2017

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FISSURES IN THE VALLEY: SEARCHING FOR A REMEDY FOR U.S. TECH WORKERS INDIRECTLY DISPLACED BY H-1B VISA OUTSOURCING FIRMS

INTRODUCTION

“If I could just change one law,” lamented Bill Gates, “it would be this.”\(^1\) What law provokes the ire of the Silicon Valley titan and co-chairman of the world’s largest philanthropic organization?\(^2\) Hint: it was at the center of a publicity maelstrom that struck the happiest place on earth—Walt Disney World\(^3\)—as well as one of California’s largest power utilities, Southern California Edison (SCE).\(^4\) In 2015, reporters revealed that Disney and SCE laid off hundreds of their U.S. technology workers\(^5\) and replaced them with foreign visa workers supplied by outsourcing firms in an effort to cut IT

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1. ZaZona, Bill Gates Dupes Students at Waterloo University, YOUTUBE (Feb. 28, 2008), https://www.youtube.com/watch?v=GB2OhaGLgP8.
5. This Note uses the terms “lay off” and “displace” interchangeably to mean “to cause the worker’s loss of employment, other than through a discharge for inadequate performance, violation of workplace rules, cause, voluntary departure, voluntary retirement, or the expiration of a grant or contract.” 8 U.S.C. §§ 1182(n)(4)(B), (D)(i)(I) (2012).
6. This Note uses the term “U.S. worker” according to its statutory definition: an employee who is either a U.S. citizen, U.S. national, permanent resident, alien lawfully admitted for temporary residence, refugee, or an alien granted asylum. 8 U.S.C. § 1182(n)(4)(E) (2012).
Disney and SCE argued that they had followed the letter of the law. Unfortu-
nately, the law is on their side. At issue was section 101(a)(15)(H)(i)(b) of the Immigration and Nationality Act (INA), a law that facilitates the country’s most commonly utilized and most contentious, highly-skilled foreign worker program—the H-1B visa. The majority of H-1B workers are young males born in India working in computer-related occupations—the industry that depends the most on foreign labor.

Layoffs such as those at Disney and SCE “had occurred numerous times over previous years, with little public comment.” Outsourcing firms, both in the U.S. and India, have a history of discriminating against American job applicants, exploiting H-1B visa holders, and commandeering

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11. See infra notes 298–301 and accompanying text.


13. See, e.g., India’s TCS pays $29.75 Million to Settle Class Action Suit, REUTERS (Mar. 1, 2013), https://perma.cc/H5VN-XZBU (reporting Tata paid $29.75 million settlement after it was accused of forcing H-1B workers to sign over their tax refunds); U.S. DEP’T OF LABOR, Teaneck, N.J.,
immigration law to maximize profits. Outsourcing firms sponsor visas for
foreign workers, who are then contracted out to U.S. client companies. The
clients in turn hand their U.S. tech employees the pink slip and oftentimes
a Hobson’s choice: severance pay conditioned upon “knowledge transfer,”
an ugly euphemism for being forced to train their foreign replacements, or
nothing.

Political discourse and legal scholarship tends to view immigration in
terms of undocumented aliens or those who are allowed entry via low-
skilled nonimmigrant worker visas (e.g., H-2A or H-2B visas). Virtually
all previous scholarship on the H-1B program has been devoted to
proposing reforms to its legislative labyrinth. But a lack of data has only


20 See, e.g., Thibodeau, supra note 4; see also Stephanie Armour, Workers Asked to Train Foreign Replacements, USA TODAY (Apr. 6, 2004), http://usatoday30.usatoday.com/money/workplace/2004-04-06-replace_x.htm.

21 See Peter Choi, Immigration as Business Strategy: Simplifying American Immigration Law in a Global Economy, 10 U. MASS. L. REV. 164, 167 (2015) (noting the immigration debate “has often focused on substantive proposals—most commonly regarding legalization and border enforcement”).


23 See, e.g., Jung S. Hahn, American Competitiveness and Workforce Improvement Act of 1998: Balancing Economic and Labor Interests under the New H-1B Visa Program, 85 CORNELL L. REV. 1673, 1699 (2000); Sabrina Underwood, Achieving the American Daydream: The Social, Economic, and Political Inequalities Experienced by Temporary Workers under the H-1B Visa Program,
fueled heated debates that have shed little light on the dollars-and-cents of the H-1B visa. This Note instead takes the distinct approach of analyzing potential remedies for U.S. tech workers who allege their U.S. employer replaced them in favor of H-1B workers supplied by outsourcing firms. Part I explains how the H-1B program’s protections—specifically, the labor condition application process (LCA) and its administrative remedies—have failed to hold employers accountable for discriminating against their U.S. tech employees. Part I concludes that the failures of the visa’s statutory regime necessitate a discussion of alternative remedies.

Part II analyzes the viability of claims brought under federal statutes: namely, the civil provisions of the Racketeer and Influenced Corrupt Organization Act (civil RICO), the Immigration Reform and Control Act of 1986 (IRCA), Title VII of the Civil Rights Act of 1964 (Title VII), and section 1981 of the Civil Rights Act of 1866 (§ 1981). Part II concludes that among these alternatives, Title VII and § 1981 offer the most promise for displaced U.S. tech workers.


24. “It is no surprise that debate over whether domestic workers are sufficiently safeguarded from adverse effects of the H-1B visa program is as volatile as the statistics that justify the need for such a program.” Vincent C. Avaglano, The Second Wave: IT Outsourcing, Globalization, and Worker Rights, 23 PA. ST. INT’L L. REV. 663, 669 (2005).


However, it is still unclear whether these federal anti-discrimination statutes can effectively address H-1B discrimination. Part III concludes that tech workers will ultimately achieve the greatest job security through reforming the H-1B statutory scheme. But rather than recommend the content of those reforms, Part III proposes the catalyst—a sustained campaign of litigation, unionization, and education—all with the aim of exposing the corporate exploitation of American and foreign tech workers.

I. THE H-1B VISA STATUTORY SCHEME AND ITS FAILURE TO ADDRESS THE FISSURED TECH WORKPLACE

The tech industry’s demand for H-1B workers greatly exceeds the available supply, which is capped at 65,000 per year, albeit with plenty of exceptions. The visa cap—which Bill Gates has criticized as the “worst disaster”—has been a lightning rod in the debate over the economic soundness of the H-1B program. Despite the visa’s important consequences on the science, technology, engineering, and mathematics (STEM) labor market, especially computer-related jobs, surprisingly few studies have examined its effect on the employment opportunities of U.S. tech workers.

31. See, e.g., Sari Pekkala Kerr, William R. Kerr, & William F. Lincoln, Firms and the Economics of Skilled Immigration, 15 INNOVATION POL’Y AND THE ECON. 115, 121 (2015) (noting that in 2014 and 2015 “demand exceeded the annual supply in the first week that the visas were available”); Danielle M. Drago, Losing the Best and the Brightest: The Disappearing Wage Premium for H-1B Visa Recipients, 17 VAND. J. ENT. & TECH. L. 1051, 1054 (2015) (“In the first six days of the 2015 application period, applicants filed almost three times as many applications as the number of available visas.”).

32. 20,000 cap-exempt visas are allocated to nonimmigrants with master’s degrees or higher, as well as visas for employees of universities and certain research organizations. 8 U.S.C. § 1184(g)(5)(A)–(C) (2012).

33. Supra note 1.


36. See supra note 31, at 130–42, for a discussion of current H-1B research. See also MADELINE ZAVODNY, IMMIGRATION AND AMERICAN JOBS, AMERICAN ENTERPRISE INST. & PARTNERSHIP FOR A NEW AMERICAN ECON. 3 (2011), https://perma.cc/B6BU-CLSP (noting that while numerous studies have analyzed the effect of immigration on U.S. worker wages, there has been “relatively little research on” its effect on employment opportunities).
Thus, a vacuum of data\textsuperscript{37} and conflicting research methods\textsuperscript{38} have led to a cacophonous debate. \textsuperscript{39} Supporters argue the H-1B program attracts the “best and the brightest,”\textsuperscript{40} who fill a shortage in skilled domestic labor. \textsuperscript{41} Critics counter H-1Bs are “people of just ordinary talent, doing ordinary work”\textsuperscript{42} for corporations that replace their older American IT staff with a younger, immobile,\textsuperscript{43} and thus cheaper, workforce.\textsuperscript{44}

Plenty of ink has been spilled on these issues. Part I will instead discuss the current H-1B statutory scheme and its administrative remedies ostensibly designed to protect U.S. workers. Part I argues that the program instead facilitates the legal displacement of U.S. tech workers, which is primarily due to the statutory scheme’s failure to address the realities of today’s fissured tech workplace.


\textsuperscript{39} See Neil G. Ruiz et al., supra note 34, at 31–32 n.15 (arguments in support of the program); id. at 32–33 n.18 (criticisms of the program). See also Ron Hira, Brookings H-1B Report’s Flawed Analysis & Flawed Process, ECON. POL’Y INST. WORKING ECON. BLOG (May 13, 2013), https://perma.cc/F49H-L38B.


\textsuperscript{42} See, e.g., NORMAN MATLOFF, H-1BS: STILL NOT THE BEST AND THE BRIGHTEST, CENT. FOR IMMIGR. STUD. 1, 4 (May 2008), https://perma.cc/3CJE-39N4 (calculating seventy percent of H-1Bs are concentrated at DOL skill Levels I and II, which are for “apprentice-like positions with only ‘limited exercise of judgment’”); see also U.S. GOV’T ACCOUNTABILITY OFF., REFORMS ARE NEEDED, supra note 26, at 58 (estimating fifty-four percent of H-1B workers were Level I “and were paid at the lowest pay grades allowed under the prevailing wage levels”); Ron Hira, New Data Show How Firms Like Infosys and Tata Abuse the H-1B Program, ECON. POL’Y INST. BLOG (Feb. 19, 2015, 10:47 AM), https://perma.cc/7FS6-D55K (arguing that if U.S. workers are training their foreign replacements, then it is obvious that the U.S. workers are better qualified).

\textsuperscript{43} See Adam B. Cox & Eric A. Posner, Delegation in Immigration Law, 79 U. CHI. L. REV. 1285, 1298 (2012) (arguing H-1Bs face “serious restrictions on job mobility” because the visa’s validity is largely contingent on the worker remaining with the same employer).

\textsuperscript{44} See Norman Matloff, Immigration and the Tech Industry: As a Labour Shortage Remedy, for Innovation, or for Cost Savings?, 10 MIGRATION LETTERS No. 2, 210, at 219–24 (2013), https://perma.cc/8AV-PALF.
A. Immigration and Nationality Act of 1952 (INA): A Decentralized Approach to Skilled Foreign Labor

Congress has the explicit authority to regulate immigration. But contrary to popular opinion, the “federal government rarely makes decisions on its own about which immigrants should be admitted.” Instead, under the Immigration and Nationality Act of 1952 (INA)—the foundation of all U.S. immigration law—Congress delegates substantial immigration authority to non-governmental agents (i.e., private employers). Employers are granted the greatest control over foreign workers who qualify as nonimmigrants (i.e., temporary), as opposed to immigrants (i.e., permanent). Compared to global standards, the American approach to skilled nonimmigrant visa workers is atypical because the H-1B program “is built around written requests from [employers] for access to specific workers.” The petitioning employer initiates the visa process and maintains considerable control over the foreign worker.

The INA first “opened the door for the entry of high-skill, temporary workers” with its creation of the H-1 nonimmigrant category for nonimmigrant workers—the precursor to the H-1B. The original H-1 nonimmigrants were required to maintain “a residence in a foreign country which [they had]

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45. U.S. CONST. art. 1, § 8, cl. 4 (granting Congress the power “[t]o establish an uniform Rule of Naturalization”).
50. Id. at 1287.
53. See Rosenbaum, supra note 23, at 814 (criticizing employers’ wide discretion over their H-1B employees).
no intention of abandoning,” be “of distinguished merit and ability,” and intend to come to the country temporarily to perform services “of an exceptional nature requiring such merit and ability.” In short, the H-1 visa reflected many of the federal policies of the 1950s and 1960s that sought to grow the economy while also protecting U.S. labor interests.

B. Immigration Act of 1990: A Contradictory Approach to Skilled Foreign Labor

However, by 1990, labor organizations criticized that the H-1 visa “no longer reflected its original intent.” Concerned that employers were misusing the H-1 program to fill entry-level positions, labor organizers recommended that Congress separate foreign business professionals from nurses, entertainers, and athletes. However, the business community and immigration bar sought to prevent the imposition of any onerous labor certification process.

Congress sought to placate these competing concerns in the Immigration Act of 1990, which added new categories of nonimmigrant visas. Among these was the H-1B visa, which eliminated the original H-1 “distinguished

58. See Papademetriou & Yale-Loehr, supra note 55, at 18–19.
59. H. Rosemary Jeronimides, The H-1B Visa Category: A Tug of War, 7 GEO. IMMIGR. L.J. 367, 371 (1993) (noting that prior to the 1990 Act, it was possible to qualify for an H-1 visa “with no college degree and just a few years of work experience.”). Part of the problem was INS’s interpretation of “distinguished” to mean any individual deemed a “professional”—which in turn required a bachelor’s degree as a prerequisite to work in the occupation. See Matter of Essex Cryogenics Indus., Inc., 14 I. & N. Dec. 196, 197 (BIA 1972) (accepting INS’s interpretation); Constantine S. Potamianos, The Temporary Admission of Skilled Workers to the United States under the H-1B Program: Economic Boon or Domestic Work Force Scourge?, 11 GEO. IMMIGR. L.J. 789, 796 (1997).
61. See Jeronimides, supra note 59, at 371 (noting that in 1987, forty-eight percent of all H-1 visas were issued to entertainers). In addition, organized labor was concerned with the lack of a visa cap and any requirement that employers first exhaust the domestic labor market before hiring foreign workers. See U.S. GEN. ACCT. OFF., GAO/PEMD-92-17, IMMIGRATION AND THE LABOR MARKET: NONIMMIGRANT ALIEN WORKERS IN THE UNITED STATES 17 (1992).
62. See Jeronimides, supra note 59, at 372 (noting U.S. employers wanted to abolish the requirement that H-1 visa workers maintain an overseas domicile in order to overcome the presumption of their intent to permanently settle in the U.S.); see also 8 U.S.C. § 1184(b) (2012) (presuming “every alien,” except for certain nonimmigrants such as H-1Bs, to be an “immigrant”).
64. While the H-1B visa was technically created prior to the 1990 Act with the passage of the Immigration Nursing Relief Act of 1989, Pub. L. No. 101-238, 103 Stat. 2099 (1989) (amending scattered sections of 8 U.S.C.), it was under the 1990 Act that the H-1B visa took its current form. See, e.g., Jeronimides, supra note 59, at 369 n.9.
merit and ability” standard.\textsuperscript{65} Instead, H-1B nonimmigrants were required to work in a “specialty occupation,” defined as a job that requires “(A) theoretical and practical application of a body of highly specialized knowledge, and (B) attainment of a bachelor’s or higher degree in the specific specialty . . . .”\textsuperscript{66}

The H-1B visa reflected Congress’s schizophrenic approach to immigration. On the one hand, Congress satisfied business interests by rejecting “any recruitment obligations, positive tests of the labor market, and other obligations for employers to demonstrate U.S. worker unavailability”\textsuperscript{67}—unlike other H-category nonimmigrants\textsuperscript{68} and contrary to popular opinion.\textsuperscript{69} In addition, Congress allowed H-1B nonimmigrants to have dual intent, meaning they could intend to stay in the country temporarily or plan to permanently settle in the future.\textsuperscript{70} On the other hand, Congress ostensibly sought to protect U.S. workers by imposing an annual cap of 65,000 visas and requiring prospective H-1B employers undergo a labor condition application (LCA) process.\textsuperscript{71}

C. The LCA Requirements and the H-1B Visa Program’s Administrative Remedies: An Inadequate Protection for U.S. Tech Workers

An employer seeking to employ H-1B nonimmigrants must first file an LCA, which requires the employer make four attestations subject to

\begin{itemize}
  \item \textsuperscript{65} Inexplicably, H-1B visas also cover fashion models of “distinguished merit and ability.” 8 U.S.C. § 1101(a)(15)(H)(i)(b). Nevertheless, the majority of H-1B visas are issued to specialty workers in high-tech industries. See Malos, Employment Discrimination, supra note 25, at 25.
  \item \textsuperscript{66} 8 U.S.C. § 1184(i)(1) (defining “specialty occupation”).
  \item \textsuperscript{68} For example, employers that petition the government to sponsor H-2A (agricultural) or H-2B (non-agricultural) visa workers must attest (1) “there are not sufficient workers who are able, willing, . . . qualified,” and available, and (2) hiring the foreign worker “will not adversely affect the wages and working conditions of workers in the United States similarly employed.” 8 U.S.C. § 1188(a)(1) (2012) (H-2A) (emphasis added); 8 C.F.R. § 214.2(h)(6)(i)(A) (2016) (H-2B).
  \item \textsuperscript{69} See, e.g., Fulmer, supra note 25, at 828 n.28 (noting a Wall Street Journal article erroneously stating that all employers must “attest that [they] can’t find a U.S. worker” before hiring an H-1B).
  \item \textsuperscript{70} See U.S. GEN. ACCT. OFF., GAO/HEHS-00-157, H-1B FOREIGN WORKERS: BETTER CONTROLS NEEDED TO HELP EMPLOYERS AND PROTECT WORKERS 6 (2000).
  \item \textsuperscript{71} See, e.g., Implementation of the Immigration Act of 1990: Hearing before the Subcomm. on Int’l Law, Immigr., and Refugees of the H. Comm. on the Judiciary, 102nd Cong. 96 (May 15, 1991) (statement of David O. Williams, Deputy Assistant Secretary for Employment and Training, Department of Labor) (“[A]ttestations are required to assure the wages and working conditions of U.S. workers are not adversely affected.”); Potamianos, supra note 59, at 797–98 (explaining the dual concerns that shaped the H-1B visa).
\end{itemize}
perjury. First, the employer must verify that it will pay the H-1B employee the required wage rate. Second, and most importantly, the employer must agree that it “will provide working conditions for [the H-1B worker] that will not adversely affect the working conditions of workers similarly employed.” Third, the employer confirms that there is no “strike, lockout, or work stoppage . . . in the occupational classification in the area of intended employment.” Lastly, the employer attests that it “provided notice of the filing of the [LCA] to the bargaining representative of the employer’s employees in the occupational classification in which the H-1B nonimmigrants will be employed . . . or, if there is no such bargaining representative, has posted notice . . . in conspicuous locations . . . .” Under 8 U.S.C. § 1182(n)(2)(A), Congress tasked the Department of Labor (DOL) with investigating worker complaints of LCA violations and enforcing administrative remedies against noncompliant employers.

On its face, the LCA reaffirms the “overriding principle . . . that foreign workers should not be able to compete with U.S. workers on the basis of the price for their labor.” Yet DOL’s Office of Inspector General (OIG) has consistently criticized the LCA as doing “little to protect the jobs or wage levels of U.S. workers.” As discussed below, the statutory scheme’s failure to prevent the displacement of U.S. workers is primarily for three reasons: first, the LCA is administered by a complex bureaucracy that has limited oversight and enforcement authority; second, Congress crafted a prolix statutory scheme riddled with LCA exceptions that benefit outsourcing firms and their U.S. clients; and third, these companies exploit

73. See 20 C.F.R. § 655.730(d)(1) (2016). An employer must attest that it will pay H-1B employees “at least the local prevailing wage or the employer’s actual wage, whichever is higher, and pay for nonproductive time.” LCA, supra note 72, at 4.
74. 8 U.S.C. § 1182(n) (2012) (emphasis added). Cf. 20 C.F.R. § 655.732(a) (2016) (explaining the second LCA requirement is met when the employer affords the same “working conditions to its H-1B . . . employees . . . as it affords to its U.S. worker employees who are similarly employed, and without adverse effect upon the working conditions of such U.S. worker employees.”) (emphasis added).
75. 20 C.F.R. § 655.733(a) (2016).
77. See 8 U.S.C. § 1182(n)(2)(A) (2016) (directing the Secretary of Labor to “establish a process for the receipt, investigation, and disposition of complaints respecting a petitioner’s failure to meet a condition specified in an application . . . or a petitioner’s misrepresentation of material facts in such an application.”).
78. PAPADEMETRIOU & YALE-LOEHR, supra note 55, at 72 (emphasis omitted).
a gap in statutory and regulatory authority in order to evade the requirement that H-1B petitioners maintain an employer-employee relationship with their H-1B employees.

1. The Department of Labor’s Inadequate Oversight and Enforcement Authority

A hodgepodge of four federal departments and their respective divisions are tasked with overseeing the H-1B program.80 This division of responsibilities impedes the sharing of information that would otherwise allow meaningful investigation of employer abuses.81 More problematic is DOL’s limited oversight and enforcement authority. According to the U.S. Government Accountability Office (GAO), DOL’s review of the LCA “is not intended to identify . . . lack of [employer] compliance with the attestations made on the LCA.”82 Instead, the law explicitly provides that “[l]abor shall review [the LCA] only for completeness and obvious inaccuracies.”83 In other words, DOL’s certification of the LCA is little more than a rubber stamp.84

DOL’s Wage and Hour Division (WHD) is responsible for investigating complaints of LCA violations,85 imposing civil money penalties,86 and on

80. U.S. GOV’T ACCOUNTABILITY OFF., REFORMS ARE NEEDED, supra note 26, at 44–45 (listing the agencies, their roles, and limitations). DOL’s Employment and Training Administration (ETA) reviews the LCA, and its Wage and Hour Division (WHD) investigates complaints concerning the LCA requirements concerning wage and working conditions. Id. The Department of Homeland Security’s United States Citizenship and Immigration Services (USCIS) is tasked with reviewing H-1B petitions, and its Directorate of Fraud Detection and National Security (FDNS) conducts site visits to verify the accuracy of the LCA and H-1B petitions. Id. Finally, the State Department interviews the foreign worker and issues the visa. See Id.; see also 20 C.F.R. § 655.705 (2016) (detailing the agencies’ responsibilities).
81. See U.S. GOV’T ACCOUNTABILITY OFF., REFORMS ARE NEEDED, supra note 26, at 44–46.
82. Id. at 46. DOL is unable verify whether a nonimmigrant is qualified for the position because when employers file the LCA, they are requesting DOL’s “approval for one or more positions, not specific aliens.” U.S. DEP’T OF LABOR, OVERVIEW AND ASSESSMENT OF VULNERABILITIES IN THE DEPARTMENT OF LABOR’S ALIEN CERTIFICATION PROGRAMS 10 (2005) (emphasis added).
84. See, e.g., U.S. DEP’T OF LABOR, supra note 82, at 1 (“The H-1B is a ‘rubber stamp’ program . . . .”); U.S. DEP’T OF LABOR, SEMIANNUAL REPORT, supra note 79, at 5 (“Given this fact, it is not surprising that . . . the H-1B program [is] susceptible to significant fraud and abuse, particularly by dishonest immigration attorneys, labor brokers, employers, and organized criminal enterprises.”).
86. Civil monetary fines range from $1811, $7370, or $51,588 per violation. See 20 C.F.R. § 655.810 (2017) (explaining the various remedies and the applicable factors in assessing the penalty). In addition, WHD may impose other remedies, including the reinstatement of workers who suffered retaliation for participating in an investigation, reinstatement of displaced U.S. workers, and back wages. Id.
rare occasions, referring employers to the Department of Homeland Security (DHS) for “debarment” (disqualification from the H-1B program). But this complaint-driven enforcement scheme is underutilized by workers, especially H-1B workers, who are often reluctant to complain out of fear of retaliation and deportation.

Furthermore, DOL can only initiate investigations in four situations. Even in these limited circumstances, employer cooperation is unlikely because the fine “for not cooperating is far less than the potential penalty” for violating the LCA. DOL officials are essentially caught in a catch-22. On the one hand, DOL has been criticized in the past for lax enforcement. On the other hand, DOL has little authority to conduct thorough investigations.

For example, in Greater Missouri Medical Pro-Care Providers, Inc. v. Perez, the Eighth Circuit held that DOL officials erred in expanding the scope of an employer investigation based on an “aggrieved party” complaint under 8 U.S.C. § 1182(n)(2)(A). In Perez, an H-1B worker alleged her employer committed the following abuses: forced her to pay all of the visa filing fees, including attorney’s fees; required her and other H-1B workers to stay in a company-paid apartment during the time she studied for a licensing exam; during this non-productive time the employer only paid the workers $50 per week for food; and her contract included an illegal early

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89. See U.S. GOV’T ACCOUNTABILITY OFF., REFORMS ARE NEEDED, supra note 26, at 43, 59. The majority of complaints are filed by H-1B workers, but the overall number remains small. Id. at 47.
90. DOL’s WHD can only initiate H-1B-related investigations as a result of one of four factors: (1) an “aggrieved party” files a complaint, 8 U.S.C. § 1182(n)(2)(A); (2) DOL receives “credible information from a knowledgeable source (other than an aggrieved party) that an employer willfully” violated the LCA, 8 U.S.C. § 1182(n)(2)(G)(ii); (3) DOL randomly investigates “employers who (within the last five years) were found . . . to be willful violators,” 8 U.S.C. § 1182(n)(2)(F); or (4) “the Secretary of Labor personally certifies that there is reasonable cause to believe” there was a violation, 8 U.S.C. § 1182(n)(2)(G)(i). See U.S. GOV’T ACCOUNTABILITY OFF., REFORMS ARE NEEDED, supra note 26, at 47 n.74; see also 8 U.S.C. § 1182(n)(2) (2012). An “aggrieved party” includes a U.S. or H-1B worker “whose job, wages, or working conditions are adversely affected by the employer’s alleged non-compliance with the [LCA].” 20 C.F.R. § 655.715 (2016).
91. U.S. GOV’T ACCOUNTABILITY OFF., REFORMS ARE NEEDED, supra note 26, at 49.
92. U.S. GOV’T ACCOUNTABILITY OFF., GAO-06-720, H-1B VISa PROGRAM: LABOR COULD IMPROVE ITS OVERSIGHT AND INCREASE INFORMATION SHARING WITH HOMELAND SECURITY 3 (2006) (noting DOL’s review of LCAs is “timely, but lacks quality assurance controls and may overlook some inaccuracies.”).
93. See Greater Mo. Med. Pro-Care Providers, Inc. v. Perez, 812 F.3d 1132, 1139 (8th Cir. 2015) (holding that while DOL has the authority to investigate a single allegation in an aggrieved party complaint, DOL cannot “authorize the comprehensive initial investigation of the employer and its general compliance”).
termination fee.\footnote{Id. at 1134.} DOL treated the complaint as an “aggrieved party complaint” and determined it had “reasonable cause” to conduct a thorough investigation in order to determine whether there were “violations to any employee.”\footnote{Id. at 1138 (emphasis added).} As a result of the comprehensive investigation, DOL ordered the employer pay $382,889.87 to forty-five H-1B workers.\footnote{Id. at 1135.} On appeal, the Eighth Circuit vacated the award and rejected DOL’s argument that “reasonable cause to investigate any single violation alleged by an aggrieved party” establishes a reasonable cause to investigate the employer’s general H-1B compliance with respect to all of its employees.\footnote{Id. at 1137–39.}

But DOL’s limited oversight authority is not the only problem for workers seeking relief for LCA violations. There is also a procedural issue.\footnote{Ontiveros, supra note 25, at 28.} Workers lack the right to bring a private cause of action in court for LCA violations.\footnote{See Venkatraman v. REI Sys., Inc., 417 F.3d 418, 422 (4th Cir. 2005) (holding implied cause of action did not exist for a violation of 8 U.S.C. § 1182(n) where an American software engineer of East Indian origin alleged his employer hired H-1B nonimmigrants by falsely representing that there was shortage of qualified U.S. software engineers); Biran v. JP Morgan Chase & Co., 2002 WL 31040345, at *1 (S.D.N.Y. 2002) (dismissing a U.S. tech worker’s complaint for failure to exhaust his administrative remedies under 8 U.S.C. §1182(n) and 8 U.S.C. § 1324(b) “because no private right of action exists to enforce those statutory provisions”); Watson v. United States, 2007 WL 5171595, at *1 (Fed. Cl. 2007).} Instead, they must traverse a complicated administrative process that can drag on for many years.\footnote{See Brian Green et al., Immigration Action: The Civil Litigation Side of Employing Foreign Nationals, 30 ABA J. LAB. & EMP. L. 205, 215–17 (2015) (helpful overview of the process for filing complaints with DOL). See also Shah v. Wilco Sys., Inc., 126 F. Supp. 2d 641, 648 (S.D.N.Y. 2000).} Of course, this assumes that the worker filed the complaint with the correct agency. Depending on the particular LCA violation alleged, this could either be DOL’s WHD\footnote{DOL’s WHD is responsible for investigating almost all complaints regarding LCA violations. See 20 C.F.R. § 655.805 (2016) (listing the violations WHD may investigate). The following process applies to such complaints. First, an aggrieved worker must file the complaint with DOL’s WHD, who will determine whether there exists reasonable cause to believe that the violation occurred. 20 C.F.R. § 655.806(a)(2) (2016). If WHD determines such reasonable cause exists, it will investigate and issue its findings in a determination letter. 20 C.F.R. § 655.806(a)(3). If the worker or employer disagrees with WHD’s findings, either party may appeal by requesting a hearing before an Administrative Law Judge (ALJ), who is required to issue a decision. 20 C.F.R. § 655.820. The ALJ’s} or the
Department of Justice’s (DOJ’s) Immigrant and Employee Rights Section (IER),102 which until recently was the Office of Special Counsel for Immigration-Related Unfair Employment Practices.103 Oftentimes, workers seek relief without legal representation.104 Given the visa regime’s administrative technicalities, it comes as no surprise that pro se litigants have had little success.105

2. How LCA Exemptions and Fissured Work Facilitate the Indirect Displacement of U.S. Tech Workers

In 2008, DHS concluded that the H-1B program was rife with “significant” fraud.106 Nevertheless, fraudulent LCAs do not explain the H-1B statutory scheme’s failure to prevent the displacement of U.S. tech workers. Instead, the visa statutory scheme facilitates the legal displacement of U.S. tech workers because of exemptions that favor the outsourcing model.

The H-1B program defines two types of displacement: (1) direct (or primary) and (2) indirect (or secondary).107 Direct displacement occurs when a petitioning H-1B employer lays off one of its own U.S. employees within a certain time period and fills that position with an H-1B nonimmigrant sponsored by the employer.108 Indirect displacement occurs when a petitioner, such as an outsourcing firm, contracts its H-1B decision may then be reviewed by DOL’s Administrative Review Board (ARB). 20 C.F.R. § 655.845(a). Only at the end of this process may parties file an appeal in the appropriate U.S. District Court. 20 C.F.R. § 655.850.

102. DOJ’s IER handles complaints filed under 8 U.S.C. § 1182(n)(5) regarding an “H -1B dependent” employer’s or “willful violator” employer’s failure to offer the job to a U.S. applicant who is equally or better qualified than the H-1B nonimmigrant sought for the job. 20 C.F.R. § 655.705(a) (2016). See infra note 119. Filing complaints with DOJ involve a different process than those filed with DOL. See 8 U.S.C. §§ 1182(n)(5)(B)–(F) (requiring arbitration proceedings).


104. See Malos, Updated, supra note 16, at 296 (“[E]mployer successes in defending these claims . . . should be interpreted with caution in that many were filed by pro se plaintiffs who . . . failed to exhaust administrative remedies, failed to file with the proper tribunal, or failed to do so in a timely manner.”).

105. See Takamiya v. DNP Am., LLC, 2016 WL 4030861, at *1 (S.D.N.Y. 2016) (dismissing pro se H-1B worker’s complaint as untimely where she filed more than twelve months after the alleged LCA violation).


107. Fulmer, supra note 25, at 853.

108. See 20 C.F.R. § 655.738(c) (2016) (defining direct displacement). The direct displacement prohibition applies within a period beginning ninety days before and ending ninety days after the filing date of an H-1B petition supported by the LCA. Id.
employees to a secondary employer, usually a U.S. client company, thereby enabling the U.S. client to replace its U.S. employees with the outsourcing firm’s H-1B workers.

The H-1B statutory scheme did not explicitly address displacement until 1997, the first year that the visa cap was met and the start of the tech industry’s lobbying efforts. An influx of high-tech money and unreliable studies ultimately led to the passage of the American Competitiveness and Workforce Improvement Act of 1998 (the “1998 Act”). Like the 1990 Act, the 1998 Act introduced half-hearted measures that were ostensibly designed to protect U.S. labor. Specifically, the 1998 Act imposed additional LCA attestations on petitioners that either qualify as “willful violators” or “H-1B dependent.” All major outsourcing firms are H-1B dependent.

In addition to the four LCA attestations that apply to all petitioners, the 1998 Act required that H-1B dependent employers sign two additional attestations, most important of which is the non-displacement requirement. It has two components. First, an H-1B dependent employer

110. Udansky & Espenshade, supra note 54, at 10.
111. See Matloff, supra note 23, at 816.
112. See Matloff, supra note 23, at 822–23 (noting GAO criticized one report as suffering from “serious analytical and methodological weaknesses”).
114. See Matloff, supra note 23, at 825; see also RUTH ELLEN WASEM, CONG. RESEARCH SERV., RL 33977, IMMIGRATION OF FOREIGN WORKERS: LABOR MARKET TESTS AND PROTECTIONS 20 (Apr. 24, 2007).
116. An employer is H-1B dependent if it: (1) has twenty-five or fewer full-time equivalent (FTE) employees in the United States, of which eight or more are H-1Bs; (2) has twenty-six to fifty FTE employees in the United States, of which thirteen or more are H-1Bs; or (3) has fifty-one or more FTE employees, of which more than fifteen percent are H-1Bs. See 8 U.S.C. § 1182(n)(3)(A) (2012); see also 20 C.F.R. § 655.736(a) (2016). The fifteen percent threshold applies to all employees regardless of occupation; so even if fifty percent of an employer’s IT staff are H-1Bs, it would still be unlikely that the employer would qualify as H-1B dependent because “most employers would have enough non-technical workers” (e.g., management, administrative staff, and janitors). Matloff, supra note 23, at 825.
118. In addition to the non-displacement requirement, and outside the scope of this Note, is the requirement that H-1B dependent employers recruit U.S. workers in good-faith before hiring H-1B workers. Moreover, an H-1B dependent employer must attest on the LCA that it offered the job to any
must agree that it has not directly displaced and will not directly displace its U.S. employees within a 180-day period.\(^{119}\) Second, an H-1B dependent employer must attest that it will not indirectly displace a client’s U.S. employees. Specifically, the controlling statute provides that the H-1B dependent employer—

will not place the nonimmigrant with another employer (regardless of whether or not such other employer is an H-1B-dependent employer) where—

(i) the nonimmigrant performs duties in whole or in part at one or more worksites owned, operated, or controlled by such other employer; and

(ii) there are indicia of an employment relationship between the nonimmigrant and such other employer.\(^ {120}\)

However, this non-displacement provision does not apply if the H-1B dependent employer—

has inquired of the other employer as to whether, and has no knowledge that, within the period beginning 90 days before and ending 90 days after the date of the placement of the nonimmigrant with the other employer, the other employer has displaced or intends to displace a United States worker employed by the other employer.\(^ {121}\)

In other words, an outsourcing firm can indirectly displace a client’s U.S. employees if (1) there are no “indicia of an employment relationship” between the H-1B nonimmigrant and client,\(^ {122}\) or (2) the outsourcing firm

\(^ {119}\) Specifically, an H-1B dependent employer must attest that it “did not displace and will not displace a United States worker . . . employed by the employer within the period beginning 90 days before and ending 90 days after the date of filing of any visa petition.” 8 U.S.C. § 1182(n)(1)(E)(i) (2012).

\(^ {120}\) 8 U.S.C. §§ 1182(n)(1)(F)(i)–(ii).

\(^ {121}\) 8 U.S.C. § 1182(n)(1)(F)(ii). See Cyberworld Enter. Techs., Inc. v. Napolitano, 602 F.3d 189, 202 (3d Cir. 2010) (holding DOL was required under § 1182(n)(2)(C)(i) to impose a 1 year debarment on an H-1B dependent firm because the firm failed to inquire whether the secondary employer intended to lay off its U.S. employees).

\(^ {122}\) “The relationship between the H-1B-nonimmigrant and the other/secondary [employer] need not constitute an ‘employment’ relationship (as defined in § 655.715) . . . .” 20 C.F.R. § 655.738(d)(2)(ii) (2016). Relevant indicia of an employment relationship include the following:

(A) The other/secondary employer has the right to control when, where, and how the nonimmigrant performs the job (the presence of this indicia would suggest that the relationship between the
asked the U.S. client and has no knowledge that the U.S. client displaced or intends to displace its U.S. employees within the covered time period. 123

Apparently Congress considered this mealy-mouthed language still too restrictive because the 1998 Act provided exceptions to the non-displacement requirements. Specifically, H-1B dependent employers are not required to make the non-displacement attestation if they submit the LCA for “exempt” H-1B workers—defined as specialty workers who are paid at least $60,000 annually or hold at least a master’s degree in a specialty related to the intended position. 124

The combined result of these cryptic statutory provisions is that petitioners are only prohibited from directly or indirectly displacing U.S. workers where all four of the following conditions apply: (1) the petitioner’s total workforce is made up of over fifteen percent of non-exempt H-1B workers, or the petitioner has been found to have committed a willful violation within the past 5 years, (2) the H-1B worker lacks a master’s degree, (3) the H-1B worker earns less than $60,000, and (4) the U.S. worker is displaced within the period beginning ninety days before and ending ninety days after the employer files the petition. 125

Officials had warned Congress as early as 1995 that the 1990 Act was failing to prevent the unfair displacement of U.S. workers.126 The 1998 Act

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126. In 1995, then Secretary of Labor Robert Reich warned Congress of the program’s flaws: “[W]hat was conceived as a means to meet temporary business needs for unique, highly skilled professionals from abroad is, in fact, being used by some employers to bring in relatively large numbers...
only exacerbated the problem. The futility of the non-displacement provisions became apparent during the early 2000s as the tech industry shifted towards a “fissured work” model. This concept refers to work arrangements that resemble the traditional employer-employee relationship, but entail the insecurity of temporary work. The typical fissured work model involves a U.S. client that contracts with a third-party (e.g., an outsourcing firm) to perform functions that the U.S. client previously performed itself (e.g., IT), thereby allowing the client to focus on its “core competencies” (e.g., being “The Most Magical Place On Earth”), cutting labor costs, or avoiding legal responsibility for workers the client controls (e.g., H-1B nonimmigrants).

Today’s tech workplace is the paradigm of fissured work. By relying on outsourcing firms to provide an immobile labor force, tech and non-tech companies alike can avoid LCA obligations and maximize profits. This trend began in the early 2000s and by 2014, the top ten companies of foreign workers who may well be displacing U.S. workers and eroding employers’ commitment to the domestic workforce.” Fulmer, supra note 25, at 824–25. See, e.g., U.S. DEP’T OF LABOR, THE SYSTEM IS BROKEN, supra note 79, at 25 (noting in a 1996 report that the “H-1B program was not intended for an employer to establish a business of H-1B aliens to contract out to U.S. employers”).

127. See infra note 133.


129. “Fissuring is accomplished through a variety of business structures,” such as subcontracting and temporary agencies. Weil, supra note 128, at 211. See, e.g., Vizcaino v. Microsoft Corp., 120 F.3d 1006 (9th Cir. 1997) (finding Microsoft misclassified employees as independent contractors and contracted with staffing firms to avoid paying benefits to such employees).

130. “[T]hat is, what provides greatest value to their consumers and investors.” Weil, supra note 128, at 211.


132. See Weil, supra note 128, at 211.

133. Essentially, fissuring allows clients to “maintain a sufficient degree of control over subordinate organizations such that important . . . standards are achieved, in order to preserve the core ‘brand’,” while at the same time allowing the client to avoid “direct responsibility, and liability, with respect to labor supply.” Timothy J. Bartkiw, 36 COMP. LAB. L. & POL’Y J. 323, 324–25 (2015) (reviewing DAVID WEIL, THE FISSURED WORKPLACE: WHY WORK BECAME SO BAD FOR SO MANY AND WHAT CAN BE DONE TO IMPROVE IT (2014)).


135. For example, “Disney directly employs fewer than ten H-1B workers . . . and has not been prominent in visa lobbying.” Preston, supra note 3.

136. As WHD has explained, only the “staffing company” that files the LCA is “technically accountable.” U.S. GOV’T ACCOUNTABILITY OFF., REFORMS ARE NEEDED, supra note 26, at 52 (explaining the “contractual relationship” between a U.S. client and the outsourcing firm “does not transfer” the firm’s LCA obligations to the client).

137. See, e.g., U.S. DEP’T OF LABOR, THE SYSTEM IS BROKEN, supra note 79, at 3, 25 (a 1996 report finding six percent of H-1B workers were contracted out by their LCA employer); Anand Giridharadas, Outsourcers Corner Market for U.S. Skilled Worker Visas, N.Y. TIMES (Apr. 12, 2007),
receiving H-1B visas—nearly thirty percent of the annual quota—were all outsourcing firms.138

The SCE layoffs exemplify the statutory scheme’s shortcomings in the fissured tech workplace. News of the layoffs prompted a group of bipartisan U.S. senators, including Senators Bernie Sanders (I-Vt.) and Jeff Sessions (R-Ala.), to request a DOL investigation into whether U.S. tech workers were being unfairly displaced.139 DOL initially declined to investigate, citing its limited authority.140 DOL only looked into the matter after the laid off U.S. employees complained that as a result of SCE’s contract with Indian firms Infosys and Tata, they were forced to train their H-1B replacements and ultimately terminated.141

The U.S. tech workers alleged two LCA violations. First, they claimed that being forced to train their H-1B replacements amounted them suffering adverse work conditions in violation of the second LCA requirement, which according to the relevant statute specifies that a petitioner “will provide working conditions for [the H-1B nonimmigrant] that will not adversely affect the working conditions of workers similarly employed.”142 Second, the U.S. workers also suggested that the firms had committed indirect displacement in violation of the non-displacement provisions.143


140. See Letter from M. Patricia Smith, Solicitor of Labor, U.S. Dep’t of Labor, to Richard J. Durbin, U.S. Senate (Apr. 21, 2015), https://perma.cc/NFSR-HTQ2 (explaining DOL had not received “a complaint from an aggrieved party or a credible source”).


142. 8 U.S.C. § 1182(n)(1)(A)(ii) (2012) (emphasis added); 20 C.F.R. § 655.732(a) (2016) (defining “working conditions [to] include matters such as hours, shifts, vacation periods, and benefits such as seniority-based preferences for training programs and work schedules”). Ontiveros, supra note 25, at 29.

143. See Thibodeau, Labor Department Says It Can’t Investigate, supra note 141.
The former SCE workers sought a broad interpretation of the second LCA requirement and hoped for a precedential finding that an outsourcing firm that displaced a client’s U.S. workers violated this provision.144 DOL only responded to the second allegation, however, focusing on whether the outsourcing firms were H-1B dependent.145 DOL explained that only the petitioning H-1B dependent employers (outsourcing firms),146 not the client (SCE), were bound by the non-displacement requirements.147 DOL concluded that even though Infosys and Tata were H-1B dependent, they had filed the LCAs for exempt H-1B workers and thus, the non-displacement provisions did not apply.148 This formulaic approach conveniently avoided the issue of whether the second LCA requirement—which prohibits adverse working conditions and for which there is no exemption—only protects the petitioner’s U.S. employees or whether it also applies to the client’s.149

3. Why Outsourcing Firms and their U.S. Clients Do Not Satisfy the Employer-Employee Relationship Requirement

DOL likely avoided discussing the scope of the second LCA requirement because such an analysis would implicate a serious flaw in the outsourcing model—the requirement that visa petitioners maintain a valid employer-employee relationship with the H-1B nonimmigrant.150 Prior to 2010, there was little “guidance clearly defining what constitutes a valid employer-

144. See Ontiveros, supra note 25, at 29.
145. Id.
146. See 20 C.F.R. § 655.715 (2016) (explaining the party “that files a petition . . . is deemed to be the employer” of the H-1B worker).
148. Id.
149. Compare 8 U.S.C. § 1182(n) (referring to “workers similarly employed”), and LCA, supra note 72, with 20 C.F.R. § 655.732(a) (2016) (requiring the petitioning employer to provide the same “working conditions to its H-1B . . . employees . . . as it affords to its U.S. worker employees who are similarly employed, and without adverse effect upon the working conditions of such U.S. worker employees.”) (emphasis added). One commentator correctly observed that DOL “took a narrow, textualist approach to the statutory requirements” that focused on whether Infosys was an H-1B dependent employer “instead of whether the requirement to not have a ‘negative effect on the working conditions of existing employees’ included displacing American workers through outsourcing.”). See Ontiveros, supra note 25, at 30.
150. An H-1B nonimmigrant is defined as an alien “who is coming temporarily to the United States to perform services . . . in a specialty occupation . . . and with respect to whom the Secretary of Labor determines . . . that the intending employer has filed” an LCA. 8 U.S.C. § 1101(a)(15)(H)(i)(b) (2012) (emphasis added). The C.F.R. provides that a “United States employer” shall file the petition. See 8 C.F.R. § 214.2(h)(2)(i)(A) (2016). This term is defined in part as an entity that “has an employer-employee relationship” with the nonimmigrant. See 20 C.F.R. § 214.2(h)(4)(ii) (2016).
employee relationship" for purposes of the H-1B program. USCIS Associate Director Donald Neufeld clarified matters in a 2010 memorandum ("Neufeld Memo"), which took aim at outsourcing arrangements.

The Neufeld Memo explained that USCIS agents would apply the traditional common law test in determining whether a petitioner and H-1B nonimmigrant maintained a valid employer-employee relationship, focusing on whether the petitioner has the right to control, as opposed to actual control, over the manner and means of the nonimmigrant’s work. Several factors guide this determination, with no single factor being dispositive. Importantly, the Neufeld Memo provided an example of an invalid arrangement, in which a petitioning IT outsourcing firm “has contracts with numerous outside companies . . . to fulfill specific staffing needs.” In the scenario, these positions are not detailed in the contract and the petitioner’s H-1B worker has been assigned to maintain the client’s payroll. The H-1B worker reports to one of the client’s managers and the client determined all of the work assignments. “The petitioner does not control how the [H-1B worker] will complete daily tasks, and no proprietary information of the petitioner is used by the [H-1B] to complete any work assignments.” The Neufeld Memo reasoned there was a lack of a valid employer-employee relationship in such a situation because the IT firm neither had the “right to control” nor “actual control” over the nonimmigrant’s work.

In the wake of the Neufeld Memo, outsourcing firms have taken “great pains” to ensure their own supervisors oversee H-1B workers at client

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151. USCIS Memorandum, Donald Neufeld, Determining Employer-Employee Relationship for Adjudication of H-1B Petitions, Including Third-Party Site Placements 2 (Jan. 8, 2010) [hereinafter, Neufeld Memo].
152. Immigration attorneys and IT staffing firms unsuccessfully challenged the Neufeld Memo, arguing it violated the Administrative Procedure Act’s notice and comment procedures for agency rulemaking. See Broadgate Inc. v. U.S. Citizenship & Immigration Servs., 730 F. Supp. 2d 240, 247 (D.D.C. 2010) (holding that the Neufeld Memo did not constitute “final agency action” and thus, was not subject to judicial review and the notice and comment requirements under the APA because the Neufeld Memo only provided guidance).
153. See Neufeld Memo, supra note 151, at 3.
155. See Neufeld Memo, supra note 151, at 6.
156. See Neufeld Memo, supra note 151, at 7.
sites. In addition, attorneys advise that “contracts should demonstrate that contractual performance requires the use of the petitioner’s proprietary product and/or knowledge.” Many of the top outsourcing firms derive the bulk of their revenue from servicing software owned by the client or a third-party, and thus, may struggle to satisfy the property product requirement. Nevertheless, the knowledge factor is clearly lacking in layoffs such as those at Disney and SCE, where the U.S. workers had to train the firm’s H-1B workers.


The lack of a sufficient remedy under the H-1B statutory scheme necessitates an exploration of alternative solutions. Up until recently, the majority of “enforcement actions against employers [for immigration-related offenses] rested squarely with the government.” However, recent private litigation suggests that tech workers should consider seeking relief outside the H-1B visa’s administrative process.

A. Civil RICO: A Powerful Theory of Liability, Except in the Fissured Workplace

Unlike SCE, the Department of Labor did not rescue Disney from its public relations nightmare. So, when two former Disney tech workers filed civil RICO claims against Disney and the two outsourcing firms HCL and

160. See Infosys Ltd., Annual Report (Form 20-F) (May 18, 2016) (“Our revenues are generated principally from services . . . .”).
161. See Michael A. Hitt et. al., *STRATEGIC MANAGEMENT: CONCEPTS AND CASES: COMPETITIVENESS AND GLOBALIZATION* 97 (2016) (noting “firms such as Wipro and Infosys are challenged to develop competencies in terms of their own software niches and to learn how to competitively price their new products . . . .”). Even if an outsourcing firm uses its own expertise to develop software for a client, the firm will usually lack ownership rights in the product. See Infosys Ltd., Annual Report (Form 20-F) (May 18, 2016) (“[O]ur clients usually own the intellectual property in the software we develop for them.”).
162. Preston, *supra* note 3 (“Former employees said many immigrants who arrived were younger technicians with limited data skills who did not speak English fluently and had to be instructed in the basics of the work.”).
163. Green et al., *supra* note 100, at 206.
Cognizant, it marked the first time that American workers sued both their U.S. employer and the outsourcing firm.166

The RICO Act imposes criminal and civil liability for “racketeering activity” connected to interstate commerce. Section 1964(c) of the RICO Act provides a private cause of action for “[a]ny person injured in his business or property by reason of a violation of section 1962.” In order to state a prima facie civil RICO claim, a plaintiff must establish three elements: (1) that the defendant committed “a pattern of racketeering activity” (defined as at least two predicate acts) (2) that actually and proximately caused (3) the plaintiff to suffer an injury to his or her business or property.

There are three important considerations to keep in mind. First, RICO predicate acts include violations of 18 U.S.C. § 1546, which prohibits the “fraud and misuse of visas, permits, and other documents.” Thus, a petitioning employer who knowingly makes false LCA attestations would violate § 1546 and this violation could potentially constitute a RICO predicate act. Second, civil RICO plaintiffs can only recover damages for an injury to their business or property. Therefore, U.S. workers could not recover emotional damages for being forced to train their H-1B replacements. Significantly, civil RICO plaintiffs can recover treble damages and the cost of suit, and thus, civil RICO can provide workers with serious negotiating leverage.

Third, a plaintiff can file a civil RICO claim

166. See id.
173. See 18 U.S.C. § 1546 (2012) (“Whoever knowingly makes . . . any false statement with respect to a material fact in any application, affidavit, or other document required by the immigration laws . . . .”).
174. See Carr, supra note 22, at 418 (“Because plaintiffs cannot recover for emotional and physical injuries, victims in minimum wage jobs may not obtain substantial damages.”).
175. See 18 U.S.C. § 1964(c) (2012). The threat of treble damages led one federal circuit to describe civil RICO as “an unusually potent weapon—the litigation equivalent of a thermonuclear
even if the government has not prosecuted a criminal RICO case against the defendants.\footnote{176}

In \textit{Perrero v. HCL}\footnote{177} and \textit{Moore v. Cognizant},\footnote{178} former Disney workers alleged that the outsourcing firms committed a pattern of racketeering activity in violation of 18 U.S.C. § 1546\footnote{179} when they “falsely . . . attested that there would be no adverse effect to workers similarly situated” (thus violating the second LCA requirement) and when the firms falsely attested that U.S. workers would not be displaced (thus violating the non-displacement requirements).\footnote{180} As a result of these alleged LCA misrepresentations, the plaintiffs were terminated and thus suffered compensable injuries.\footnote{181}

In support of the first alleged predicate offense (violation of the second LCA requirement), plaintiffs argued that the firms committed visa fraud because they “knew,” as a result of their contract to provide Disney with hundreds of H-1B workers, Disney “would be adversely affecting the working conditions of similarly situated employees by discharging [its] U.S. workers” and replacing them with the H-1Bs.\footnote{182} Defendants countered that the second LCA requirement only applied “to workers employed by the same employer.”\footnote{183} The district court agreed, citing 20 C.F.R. § 655.732(a), which narrowly construes the statute’s reference to “workers similarly employed.”\footnote{184}

The court then rejected the allegation that the firms committed a second predicate offense by falsely attesting to the non-displacement requirements. The court determined that the non-displacement provisions did not apply because the outsourcing firms had indirectly displaced the plaintiffs with exempt H-1B workers.\footnote{185} Accordingly, the court found that the plaintiffs

\begin{itemize}
\item \textbf{177.} Perrero v. HCL Am., Inc., No. 6:16-cv-00112, 2016 WL 5943600 (M.D. Fla. 2016).
\item \textbf{179.} “Whoever knowingly makes . . . any false statement with respect to a material fact in any application, affidavit, or other document required by the immigration laws . . . .” 18 U.S.C. § 1546 (2012).
\item \textbf{181.} Id. at 19.
\item \textbf{182.} Id. at 16.
\item \textbf{184.} Compare 8 U.S.C. § 1182(n) (2012) (requiring petitioners attest that they would “provide working conditions for the nonimmigrants that would not adversely affect the working conditions of workers similarly employed”), with 20 C.F.R. § 655.732(a) (2016) (employer attests it will afford “working conditions to its H-1B nonimmigrant employees on the same basis . . . as it affords to its U.S. worker employees who are similarly employed, and without adverse effect upon the working conditions of such U.S. worker employees.”) (emphasis added).
\item \textbf{185.} See Perrero, 2016 WL 5943600, at *4.
\end{itemize}
failed to establish the necessary predicate acts and thus, dismissed their civil RICO claims.  

The Disney civil RICO cases and DOL’s investigation of SCE both demonstrate that indirectly displaced U.S. workers will face serious hurdles if they are required to prove as part of their prima facie case a violation of the second LCA requirement. In addition to the problems related to fissured work, civil RICO plaintiffs may also face procedural obstacles. For example, one federal court held that the INA preempted an H-1B fashion model’s civil RICO claim because she did not fully exhaust her administrative remedies under the H-1B statutory scheme.

B. IRCA Anti-Discrimination Provision: An Administrative Remedy for Citizenship Discrimination

In 1986, concern that undocumented aliens were depriving U.S. workers of employment opportunities led Congress to pass the Immigration Reform and Control Act of 1986 (IRCA). IRCA’s purpose of deterring undocumented immigration by prohibiting their employment was to be achieved through new employer sanctions. However, Congress believed

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186. Moore v. Cognizant Tech. Sols., No. 6:16-cv-00113, 2016 WL 5943593, at *4 (M.D. Fla. 2016). Like DOL’s analysis of the SCE layoffs, the district court failed to explain why the statutory terms “similarly situated,” for purposes of the second LCA requirement, only applied to the petitioner’s U.S. employees, and not also the client’s. See supra note 149.


188. See Palmer, 175 F. Supp. 3d at 109 (holding plaintiff’s civil RICO claim was preempted because she did not seek an administrative remedy for allegations that defendants conspired to deprive her and other foreign models of a promised salary of $75,000 per year) (quoting Biran v. JPMorgan Chase & Co., No. 02 Civ. 5506, 2002 WL 31040345 (S.D.N.Y. 2002). But see Panwar v. Access Therapies, Inc., 975 F. Supp. 2d 948, 957–58 (S.D. Ind. 2003) (addressing on the merits plaintiff H-1B worker’s RICO claims); Access Therapies, Inc. v. Mendoza, 2014 WL 4670888, at *6 (S.D. Ind. 2014) (rejecting defendants’ argument that plaintiff H-1B worker was required “to exhaust remedies under the INA as a condition to bringing” civil RICO claims).


190. See, e.g., Andrew Strojny, Developments Concerning IRCA’s Antidiscrimination Provision—What Is It, What Does It Do, and Does It Have Any Applicability To Work-Related Nonimmigrant Visa Programs?, 10 GEO. IMMIGR. L.J. 371, 371 (1996); Prescott, supra note 189, at 4. Prior to IRCA, employers were exempt from liability if they knowingly hired an undocumented worker. Steven M. Kaplan, The Employer Sanctions Provision of IRCA: Deterrence or Discrimination?, 6 GEO. IMMIGR. L.J. 545, 546–47 (1992). In response, IRCA made it unlawful “to hire, or to recruit or refer for
the threat of liability would cause employers to discriminate against workers who “looked or sounded foreign.”\textsuperscript{191} Congress thus included an anti-discrimination provision, 8 U.S.C. § 1324b, which prohibits employers from discriminating—

against any individual (other than an unauthorized alien, . . . ) with respect to the hiring, or recruitment or referral for a fee, of the individual for employment or the discharging of the individual from employment—

(A) because of such individual’s national origin, or

(B) in the case of a protected individual . . . , because of such individual’s citizenship status.\textsuperscript{192}

Confusingly, both the IRCA anti-discrimination provision and Title VII ban national origin discrimination. But the IRCA is not applicable for most U.S. tech workers who are displaced by large outsourcing firms because IRCA national origin claims are limited to employers with four to fourteen employees.\textsuperscript{193} As discussed below, U.S. workers should file national origin claims under Title VII, which covers employers with fifteen or more employees.\textsuperscript{194} IRCA is unique because it bans citizenship discrimination.

1. Citizenship Discrimination

“Citizenship or immigration status discrimination occurs when an employer treats individuals differently based on their real or perceived citizenship or immigration status with respect to hiring, firing, recruitment, or referral for a fee.”\textsuperscript{195} A prima facie IRCA citizenship discrimination claim requires a showing that the plaintiff is (1) a protected individual; (2) who suffered an adverse employment action; (3) was qualified for a position; and (4) a similarly qualified applicant who was outside the protected class filled that position.\textsuperscript{196}

IRCA’s anti-discrimination provision has several advantages over other potential remedies. First, it explicitly bans citizenship discrimination

\textsuperscript{191}. See, e.g., In Re Martinez, 1 OCAHO 143 (Mar. 22, 1990); Prescott, supra note 189, at 5.


\textsuperscript{193}. 8 U.S.C. § 1324b(a)(2).

\textsuperscript{194}. See infra Section II.C.1.


\textsuperscript{196}. See Letter from Seema Nanda to Liane Hicks Cooney, supra note 189.
against U.S. citizens, unlike Title VII and § 1981.\textsuperscript{197} Although the anti-discrimination provision was intended to protect “non-citizens, ethnic minorities, or anyone perceived by an employer as looking or sounding ‘foreign,’”\textsuperscript{198} U.S. citizens are nevertheless eligible for protection because they explicitly qualify as a “protected individual.”\textsuperscript{199}

Second, unlike the H-1B program’s administrative remedies and civil RICO, it is unlikely that U.S. employers can avoid liability under § 1324b by relying on outsourcing arrangements.\textsuperscript{200} In 2015, Bruce Morrison, one of the 1990 Act drafters and now a lawyer for The Institute of Electrical and Electronics Engineers (IEEE), requested guidance from the DOJ on “whether a violation of the anti-discrimination provision . . . can be established where an employer replaces a protected employee with a non-protected contract employee provided by a third party company, rather than directly hiring a replacement worker from outside of the protected class.”\textsuperscript{201} In response, DOJ explained that, barring rare situations, “an employer violates the anti-discrimination provision if it terminates workers or hires their replacements because of citizenship or immigration status.”\textsuperscript{202}

However, DOJ went on to explain that “[w]hether an employer has, in fact, violated the anti-discrimination provision through its use of contract workers will depend upon the facts of each case, including . . . the extent to which the original employer could be considered a joint employer of the

\textsuperscript{197} Bloomekatz, supra note 22, at 1993.

\textsuperscript{198} See Bloomekatz, supra note 22, at 1987 (quoting Lucas Guttentag, Immigration-Related Employment Discrimination: IRCA’s Prohibitions, Procedures, and Remedies, 37 FED. B. NEWS & J. 29, 29 (1990)); see also Shawn Zeller, Technology Workers Target Abuse of H-1B Visas, CQ ROLL CALL, 2015 WL 7730439 (reporting that the Institute of Electrical and Electronics Engineers suspect DOJ has not enforced § 1324b for the benefit of U.S. tech workers because the provision was intended to protect “legal Hispanic workers”).

\textsuperscript{199} 8 U.S.C. § 1324b(a)(3) (2012) (defining “protected individual” as a U.S. citizen, U.S. national, refugee, asylee, or lawful permanent resident). See McDonnell Douglas Corp., 2 OCAHO 351, at 370 (1991) (“Although I agree that native born American citizens were not the primary target of protection in the enactment of IRCA, I disagree with the implication that they are not protected.”). In addition, the IRCA anti-discrimination provision provides, perhaps counterintuitively, that “it is not an unfair immigration-related employment practice to prefer to hire, recruit, or refer an individual who is a citizen or national of the United States over . . . an alien if the two individuals are equally qualified.” 8 U.S.C. § 1324b(a)(4).

\textsuperscript{200} See discussion supra Sections I.C.2–3, II.A.

\textsuperscript{201} Letter from Alberto Ruisanchez, Deputy Special Counsel, Office of Special Counsel for Immigration-Related Unfair Emp’t Practices, to Bruce A. Morrison, Chairman, Morrison Public Affairs Group (Dec. 22, 2015).

\textsuperscript{202} Id. Thus, IRCA applies “regardless of whether the employer takes the discriminatory employment actions itself through direct hiring, or contracts, as a joint employer, with an outside agency to implement its discriminatory staffing plan.” Id.
contract workers." But DOJ explained that the existence of a joint employer relationship is only one relevant factor.

On the flip side, there are limitations to the IRCA’s anti-discrimination provision. First, it does not offer a private cause of action. Similar to filing complaints alleging LCA violations, workers who file IRCA citizenship discrimination claims must navigate an administrative maze. But workers have even less time to file an IRCA claim than they do for filing complaints alleging LCA violations. Workers must also be careful to file their citizenship discrimination claims with DOJ’s Immigrant and Employee Rights Section (IER), which has administrative jurisdiction over citizenship discrimination claims against employers with four or more employees. However, unlike the Department of Labor’s enforcement authority under the H-1B statutory scheme, DOJ has the ability to subpoena employers and as a result, employers are more likely to cooperate.

Second, workers may be disinclined to navigate the administrative process because IRCA’s civil monetary penalties are relatively small: for first time violations, an employer will be subject to a penalty between $445 and $3563 for each individual discriminated against; for the second violation, $3563 to $8908; and for the third, $5345 to $17,816. Thus, attorneys will likely only consider cases involving numerous claimants.

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203. Id.

204. DOJ explained that in addition, it will consider “whether there is evidence of intentional discriminations in the selection of employees for discharge or rehire,” and “the circumstances surrounding the selection of the third party staffing contractor.” Id. Whether a U.S. client company is a joint employer under IRCA is determined according to the traditional common law test. This analysis also applies to Title VII defendants. See Faush v. Tuesday Morning, Inc., 808 F.3d 208, 213 (3d Cir. 2015).


206. Workers claiming a § 1324b violation must file a charge with DOJ. After an initial investigation, DOJ or the worker may file a complaint with an ALJ. 8 U.S.C. §§ 1324b(b)–(d) (2012). The ALJ will conduct a hearing and either dismiss the complaint or order remedies. 8 U.S.C. §§ 1324b(e)–(h). The ALJ’s order is appealable to the applicable U.S. Court of Appeals. See generally Shah, 126 F. Supp. at 648.

207. IRCA discrimination claims must be filed with DOJ within 180 days of the alleged discriminatory conduct. 28 C.F.R. § 44.300(b) (2017). In comparison, a complaint alleging a LCA violation “must be filed not later than 12 months after the latest date on which the alleged violation(s) were committed.” 20 C.F.R. § 655.806 (2017).

208. See Malos, Updated, supra note 25, at 296.

209. U.S. GOV’T ACCOUNTABILITY OFF., REFORMS ARE NEEDED, supra note 26, at 49.

Lastly, unlike Title VII, which allows for disparate impact claims, IRCA’s anti-discrimination provision only applies to disparate treatment claims (that is, intentional discrimination). This means that to engage in unlawful citizenship status discrimination, an employer must have acted ‘because of’ citizenship or immigration status. However, this does not require the plaintiff prove that the employer acted out of hostility or animus. As a result, U.S. workers have had mixed results in bringing IRCA claims. The IRCA anti-discrimination provision seems ideal in limited situations, such as where employers post job announcements that express a clear preference for H-1B workers over U.S. workers. In addition, the IRCA would be ideal in cases such as Shah v. Wilco Systems, Inc. In Shah, the plaintiffs, an H-1B worker from Britain and a naturalized U.S. citizen who was born in India, claimed their former employer stated that “Indian workers were needed because ‘Americans don’t make quality workers—they’re stupid, they’re too expensive and difficult to control.’” But most cases will lack such clear evidence of intentional discrimination and employers may be able to avoid liability by showing that “the outsourcing was motivated by legitimate business considerations, such as cost cutting, and was not motivated by the citizenship of the displaced workers.”

213. Letter from Alberto Ruisanchez to Bruce A. Morrison, supra note 201 (quoting 8 U.S.C. § 1324b(a)(1)(B)).
214. Letter from Alberto Ruisanchez to Bruce A. Morrison, supra note 201.
216. See, e.g., U.S. DEP’T OF JUSTICE, Justice Department Settles Citizenship Status Discrimination Claim Against IBM (Sept. 27, 2013), https://perma.cc/F73J-ACYE (announcing a settlement with IBM over allegations that IBM “placed online job postings for application and software developers that contained citizenship status preferences for . . . H-1B” workers);
218. Id. at 644.
In short, workers who decide to file IRCA claims without the aid of legal representation must be aware of the risks of filing with the wrong agency (e.g., EEOC), claiming the wrong protected class (e.g., national origin claims against large employers), or basing their discrimination claim on the wrong legal theory (e.g., disparate impact). Indeed, employers have generally been successful in “defending discrimination and related claims involving H-1B visas” for these very reasons.220

C. Title VII: A Private Cause of Action for Racial and National Origin Discrimination

As discussed above, displaced tech workers will face various difficulties if they seek relief under the H-1B statutory regime,221 civil RICO,222 or the IRCA’s anti-discrimination provision.223 Among the remaining remedies, workers should especially consider Title VII, which forbids an employer with fifteen or more employees from failing or refusing “to hire or to discharge any individual, or otherwise to discriminate against any individual with respect to his compensation, terms, conditions, or privileges of employment, because of such individual’s race, color, religion, sex, or national origin.”224

Title VII provides distinct advantages over the aforementioned administrative claims and private causes of action. First, Title VII litigants can recover more extensive damages compared to the administrative remedies for LCA violations and IRCA’s anti-discrimination provision.225 Second, Title VII arguably “provides more comprehensive protection from employment discrimination than [IRCA]” and § 1981, because Title VII recognizes disparate impact claims.226 On the other hand, plaintiffs who proceed under a disparate impact theory, as opposed to disparate treatment, can only seek equitable relief.227 More fundamentally, there is no consensus

politically unpopular, there is nothing illegal about companies wishing to outsource jobs to a staffing firm to lower overhead costs, as long as they do not purposefully seek to use firms that are staffed with H-1B visa holders.”).

220. Malos, Updated, supra note 16, at 300.
221. See discussion in Section I.C.
222. See discussion in Section II.A.
223. See discussion in Section II.B.
227. Unlike disparate treatment claims, compensatory and punitive damages are not available under the disparate impact theory, only equitable relief may be granted. 42 U.S.C. § 1981a(a)(1); In re Employment Discrimination Litig., 198 F.3d 1305, 1315 (11th Cir. 1999).
on the effectiveness of the disparate impact theory in combatting discrimination.228

1. Title VII National Origin Discrimination

Title VII explicitly prohibits employment discrimination on the basis of national origin and race—but not citizenship.229 The Supreme Court emphasized this distinction in Espinoza v. Farah Manufacturing Co., where a legal permanent resident from Mexico claimed a company’s policy of not hiring aliens violated Title VII.230 The Supreme Court in Espinoza explained that national origin specifically “refers to the country where a person was born, or, more broadly, the country from which his or her ancestors came.”231 The Espinoza court looked to the plain language of the statute and held that Title VII does not apply to citizenship discrimination.232

Nevertheless, Espinoza may not be a total bar for U.S. workers seeking relief under Title VII. The majority in Espinoza acknowledged that “there may be many situations where discrimination on the basis of citizenship would have the effect of discriminating on the basis of national origin. . . . Certainly Title VII prohibits discrimination on the basis of citizenship whenever it has the purpose or effect of discriminating on the basis of national origin.”233 Thus, the disparate impact theory may help U.S. tech workers in cases.

Furthermore, the Court in Espinoza “primarily contemplated an immigrant seeking protection based on alien status . . . .”234 Thus, some have argued that for “native-born U.S. citizens, citizenship status is inseparable from national origin.”235 Justice Douglas reasoned as much in his dissent in Espinoza: “Alienage results from one condition only: being born outside the

231. Id. at 88.
232. Id. at 95 (“[N]othing in [Title VII] makes it illegal to discriminate on the basis of citizenship or alienage.”). The federal circuits continue to rely on Espinoza. See Cortezano v. Salin Bank & Trust Co., 680 F.3d 936, 940 (7th Cir. 2012) (Title VII does not apply to “[d]iscrimination based on one’s status as an immigrant”). In Cortezano, the Seventh Circuit acknowledged “that Congress took steps to limit Espinoza’s holding when it enacted” IRCA’s antidiscrimination provision. Id.
Justice Douglas concluded that discrimination against U.S. citizens necessarily involves discrimination against all persons born in the United States. However, this proposition only holds true for citizens at birth, not naturalized citizens. Thus, in situations where the employer also employs and retains “naturalized citizens, then discrimination against citizenship would not overlap with national origin.”

This distinction was explored in Shah v. Wilco Systems Inc., in which the putative class plaintiffs—a naturalized American citizen (originally born in India) and an H-1B coworker who held British citizenship—alleged their former employer violated Title VII’s prohibition on national origin discrimination. Specifically, the plaintiffs alleged their former employer engaged in a scheme of importing “foreign workers in order to displace American workers, trained foreign workers and paid them a salary that was ‘far below the prevailing wages for their skills in the local United States market’ based on their nationality and/or citizenship, and failed to adequately train American workers or provide them with needed work experience to enhance their skills.” In addition, the American plaintiff claimed she suffered retaliation for informing H-1B workers of their legal protections. But because the American plaintiff was of Indian origin, the Second Circuit affirmed the lower court’s holding that she could only base her Title VII “national origin discrimination [claim] as an Indian, rather than as an American.”

It follows from Espinoza and Shah, that native-born U.S. tech workers will only be able to state a Title VII national origin discrimination claim in limited situations: that is, where the client “company has not hired any naturalized citizens, or does not treat those naturalized citizens the same as native-born citizens.”

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237. Id.
241. Shah, a naturalized U.S. tech worker, claimed her employer terminated her “because she was an American worker, as an example to the Indian workers . . . and in retaliation for her discussions and statements [to the other workers] regarding Wilco’s employment practices.” Id. Shah also alleged she was terminated “in reprisal for her efforts to secure her legal rights and as an attempt to intimidate and prevent foreign workers from looking into theirs . . . .” Id.
2. Title VII Racial Discrimination

However, Espinoza would not pose a hurdle to U.S. workers filing Title VII racial discrimination claims. Both Title VII and § 1981 encompass discrimination against Caucasian employees (sometimes referred to as “reverse discrimination”). Following dismissal of their civil RICO suit, the Disney workers filed a racial discrimination claim under Title VII and § 1981.

In addition, in two other federal cases, U.S. tech workers are litigating Title VII national origin and racial discrimination claims, as well as § 1981 claims, against two major outsourcing firms (Infosys and Tata). In Koehler v. Infosys, four Caucasian employees of American national origin filed a class action suit against Infosys alleging it made adverse employment decisions on the bases of race and national origin. The federal district court in Koehler allowed the plaintiffs to go forward in their claims, which relied on the disparate treatment and disparate impact theories.


245. Amended Complaint at 10, Perrero et al. v. Walt Disney Parks and Resorts U.S., Inc., No. 6:16-cv-0144-CEM-TBS (M.D. Fla. Jan. 25, 2017). Plaintiffs also sought relief under the Older Worker Benefit Protection Act (OWBPA) and alleged a hostile work environment based on Disney forcing the U.S. workers to train their replacements. Id. at 7, 10.


248. Plaintiffs alleged Infosys intended to purge Caucasian “employees in favor of South Asian employees”—who made up ninety-six percent of Infosys’s workforce. Id. at 943. Plaintiffs also alleged that a hiring manager stated: “There does exist an element of discrimination. We are advised to hire Indians because they will work off the clock without murmur and they can always be transferred . . . .” Id. at 944.

249. In support of their disparate impact claims, plaintiffs alleged that Infosys’s hiring of H-1B workers “resulted in a significant disparity in the ratio of South Asian employees to Caucasian employees . . . .” Id. at 947. Plaintiffs argued that for fifty-three of the fifty-nine U.S. offices, “at least 94.5% of the employees are ‘Asian.’” Id. at 948. See also Heldt v. Tata Consultancy Servs., Ltd., 132 F. Supp. 3d 1185, 1187–88 (N.D. Cal. 2015) (arguing Tata’s discriminatory hiring resulted in a workforce “of approximately 95% persons of South Asian descent, race, and/or national origin,” while only individuals of South Asian descent only represent “1–2% of the United States population.”).

250. See Lee, supra note 22, at 63.
within the jurisdiction of the United States . . . have the same right in every State and Territory to make and enforce contracts . . . as is enjoyed by white citizens."\(^{251}\) Section 1981 offers several key advantages over all the options thus discussed. First, § 1981 lacks any administrative barriers, unlike IRCA and Title VII.\(^{252}\) Second, § 1981 “protects against discrimination broadly in the right to ‘make and enforce contracts,’” unlike IRCA’s anti-discrimination provision, which only applies to hiring, discharge, recruitment, and referral for a fee.\(^{253}\) Third, there are no statutory caps on the amount of compensatory and punitive damages that may be recovered under § 1981, unlike Title VII.\(^{254}\)

The biggest drawback to seeking relief under § 1981 is that the case law is mixed on whether § 1981 is limited to racial discrimination or whether it also covers citizenship discrimination.\(^{255}\) Even if § 1981 applies to citizenship discrimination, it is not entirely clear whether § 1981 only prohibits state-sponsored citizenship discrimination or whether it also applied to private employers.\(^{256}\) If plaintiffs are successful in convincing a court that § 1981 applies to private employers that engage in reverse citizenship discrimination, then § 1981 would be the best option among all the remedies discussed thus far.\(^{257}\)

### III. UNIONIZATION, EDUCATION, AND COOPERATION: SEEKING A SOLUTION IN THE COURT OF PUBLIC OPINION

While IRCA, Title VII, and § 1981 offer potential avenues of relief for indirectly displaced U.S. tech workers, there is little precedent to guide their efforts. Furthermore, litigation is not a long-term solution to the problem of H-1B visa discrimination. Part III therefore concludes that U.S. tech workers should ultimately aim for legislative reform. Workers should seek to achieve this goal via three strategies: unionization, education, and cooperation with H-1B workers. By relying on these strategies, in


\(^{252}\) Bloomekatz, supra note 22, at 2001.

\(^{253}\) Bloomekatz, supra note 22, at 2002.


\(^{257}\) See Bloomekatz, supra note 22, at 2001.
conjunction with litigation, U.S. workers can shape public opinion and in turn, pressure Congress into reforming the H-1B program.

A. Unionization: The Role of Virtual Unions in Advocating for Reform

The LCA’s third attestation contemplates a role for unions. Under 8 U.S.C. § 1182(n)(1)(B), a petitioning employer must attest that “there is not a strike or lockout in the course of a labor dispute in the occupational classification at the place of employment.” Again, DOL regulations interpret the state narrowly, failing to address the realities of the fissured tech workplace. The regulations clearly state that “labor disputes for the purpose of this section relate only to those disputes involving employees of the employer working at the place of employment in the occupational classification named in the labor condition application.”

Accordingly, a tech union could strike in order to force an employer into filing an LCA in good faith or risk being penalized for misrepresentation. But this strategy would be ineffective in outsourcing arrangements.

More problematic is the fact that “unions are hardly present at all” in the tech industry. Indeed, the former SCE workers were not represented by a union.

Unionization is unlikely in industries marked by “short job tenures, heavy use of temporary labor, and heavy use of immigrant labor”—practices associated with Silicon Valley, which features a “high velocity labor market” in which workers regularly job-hop between employers. Furthermore, in industries where business lobbies are

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258. 8 U.S.C. § 1182(n)(1)(B) (2012) (emphasis added); 20 C.F.R. § 655.733 (2016). (“A strike or lockout which occurs after the labor condition application is filed by the employer with DOL is covered by DHS regulations at 8 CFR 214.2(h)(17).”).

259. 20 C.F.R. § 655.733(a) (2016) (emphasis added).

260.  Alan Hyde, Employee Organization in Silicon Valley: Networks, Ethnic Organization, and New Unions, 4 U. PA. J. LAB. & EMP. L. 493, 496 (2002) (“At a high-technology company, the only employee who is typically represented by a union is the janitor . . . .”). See Avagliano, supra note 24, at 676 (observing that the IT sector has traditionally lacked “significant numbers of union members”).


262.  Hyde, supra note 260, at 498.

263.  Hyde, supra note 260, at 498.

influential, like the high-tech sector, there are fewer barriers to migration and unions have little influence.\(^{265}\)

Traditional unions have thus had little experience with employers who rely on H-1B workers.\(^ {266}\) Among the few unions for computer-related workers is Washington Alliance of Technology Workers (WashTech), which has been described as a “virtual union” because it “advance[s] workers’ interests without acting as their legal bargaining representative.”\(^ {267}\) Virtual unions like WashTech face an uphill battle in “trying to persuade professionals in what has traditionally been a highly individualistic work culture to consider bargaining collectively with employers.”\(^ {268}\) However, virtual unions and traditional unions do play a crucial role in educating the public and Congress on the problems of the H-1B program.\(^ {269}\) Without unions and professional organizations, the tech industry’s narrative of a worker shortage would go unchecked.

**B. Education and Cooperation: Exposing the Corporate Exploitation of Tech Workers and Joining with H-1B Workers in Securing Their Workplace Rights**

While the 2016 presidential election has shifted the calculus for immigration reform,\(^ {270}\) the tech industry’s bevy of lobbyists are determined to protect the status quo.\(^ {271}\) Congress has been all too eager to cater to


\(^{266}\) The one exception seems to be The Society of Professional Engineering Employees in Aerospace (SPEEA), IFPTE Local 2001, which represents Boeing engineers. See Dominic Gates, *Russian Engineers, Once Turned Back, Now Flowing to Boeing Again*, SEATTLE TIMES (Apr. 15, 2012), http://www.seattletimes.com/business/russian-engineers-once-turned-back-now-flowing-to-boeing-again/ (reporting SPEEA criticized Boeing’s use of Russian contractors brought into the country on B-1 visas in lieu of H-1B visas).


\(^{271}\) See discussion infra Section III.B.
Silicon Valley executives, such as Bill Gates, who has even admitted that he is no immigration “expert.”\textsuperscript{272} Much of the H-1B program’s legislation bears the imprimatur of the engineering and computer services industries—the top spenders on immigration lobbying\textsuperscript{273} and the top recipients of H-1B visas.\textsuperscript{274} Despite the industry’s lobbying efforts, Congress has not increased the visa cap since 2004, perhaps due to the fact that the visa’s “flaws have finally been exposed.”\textsuperscript{275}

H-1B proponents characterize the Disney and SCE layoffs as one-offs, arguing “lawmakers shouldn’t overhaul the entire system just because ‘one bad apple’ decided to break the law.”\textsuperscript{276} But the corporate commandeering of the H-1B program is not a new practice.\textsuperscript{277} SCE and Disney were simply using the same tactics as other top U.S. companies, such as AT&T,\textsuperscript{278}

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273. See Facchini et al., supra note 265, at 126 (“Barriers to migration are higher in sectors where labor unions are more important and lower in those sectors in which business lobbies are more active.”); see also Cox & Posner, supra note 43, at 1301.

274. John Miano, H-1B Visa Numbers: No Relationship to Economic Need, Center for Immigration Studies, 1 (June 2008), https://perma.cc/HRM7-MABU. In 2000, for example, when Congress overwhelmingly voted in favor of raising the H-1B visa cap, Senator Bob Bennett (R-Ut.) admitted Congress was motivated out of fear of “being accused of being against [the] high tech” industry, whom politicians were “tapping . . . for campaign contributions.” Carolyn Lochhead, Bill to Boost Tech Visas Sails Through Congress/Clinton Expected to Sign Popular Measure, SFGATE (Oct. 4, 2000), https://perma.cc/Y29Y-TJNK. Similarly, Rep. Tom Davis remarked that although it was “not a popular bill with the public,” it was “popular with the CEOs.” David Enrich, High-Tech Cheap Labor, THE NATION (Sept. 28, 2000), https://www.thenation.com/article/high-tech-cheap-labor/.

275. Fulmer, supra note 25, at 859.

276. Francis, supra note 158.

277. Watt, supra note 8.

Informing the public of H-1B discrimination is thus crucial to reform efforts. The Disney and SCE layoffs illustrate the power of negative publicity. Just days after the New York Times published an article that lambasted Disney, the company reversed an earlier decision to replace thirty-five of its U.S. tech workers at their California office. In turn, 60 Minutes investigated the issue of tech worker displacement. This was not the first time that the iconic news program had shed light on the issue. In 1993, a 60 Minutes piece lambasted Hewlett-Packard’s use of body shops that contracted out H-1B computer programmers for $10 per hour. Hewlett-Packard subsequently “announced that it would take action to

279. Id.
280. Id.
281. Id.
284. See Kevin Fogarty, Did Pfizer Force Its Staff to Train Their H-1B Replacements?, EWEK.COM (Nov. 7, 2008), https://perma.cc/2CDA-3848.
289. Malos, Updated, supra note 16, at 300 (noting the “risk of negative publicity . . . warrants caution” for companies that contemplate replacing their staff with H-1B workers). One reason why the Disney layoffs were able to garner national attention was Disney’s failure to adhere to the industry practice of using severance agreements that include non-disparagement provisions and waivers. Patrick Thibodeau, Laid-off IT Workers Muzzled as H-1B Debate Heats Up, COMPUTERWORLD (Jan. 28, 2016), https://perma.cc/2UNA-GVVV.
290. See, e.g., Malos, Updated, supra note16, at 300; Preston, supra note 19.
prevent abuse of the H-1B program.”

Significantly, the SCE and Disney layoffs also prompted a Senate hearing that was highly critical of the outsourcing model.

These examples demonstrate the value in leveraging the media against outsourcing firms and U.S. employers—especially those like Disney who are particularly vulnerable in the court of public opinion. Such efforts may secure reinstatement in some cases, but more importantly, honest news coverage is necessary in order to counter the industry’s narrative of a domestic shortage in high-tech labor. But U.S. workers should be mindful that they will likely be derided as nativists. U.S. workers can dispel such notions by focusing their efforts not only on American workers, but also their foreign counterparts.

293. Matloff, supra note 23, at 821.


295. For example, Infosys admitted in its SEC filings that it was concerned with the effect of media reporting its record $34 million fraud settlement with DOJ:

[O]ur entry into the Settlement Agreement resulted in significant media attention, particularly in the United States. Negative publicity about our company could adversely affect our reputation as well as our existing and potential business relationships, which could have a material and adverse effect on our results of operations and financial condition.

Infosys Ltd., Annual Report (Form 20-F) (Mar. 21, 2015) (also mentioning that in 2007, Infosys entered into a $26 million settlement with the California Division of Labor Standards Enforcement over claims of misclassification of employees).

296. See, e.g., Justin Estep, Immigration Hypocrisy and Its Destructive Effect on the Economic and Families, 17 THE SCHOLAR 541, 550 (2015) (arguing that lobbying efforts by executives such as Bill Gates and Mark Zuckerberg have been “stymied by unfounded xenophobic fear that citizens are losing their jobs to immigrants”); Underwood, supra note 23, at 735 (“The H-1B workers are a prime target for anti-immigrant sentiment because they are recruited into a competitive market, employed on a temporary basis, and perceived as foreigners.”).
Since the late 1990s, when tech lobbying began in earnest, the majority of H-1Bs have been young males born in India working in computer-related occupations. According to a report conducted by DOL’s Glass Ceiling Commission, corporate America tends to stereotype Asian workers as industrious, intelligent, polite, non-confrontational, politically passive, and well-suited to “programmed or routine repetitive decisions that are learned in advance.” Such perceptions have allowed Indians to gain entry into the U.S. tech workplace. But these stereotypes have also caused detrimental working conditions. For example, former tech entrepreneur and H-1B supporter Vivek Wadhwa explained that the H-1B visa is a “flawed visa” because the foreign worker is essentially “held hostage” by the sponsoring employer. Reports of abusive employer practices surfaced as early as 1996, when an OIG audit found nineteen percent of H-1B workers “were paid below the wage specified on the LCA.”

299. While the government refuses to track gender data on H-1B applicants, the Anita Borg Institute estimates roughly eighty-five percent of H-1B visa holders are male. See Sharon Machlis et al., How Many H-1B Workers Are Female? U.S. Won’t Say, COMPUTERWORLD (Apr. 1, 2016) https://perma.cc/JX99-NB5R; see also Payal Banerjee, Indian Information Technology Workers in the United States: The H-1B Visa, Flexible Production, and the Racialization of Labor, 32 CRITICAL SOC. 425, 426 (Mar. 1, 2006) (noting the “vast majority” of H-1B workers “in IT has been and continues to be Indian men”).
300. See, e.g., U.S. CITIZENSHIP & IMMIGR. SERVS., supra note 298, at 6 (Noting that among all the H-1B petitions approved in fiscal year 2014, seventy percent were for workers born in India. Eight percent were born in China.); Patrick Thibodeau et al., With H-1B Visa, Diversity Doesn’t Apply, COMPUTERWORLD (Aug. 10, 2015), https://perma.cc/32VM-RVT2 (calculating eighty-six percent of H-1B computer workers were born in India).
301. In fiscal year 2014, sixty-five percent of the approved petitions were for computer-related occupations. See U.S. CITIZENSHIP & IMMIGR. SERVS., supra note 298, at 11.
302. See FED. GLASS CEILING COMMISSION, GOOD FOR BUSINESS: MAKING FULL USE OF THE NATION’S HUMAN CAPITAL 104 (Mar. 1995); see also Roli Varma, India-Born in the U.S. Science and Engineering Workforce, 53 AM. BEHAV. SCI. 1064, 1071 (Feb. 9, 2010) (“There is a feeling that [H-1B] workers . . . are spared layoffs because they . . . are easier to be bossed around.”).
304. However, these same stereotypes negatively affect Indian workers’ chances at being selected for managerial roles. See Id. at 5649. One manager explained why he preferred hiring H-1Bs: “The H-1B guy is ready to put in a lot of hours, up to 14 hours a day, and they don’t charge for the extra hours.” Marianne Kolbasuk McGee, Where Does H-1B Fit?, INFO. WEEK (Feb. 1, 2002), https://perma.cc/55UD-S2KV.
305. See discussion supra Section I.A (noting that H-1B workers are much more immobile compared to their American counterparts).
306. Bernice Yeung, Goodbye H-1B; Hello, Green Card Reform, FIRSTPOST (Dec. 20, 2014), https://perma.cc/UF7M-EJCB. “But what I realised was that my writing was being used as a way to close the doors on immigration. People that oppose H-1Bs aren’t concerned about the people on the visas; they see it as a gateway to legal immigration.” Id.
To counter corporate perceptions of H-1B workers as a docile workforce, reformers should seek to inform them of their workplace rights and join H-1Bs as plaintiffs in litigation against abusive employers. Through unionization, education, and cooperation, reformers can begin to curb abusive employment practices without fomenting divisiveness between foreign and native workers.

CONCLUSION

Much of the scholarship on the H-1B program has focused on how to best fix the H-1B statutory scheme. However, recent high profile layoffs and lawsuits have highlighted the need for a discussion on whether existing federal statutes offer adequate remedies for displaced U.S. tech workers. This Note has argued that the fissured work model has not only limited the effectiveness of the H-1B program’s administrative remedies, but it has also had a spill-over effect into other statutory remedies, such as civil RICO. Among the remedies discussed, Title VII and § 1981 seem to hold the most promise. But because the case law is still sparse, workers should continue to seek legislative reform.

Fixing the visa statutory scheme will be no easy task. Immigration is one of the most divisive issues in today’s political climate. But reform can be achieved. Despite partisan divisions, H-1B reform is one of the few issues


309. Shah v. Wilco Sys., Inc., 126 F. Supp. 2d 641, 644 (S.D.N.Y. 2000) provides an example of such cooperation between American and H-1B tech workers. “The irony in this case is that the two workers that initiated the lawsuit belong to groups that have typically been on opposing sides of the H1-B visa debate.” Avagliano, supra note 24, at 671. “It’s quite possible the workers most affected by the program will play a pivotal role in removing its inherent divisiveness.” Id.

310. In addition to the remedies discussed in Section II, U.S. workers may consider seeking relief under state law, as well as other federal statutes, such as the Age Discrimination in Employment Act of 1967 (ADEA) and the Older Workers Benefit Protection Act (OWBPA).

that unites President Donald Trump, Attorney General Jeff Sessions, Senator Richard Durbin (D-ILL), and Senator Bernie Sanders (I-Vt.). Congress should centralize visa oversight in DOL, expand DOL’s enforcement authority, and amend the statutory framework in order to increase H-1B worker mobility, eliminate the concept of the “exempt” H-1B worker, and most importantly, extend the LCA requirements to client companies that contract with H-1B employers.

No wall will solve this problem. The culprits are already on this side of the border.

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312. President Donald Trump recently issued an executive order that directed the Attorney General and the Secretaries of State, Labor, and Homeland Security to “suggest reforms to help insure that H-1B visas are awarded to the most-skilled or highest-paid petition beneficiaries.” Exec. Order No. 13788, 82 Fed. Reg. 76 (Apr. 21, 2017).

313. “At a hearing in the wake of the Disney layoffs, Senator Sessions questioned the tech industry’s claim of a worker shortage, noting that in 2016 IT companies planned to “cut as many as 330,000 jobs.” Genevieve Douglas, Senators Urged to Help Curb H-1B Visa Abuses, 10 Workplace Immigr. Rep. (BNA) No. 5 (Feb. 29, 2016)

314. See Letter from Richard J. Durbin, to President Donald Trump (Mar. 3, 2017), https://www.durbin.senate.gov/imo/media/doc/POTUS%20H-1B%203.3.2017.pdf (“While I disagree with you on most issues, protecting American workers is one area where I hoped we might be able to find common ground.”). 


317 J.D. (2018), Washington University in St. Louis School of Law; B.A. (2014), History, University of Louisville. I would like to thank the editors of the Washington University Law Review for their tireless work and dedication to the editing process. Thank you also to my friends and family for their constant support. Special thanks to Dr. Stephen Legomsky and Professor Brishen Rogers for their valuable intellectual contributions. Please note that the views expressed in this Note—as well as all errors—are attributable solely to the author, and not to any other person, agency, or organization.