

Fighting Wage Theft

By Miriam Rabban

Did you know that wage theft amounts to \$1 billion in wages illegally withheld each year from workers in New York State, according to the U.S. Department of Labor? Wage theft occurs when employers do not pay workers for all the hours that they have worked, or fail to pay the minimum wage or overtime as required by law.

Employers get away with wage theft because labor laws have loopholes that make them difficult to enforce. Even when workers win court judgments for owed wages, too many employers fraudulently transfer assets, shut down and re-open under a new name, or declare bankruptcy to avoid payment. Wage theft also hurts law-abiding businesses, which struggle to compete with scofflaw businesses that can charge less by cheating their workers.

One well-known local case involved the Saigon Grill restaurant. In 2007, Saigon Grill delivery workers organized to fight against wage theft and planned to file a federal lawsuit. Not long after, Saigon Grill closed the delivery department leaving the delivery workers without jobs. A federal judge issued an order that workers were owed \$4.6 million. Subsequently the owners reached a settlement with the workers to pay \$3 million. But the owners closed the Saigon Grill. A new restaurant was opened and the new owner was ordered to pay \$1 million within a year, but the owner refused to pay and then shut the restaurant down. Despite a court order,

workers were left without being paid for wages owed. This case illustrates the need for vastly improved enforcement.

The New York State Assembly and Senate both passed the SWEAT (Securing Wages Earned Against Theft) bill in June 2019. SWEAT gives critically needed tools to workers and the Department of Labor to stop employers from transferring and hiding their assets by freezing the assets of employers at the outset of a wage claim. The bill was developed from collaboration among workers directly affected by wage theft, attorneys, and sponsors of the bill (Assembly Member Linda Rosenthal and State Senator Jessica Ramos). More than 80 organizations statewide support the legislation, including Three Parks.

Governor Cuomo vetoed the SWEAT bill on January 1. Although he says that he recognizes that wage theft is a problem in New York State, he did not support the effective enforcement measures of SWEAT. SWEAT has been reintroduced this year in the Senate (#S7256) and Assembly (#A9008.) So far, Gramercy Stuyvesant Democrats, Three Parks and other Democratic clubs have signed on to a letter to Governor Cuomo urging him to support the SWEAT legislation as passed by the State Assembly and Senate and not a weakened alternative.

You can contact the Governor at www.governor.ny.gov/content/governor-contact-form and send a message such as:

I call on you to sign the SWEAT (Securing Wages Earned Against Theft) bill that was re-introduced into the State Assembly and Senate

this session - #S7256 and #A9008 - after you vetoed SWEAT legislation that was passed by both houses in June 2019.

You said that you recognize that wage theft is a huge problem that must be addressed. Under your leadership wage theft has grown to \$1 billion per year in New York State, according to the U.S. Department of Labor.

It's time for you to take a real stand for workers and honest businesses in New York and sign the SWEAT bill!

If you are interested in reaching out to other Democratic Clubs to encourage them to sign on to the letter to Governor Cuomo, please contact me at merabban@gmail.com. Also feel free to contact me if you have questions about the legislation or want more information.