of status or to avoid being subject to entry barriers if the employee wants to apply for permanent resident status through a U.S. consulate abroad.35

Obtaining Legal Status Through Family

The El Centro 2002 Study shows that 85 percent of the undocumented Latinos in Kansas City live in “mixed” family, meaning that some members of the family are either legal permanent residents or U.S. citizens. In some cases, legal status for the undocumented members of the family could be achieved through those who are in the U.S. legally. There are many barriers to obtaining legal status: long delays caused by the unavailability of immigrant numbers for many categories of immigrants, lack of information about immigration benefits which may be available to immigrants, misinformation, and lack of access to qualified legal help. However, it is encouraging to know that approximately 85 percent of the Latino population in this city may have a chance eventually to receive their Green Cards through their family. Much work needs to be done by the Hispanic organizations to explain the availability of immigration benefits and improve access to qualified legal help.

Other Grounds for Obtaining Legal Permanent Residency or Employment Authorization

Other grounds for obtaining legal permanent residency in the U.S. include asylum, refugee status, and work authorizations granted under Temporary Protected Status (TPS)—issued to students on student visa if they show economic hardship.

Needed Solutions

New legislation is needed at the federal level to change the status quo. Hispanic organizations and businesses that depend on their immigrant workforce should lobby Congress to find sensible solutions to the issue of the undocumented workers in America. Such solutions may include expanding current work visa categories or creating a guest-visa program for the much-needed immigrant workers.

Conclusion

The key to improving our economy lies in embracing and nurturing the immigrant workforce. Legalizing undocumented Latino workers is at the heart of this issue. It is also the key to providing Latino workers with the protection of U.S. human rights and labor laws and to creating stable communities in Missouri and throughout the U.S. Hispanic organizations should get involved in educating immigrants and their

35 For a more comprehensive description of the employment-based immigration process, see an excellent summary of the law in Kurzban, supra, at 490.
employers about available work visas and employment-based Green Cards, should work on availability of qualified legal advice to immigrants who are eligible to adjust their status based on family relations, and should lobby Congress to change the existing laws to acknowledge and legalize the undocumented Hispanic workforce in this country.