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The New York Times

Wal-Mart to Pay U.S. \$11 Million In Lawsuit on Immigrant Workers

[Steven Greenhouse](#). [New York Times](#). (Late Edition (East Coast)). New York, N.Y.: [Mar 19, 2005](#). pg. A.1

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Abstract (Document Summary)

The settlement grew out of enforcement actions in which 100 janitors who were illegal immigrants were arrested in 2001 at Wal-Mart stores in Pennsylvania, Ohio, Missouri and New York, and an additional 245 were arrested in October 2003 at 60 stores in 21 states. Soon after, Wal-Mart acknowledged receiving a letter saying it was the subject of a federal grand jury investigation in Pennsylvania.


Wal-Mart has said that its executives knew nothing about the employment of illegal immigrants before the raids and that the janitors were hired by contractors that Wal-Mart used to clean its stores late at night. Company officials said they used more than 100 contractors to clean more than 700 of its stores.


Mr. Garcia said the case "breaks new ground not only because this is a record dollar amount for a civil immigration settlement, but because this settlement requires Wal-Mart to create an internal program to ensure future compliance with immigration laws by Wal-Mart contractors and by Wal-Mart itself."


Full Text (952 words)

Copyright New York Times Company Mar 19, 2005

Federal prosecutors and immigration officials announced yesterday that  [Wal-Mart Stores](#) had agreed to pay a record \$11 million to settle accusations that it used hundreds of illegal immigrants to clean its stores.

Federal investigators said they had decided not to bring criminal charges against  [Wal-Mart](#), the nation's largest retailer, because it was cooperating and had pledged strong action to prevent future employment of illegal immigrants at its 3,600 stores in the United States.

The \$11 million payment was four times larger than any other single payment to the government in an illegal immigrant employment case, federal officials said.  [Wal-Mart](#), which did not admit any wrongdoing in the settlement, had \$288.2 billion in sales last year. The company's stock closed at \$51.45 a share yesterday, down 88 cents.

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Pennsylvania, Ohio, Missouri and New York, and an additional 245 were arrested in October 2003 at 60 stores in 21 states. Soon after, [Wal-Mart](#) acknowledged receiving a letter saying it was the subject of a federal grand jury investigation in Pennsylvania.

[Wal-Mart](#) has said that its executives knew nothing about the employment of illegal immigrants before the raids and that the janitors were hired by contractors that [Wal-Mart](#) used to clean its stores late at night. Company officials said they used more than 100 contractors to clean more than 700 of its stores.

"We acknowledge that we should have had better safeguards in place to ensure that our contractors were hiring only legal workers," said Mona Williams, a [Wal-Mart](#) spokeswoman.

[Wal-Mart](#) reached the settlement two months after it began a publicity campaign to portray itself as a model employer, saying that it pays higher wages than most retailers. [Wal-Mart](#), which has 1.2 million workers in the United States, has sought to improve its image after labor unions accused it of providing poor wages and benefits and after lawyers filed class-action lawsuits, accusing it of sexual discrimination and forcing employees to work unpaid hours off the clock.

In a statement from Washington, federal officials announced that 12 janitorial contractors that worked for [Wal-Mart](#) had agreed to forfeit \$4 million to the government and to plead guilty to criminal charges of employing illegal immigrants.

Many of the immigrants said they generally worked from midnight until 8 a.m. seven nights a week, cleaning and waxing floors. They came from nearly 20 countries, including Mexico, Brazil, the Czech Republic, China, Poland and Russia.

[Wal-Mart](#) officials said the \$11 million was not a fine, but a voluntary payment that would be used to help ensure compliance with immigration laws. [Wal-Mart](#) has said it has cut back its use of cleaning contractors.

Joseph Hansen, president of the United Food and Commercial Workers Union, which has sought to unionize some [Wal-Mart](#) stores, said the record payment "should be a wake-up call to a corporation that has systematically bent and broken the law to increase their corporate coffers at the expense of the most vulnerable employees."

But Lilia Garcia, executive director of the Maintenance Cooperation Trust Fund, a group that monitors conditions for janitors, said the settlement was inadequate. "The \$11 million really isn't that much when you consider this was going on in 21 states," Ms. Garcia said. "It was a real pattern and practice." She said that [Wal-Mart](#) was so huge that an \$11 million penalty would hardly serve as a deterrent.

[Wal-Mart](#) continues to face a federal class-action lawsuit in New Jersey asserting that it and its contractors had conspired to violate racketeering laws. The lawsuit says that more than 10,000 illegal immigrant janitors were used at [Wal-Mart](#) stores and that they were virtually never paid time-and-a-half for overtime.

"It's outrageous that this could occur in the early 21st century," said James L. Linsey, the janitors' main lawyer in the case. "They generally worked seven nights a week, 364 days a year, and they were often locked in the stores. Now that the federal criminal investigation has been laid to rest, it's time for [Wal-Mart](#) to focus on the individuals who were systematically exploited and to consider what amount of reparations is appropriate."

[Wal-Mart](#)'s lawyers have filed motions to dismiss the case, saying that the company knew nothing about the janitors' working conditions and that the independent contractors, and not [Wal-Mart](#), were responsible for the janitors' treatment.

Ms. Williams said that [Wal-Mart](#) was cooperating fully with federal investigators because it was eager to improve working conditions for the janitors.

"We don't want these folks to be treated poorly," she said. "We're spending this money so that folks that do this can't get away with it."

The settlement permanently bars [Wal-Mart](#) from hiring illegal immigrants and directs it to establish within 18 months a mechanism to make sure that its contractors "are taking reasonable steps to comply with immigration laws."

In the settlement, [Wal-Mart](#) pledged to train all of its store managers over the next 18 months not to knowingly hire or continue to employ illegal immigrants. [Wal-Mart](#) also agreed to continue cooperating with federal officials investigating its contractors.

The settlement was announced by Michael J. Garcia, the assistant secretary of the Department of Homeland Security who heads the Immigration and Customs Enforcement Bureau, and by Thomas A. Marino, United States Attorney for the Middle District of Pennsylvania.

They praised [Wal-Mart](#) officials for providing complete cooperation after the October 2003 raids.

Mr. Garcia said the case "breaks new ground not only because this is a record dollar amount for a civil immigration settlement, but because this settlement requires [Wal-Mart](#) to create an internal program to ensure future compliance with immigration laws by [Wal-Mart](#) contractors and by [Wal-Mart](#) itself."

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