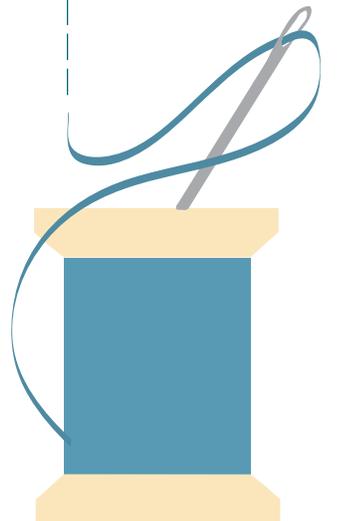


2002

Special Task Force
for the
Apparel Industry
Annual Report

State of New York
George Pataki, GOVERNOR

Department of Labor
Linda Angello, COMMISSIONER



**NEW YORK STATE
DEPARTMENT OF LABOR**

Division of Labor Standards
Apparel Industry Task Force

Commissioner of Labor
Linda Angello

**Deputy Commissioner
For Worker Protection**
Connie Varcasia

Acting Director
Jack Mrozak

Chief Investigator
Thomas Glubiak

Supervising Investigator
Charles DeSiervo

Supervising Investigator
Michael Kramer
Foreword

FOREWORD

In response to the proliferation of sweatshops in the New York State, the Legislature in 1987 enacted Article 12-A of the Labor Law, establishing a registration system for all apparel industry manufacturers and contractors involved in production work in New York State. That law also created a Special Task Force for the Apparel Industry (Task Force). It was the main undertaking of the legislation to move these sweatshops out of the underground economy by requiring them to register with the Labor Department. A completed *Application For Apparel Industry Certificate of Registration* must include the owner's social security number, home address and photographic proof of identity. The firm is also required to provide proof of Worker's Compensation and Disability Insurance coverage. Amendments to the law have given the Task Force new tools to fight the abuses of the modern sweatshop. These tools include laws on "hot goods", "tagging" and "enhanced registration" requirements. In addition, Governor Pataki, at the commemoration marking the 90th anniversary of the 1911 Triangle Shirt Waist Company fire, significantly increased staffing levels in the Task Force.

This report is a review of Task Force activities for 2002.



On March 25, 2001, Governor Pataki along with members of the Senate and Assembly joined with the Task Force in marking the 90th anniversary of the 1911 Triangle Shirt Waist Company fire, in which girls and young women leaped from the eighth and ninth story windows to their deaths. This horrified the nation and led to some of the first city, state and federal laws dealing with workplace safety.

The dark shadows cast by the events of September 11, 2001 significantly affected the apparel manufacturing industry in New York State. Firms located in Chinatown, an industrial and residential neighborhood located less than a mile from Ground Zero, were severely impacted by disruptions in the trucking industry resulting in the inability to fill orders. Task Force investigations found many more labor law violations among Chinatown firms in 2002 than in previous years.¹ Additionally, industry migration was noted with firms moving out of Manhattan to surrounding areas of Brooklyn, Queens, the Bronx and New Jersey.²

While there are no clusters of apparel production upstate, there are numerous silkscreen operators and several production sites scattered throughout the state. The main concentration of Task Force activities remains in the downstate region.

The United States General Accounting Office defines a sweatshop as "an employer that violates more than one federal or state labor law governing minimum wage and overtime, child labor, industrial homework, occupational safety and health, workers' compensation, or registration."³ For the purposes of this report, we will accept this definition of a sweatshop.

Summary of Performance:

Registrations	3423
Investigations	1295
Violations	1810
Wage Assessments	\$3,068,482
Wage Collections	\$2,904,196
Referrals	496

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New York State Apparel Industry Trends

We cannot underestimate the importance of the apparel industry to New York State. New York City remains the fashion capital of the nation, with over 5000 fashion showrooms. The fashion industry in New York State has a sales volume of \$14 billion, including \$12 billion in wholesale apparel sales. Each year, the 125,000 visits by out-of-town apparel buyers generate an estimated \$100 million for New York City hotels, restaurants, transportation services and other non-apparel businesses.⁴

New York State remains an important center of garment production, as well as wholesale sales. New York State apparel factories produce 18% of the women's outerwear (dresses, coats, suits, sportswear), and 28% of all the dresses made in the United States. The Fashion Industry generates 100,000 jobs in fashion-related firms, with 62,000 in textile and apparel production and 38,000 involved in wholesale selling. Apparel manufacturing accounts for one-third of the manufacturing jobs in New York City and is the largest single source of manufacturing jobs.⁵

However, the number of firms operating in the apparel industry continues to decline and competition among the surviving firms is high. Production shops seeking to remain competitive are moving out of Manhattan to the surrounding areas of Brooklyn, Queens, the Bronx, Long Island and New Jersey in search of lower rents. Transportation issues resulting from the events of September 11, 2001 have helped encourage this exodus. Production shops moving to residential areas of Brooklyn and Queens have taken over storefronts that are not set up for heavy apparel production machinery. Since many of these new factories are in buildings not originally constructed for manufacturing, this migration has raised safety and health code issues that the Task Force is addressing in cooperation with the New York City Fire and Building Departments.

The Legislative mandate of the Task Force is to legitimize the contractors and manufacturers who are willing to comply with New York State Labor Laws and weed out the contractors and manufacturers that live and breathe in the underground economy. One of the mandates of the Task Force is to level the playing field so that the legitimate contractors and manufacturers can survive.

While the total number of firms in compliance with the registration requirements of Article 12-A continues to increase, the Task Force investigations found an increase in violations of the record-keeping and wage payment requirements of the New York State Labor Law. Record-keeping violations rose from 761 in 2001 to 829 in 2002. Similarly, the number of firms that were found to have unpaid wages rose from 351 in 2001 to 515 in 2002.⁶

Article 12-A Registration

Section 341.1 of Article 12-A of the Labor Law requires all manufacturers and contractors engaged in the production of men's, women's children's and infant's apparel in New York State to register for and post the Apparel Manufacturing Industry Certificate of Registration by January 15th of each year. This annual registration requirement provides a significant control over egregious violators, because it requires firms to declare the names of corporate officers and owners, social security numbers, home addresses and provide photo identification. The registration certificate is not issued to any firms with outstanding



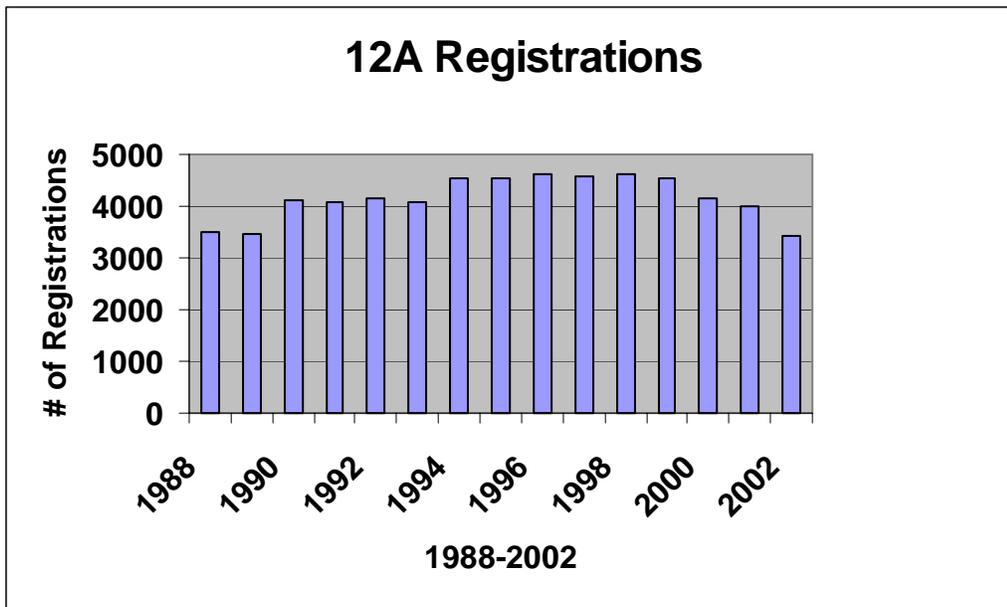
Task Force Investigator Holly Yang checking employer registration to make sure that current firm is registered and ownership is accurate.

civil penalties and such penalties must be satisfied prior to the certificate's issuance. In addition, unregistered firms are not legally permitted to contract apparel production work with other contractors or manufacturers in the apparel industry, thus encouraging firms to comply with the registration requirements of the Labor Law.

When firms register for the first time, they are taking the first step to legitimize their businesses and leave the underground economy.

Registration data is used by the Task Force to monitor industry trends. The movement of apparel factories within the New York City metropolitan area is shown by increases or decreases in registration by postal zip code. This allows the Task Force to assign investigators to areas where new shops are opening.

The Article 12-A Registrations chart (see below) shows how the number of registrations has changed over the years. The chart currently reflects a decline in the apparel industry attributed to the current economic slowdown and the events of September 11, 2001.⁷



Investigations

The Task Force prioritizes complaints – our highest priority is protecting the worker in cases involving unpaid wages or dangerous working conditions. This is done by scheduling investigations in the following priority – 1) complaints; 2) targeted areas; and 3) door-to-door visits. In targeted areas that have been identified as having numerous violators in the past we will conduct a sweep. A sweep consists of one or more teams of investigators who visit all apparel manufacturing shops in the targeted geographic area. The teams of investigators speak the language of the workers in the area of the sweep, and can last for one day or three weeks depending on the situation. Task Force investigators also make unannounced door-to-door visits to apparel production firms daily. All investigations cover the review of registration requirements, payroll records, employee interviews, labor law and safety and health issues. Violators of Article 6 (Payment Of Wages) or Article 19 (Minimum Wage Act) of the Labor Law are considered Hot Goods violators and may have their merchandise “tagged” as “unlawfully manufactured,” which inhibits them from being sold at retail. The Task Force uses the team approach for both safety and efficiency. It permits staff to identify multiple violations of laws, including child labor, “off the books” employment, under reporting of wages or non-payment of wages, fraudulent record keeping, fire, safety and health code violations and tax remittance avoidance.



Labor Standards Investigator Iris Fang interviewing garment employee. Task Force personnel utilize their multi-language skills and knowledge of the industry in enforcing the Labor Law.



Most people on the Task Force staff speak more than one language, including Spanish, Korean and various dialects of Chinese, which represent the dialects of the immigrant groups that make up the majority of the workers in the apparel industry today. Traditionally, the most recently arrived immigrant groups see the apparel industry as the first stepping-stone to employment in their new home. Today, apparel manufacturing remains an

important source of work for recent immigrants to New York State, constituting over 75% of the workforce in the apparel industry.⁸ The industry also provides an opportunity for advancement for immigrant entrepreneurs, who own a significant number of factories. However, shops employing recent immigrants who do not speak English can create an environment easily susceptible to abuse.

The number of wage-related investigations has risen as a result of additional staff hired in 2001, who are currently functioning as fully trained investigators. During 2002, the Task Force assessed a record \$3,068,482 in unpaid wages and below minimum wage payments and collected and distributed \$2,904,196 to 7,774 workers.

Investigations have been conducted regarding firms located in the following counties of New York State:

Bronx	Franklin
Genesee	Kings
New York	Nassau
Orange	Queens
Richmond	Ulster
Westchester	

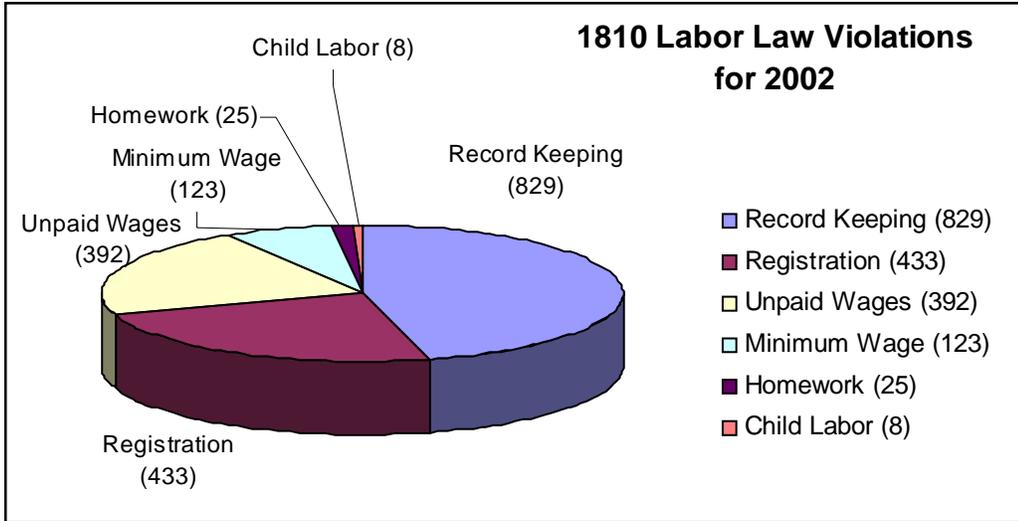


Investigator Iris Rivera, in an apparel factory, tagging garments that were made illegally

Labor Law Violations And Wage Collections

As the result of a Task Force investigation, a manufacturer and/or an employer of apparel production workers may be cited for violating sections of the New York State Labor Law through the issuance of a *Notice of Labor Law Violation*. Department procedures permit a cited firm to request an informal conference to review the findings of the investigation and to provide any additional evidence pertinent to the matter. Investigations involve reviewing the payroll records, interviewing employers and employees, and making health and safety code compliance inspections.

In 2002, the Task Force investigated 1,295 apparel firms. The investigations revealed that 433 firms were not registered, 515 firms were not in compliance with the wage payment and/or minimum wage provisions of the Labor Law and 829 firms were in violation of record-keeping requirements such as allowing employees to work “off the books” and/or furnishing incomplete or inaccurate records.



Manufacturers and contractors in the apparel industry continue to operate in violation of multiple laws, codes and regulations. Task Force investigators found that 33% of the firms visited were in violation of registration requirements, 39% of the firms visited were found to have violated wage payment or minimum wage requirements and 64% of firms visited were found to be in violation of the record-keeping requirements of the Labor Law. The relatively high percentage of firms in violation of the Labor Law is the result of targeted investigations. Through the use of a computerized database, the selection of firms for investigation is based on historic and geographic data surveys as well as field investigation reports. The Task Force has successfully utilized this information in investigations, yielding a high percentage of violations while avoiding repeated visits to employers who do not violate the Labor Law.



Referrals

Article 12-A requires that the Task Force report the following to the appropriate authorities:

- § Non-compliance with Unemployment Insurance Law;
- § Failure to demonstrate coverage for Workers' Compensation and Disability Benefits;
- § Failure to demonstrate evidence of the remittance of federal, state and local payroll taxes;
- § Violations of state or local building codes;
- § Violations of state or local health codes;
- § Violations of federal, state or local safety and health regulations.

The Task Force regularly makes referrals to the Department of Labor's Unemployment Insurance Division, the Workers' Compensation Board, the New York City Departments of Building, Fire (FDNY) and Health, and the United States Department of Labor/Occupational Safety and Health Administration (OSHA). When appropriate, the Task Force refers these employers to other government agencies for investigation of possible tax evasion. The criteria for referrals to these agencies include non- or underpayment of taxes; disregard for the workers' safety and health, or fire or building code violations. For 2002, the number of referrals to other agencies increased 20% from the previous year.⁹ These referrals were aided by the cooperative relationships that have been developed with these agencies, as well as with the United States and New Jersey Departments of Labor.

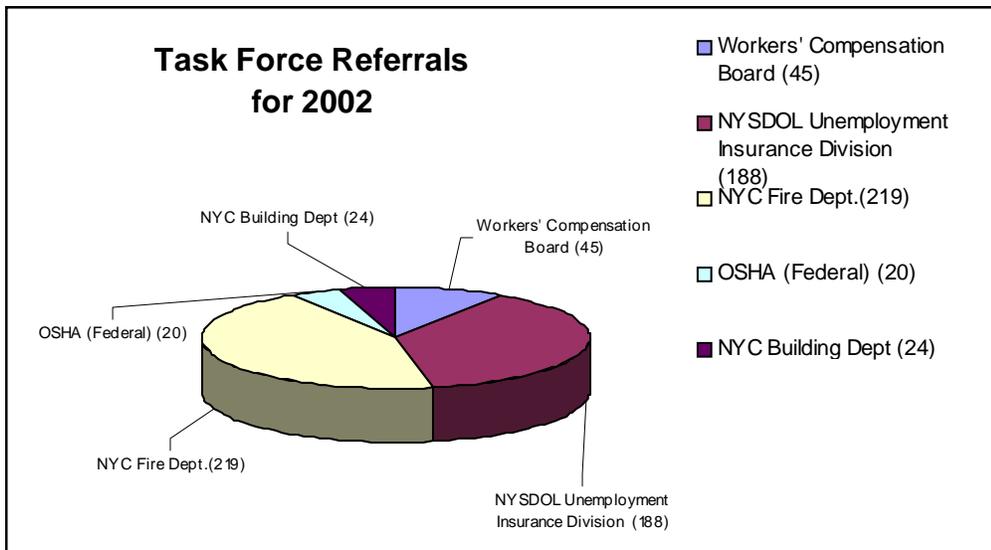
Employer opening locked exit at the direction of Task Force Investigator



Task Force Investigators Iris Fang and David Tang at the WTC Disaster Assistance Service Center located near Ground zero, where they distributed DOL information and answered questions from the public in English and Chinese.



During the year 2002, the Task Force made a total of 496 referrals.



Case Example of one of the Task Force's Referrals:

As the result of a field visit to a premises located in the Sunset Park area of Brooklyn on March 5, 2002 by a team of Labor Standards Investigators, referrals were made to the New York City Department of Buildings, the New York City Fire Department and the United States Department of Labor/Occupational Safety and Health Administration (OSHA). The factory was operating in what appeared to be a residential building.

The matters for referral concerned: lack of a Certificate of Occupancy; elevator doors opening without the presence of an elevator cab; lack of lights at exits; exits locked; exits obstructed; insufficient amount of toilet facilities; lack of hot and cold running water in lavatory; lack of hand soap; exposed live parts in electrical fixtures; and, open circuit breaker boxes.

The referrals resulted in a Stop Work Order issued by the Department of Buildings that in turn led to the firm vacating the premises.

Public Education and In-House Training

Public Education

To help employers who may not be aware of all the provisions of the Labor Law, the Task Force continues with its award-winning Employer Seminar Program. Employers who have been cited for violating the Labor Law and employers who want to learn the requirements of the Labor Law can attend an Apparel Task Force educational seminar on the last Wednesday of each month. An average of 30 to 40 employers attend the seminar each month. The topics discussed include Labor Law compliance, safety and health issues and related topics. We have received positive feedback from employers, accountants and other people involved in the industry.

In 2002, we were able to continue the educational seminar program with the cooperation and assistance of the Garment Industry Development Corporation (GIDC), which provided our staff with a large meeting room at their Chinatown modernization facility.

Development of a four-language Apparel Industry information poster was completed in 2002. The poster provides New York State Labor Law information in English, Spanish, Chinese and Korean, with a toll-free telephone number for the Task Force. It is required to be posted in each garment shop.



Commissioner Angello presenting Senior Labor Standard Investigator Len DeRosairo with the Commissioner Award of Excellence for his work with the Employer Seminar Program. Over 4,000 employers have taken part in this program since 1989.

In-House Training

Prior to going into the field, new Task Force investigators receive formal classroom Labor Law instruction from Task Force Senior and Supervising Labor Standards Investigators. In addition, they receive on-the-job field training from experienced Senior Investigators, who accompany them in the field and consult with them on their cases. Training courses in recognizing fraudulent documents, teamwork, money laundering and investigative techniques are provided by the Public Service Work/Study program and the Governors' Office of Employee Relations. Experienced staff and New York City Fire Department personnel provide special training on fire and health issues. New investigators receive an extensive training program both in the field and in the office to help them learn the necessary skills for conducting apparel industry investigations.



Senior Investigator DeRosairo instructing apparel employers at a Labor Law Seminar at GIDC

Technology

The Task Force gathers extensive data to locate current sweatshop locations, egregious violators and keep in step with the latest trends in the industry. Staff members of the Task Force have a personal computer on their desk and every field investigator has a laptop computer for field use.

Every violation is entered into a database in order to effectively track each case, reduce redundancy and help bring each case to a quick resolution.

The Task Force lists currently registered manufacturers and contractors on the Department of Labor web site. www.labor.state.ny.us/business_ny/employer_responsibilities/workprot/apparelrpt1.asp

Manufacturers and contractors can search the database to determine if firms they may want to do business with are registered with the Department of Labor.

Outside Task Force Activities

In compliance with its legislative mandate, the Task Force met with numerous other apparel-related groups and community organizations as well as federal and state agencies during 2002. These meetings provide an opportunity to develop relationships, to share information and to respond to industry problems and concerns.

A list of those organizations can be found in the appendix of this report.

Reporting

The Task Force has fulfilled its reporting responsibility in 2002 by reporting to the Commissioner of Labor's Garment Industry Advisory Committee at each of its quarterly meetings on February 26, 2002, May 14, 2002, September 10, 2002 and December 10, 2002.

Appendix

Meetings with other Agencies

Sunset Park Red Hook Local Development Corp.
New York City Apparel Industry Compliance Project (NYCACIP)
Labor Religion Coalition
Special Labor Law Seminar – The Limited with 40 vendors at Bryant Park Hotel
Garment Industry Advisory Committee
Tri-Government training with US & NJ Departments of Labor
NYCACIP at Lower East Side Tenement Museum
Interstate Labor Standards Association Regional Meeting
Leadership and Accountability Day – Albany

Other Activities

Triangle Memorial with UNITE! and NYFD @ site of fire in NYC
Triangle Memorial in Albany
Sweatshop sweep in McDonald Ave section of Brooklyn
Encore Apparel Joint Investigation with UI Coverage in Chinese Newspapers
Liberty Apparel Joint Investigation with USDOL
Long Island field project
Evening Surveillance Project in Sunset Park section of Brooklyn
Kingston Community Service Center

¹ The Task Force collected \$944,000 in unpaid wages in 2002 vs. \$567,215 in unpaid wages for 2001 from Chinatown garment factories.

² See *The Empire Has No Clothes*, by Jonathan Bowles, at Center for Urban Future: <http://www.nycfuture.org>

³ GAO/HENS – 95-29, “GARMENT INDUSTRY Efforts to Address the Prevalence and Conditions of Sweatshops”

⁴ See The Fashion Center NYC at: <http://www.fashioncenter.com/main.html>

⁵ See Garment Industry Development Web site at: <http://www.gidc.org/>

⁶ As a result of Task Force investigations, the number of record-keeping violations increased from 761 in 2001 to 829 in 2002 and the number of factories with unpaid wages increased from 351 in 2001 to 515 in 2002.

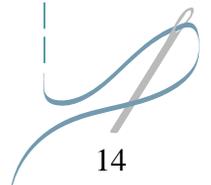
⁷ See “Chinatown One Year After September 11: An Economic Impact Study. (<http://www.aafny.org/>)

⁸ The Fashion Industry and New York City. See *Garment Industry Development Corporation* at <http://www.gidc.org/>

⁹ The number of referrals increased from 379 in 2001 to 496 in 2002.

Garment Industry Advisory Committee

Minutes



Garment Industry Advisory Committee
Minutes of the Meeting Held at:

1710 Broadway
Second Floor Conference Room
New York, NY 10019

December 18, 2001

Attending:

Committee Members:

Irwin A. Kahn, Chairman
Ted Potrikus

For the New York State Department of Labor

Richard J. Polsinello, Director, Division of Labor Standards
Thomas Glubiak, Chief, Apparel Industry Task Force
Carmine Ruberto, Executive Secretary
Charles Horwitz, Senior Attorney
Gene Lee, Senior Labor Standards Investigator

For the U.S. Department of Labor

Louis Vanegas, District Director

For the New Jersey Department of Labor

Barry T. Hickey, District Supervisor

Other Attendees

Yuk Ching Wong, President, Greater Blouse, Skirt and Undergarment Assoc.
Teddy Lai, General Manager, Greater Blouse, Skirt and Undergarment Assoc.
Jack Glauberman, Executive Director/Counsel, NY Skirt & Sportswear Assoc.
Steven Thomas, Executive Director, Nat. Assoc. of Blouse Manufacturers

Chairman Kahn called the meeting to order.

APPROVAL OF MINUTES

The Committee reviewed and approved the minutes of the May 15, 2001 meeting. Two typographical errors were noted and will be corrected.

REPORT OF THE DIRECTOR OF THE DIVISION OF LABOR STANDARDS

Director Richard J. Polsinello reported that renewal applications to currently registered apparel firms were mailed on October 29th. For the 2001 registration period 3,818 firms registered. This included 3,129 previously registered firms and 689 new firms.

The renewal program is working very well. The renewal application that was developed with the Committee's assistance simplifies the process. So far 1,253 firms have registered for the 2002 year. This includes 1241 previously registered firms and 12 new establishments. The deadline for registrations is January 15, 2002.

The application form used by new apparel firms to register (LS-154) is on the Department's website and can be downloaded, completed and mailed by the applicant. In the future we hope to have the form made available for electronic filing. Forms for wage claim and wage supplement complaints are also available on the website for employees to access.

The Apparel Industry Task Force has hired additional staff made available to us by Governor Pataki earlier this year. We are also in the process of getting new laptops and other computer equipment. The new staff is presently in training.

The Interstate Labor Standards Association (ILSA) held its national conference in Atlantic City from October 28 – November 2. Among the workshops was a presentation on the apparel industry.

Director Polsinello announced that this would be his final Committee meeting. He filed his retirement papers on December 3 and his last day of work will be on January 16. He has 36 years of service with the Department of Labor and 14 years as Director of the Division. He has no immediate plans for the future. He said it has been a pleasure to work with the Committee since its inception. He has tried to make each and every meeting. He wished the Committee well on its future endeavors.

REPORT OF THE CHIEF OF THE APPAREL INDUSTRY TASK FORCE

Chief Investigator Thomas Glubiak reviewed the AITF statistics for the second and third quarters of 2001. He noted that the total number of investigations for 2001 were slightly below those for the same period in 2000. He attributed this to the fact that there was extensive training of new staff earlier this year. He believes that year-end figures for investigations will be comparable to 2000.

As of November 30 there were 113 Hot Goods cases. A total of \$1,387,510 was collected on these cases. In total the Task Force has collected \$1,677,971. The Division has collected slightly more than \$6 million this year, with the Task Force accounting for about 28 percent of the total.

Due to the events of September 11, referrals to the New York City Fire Department were stopped. They began again in mid-November.

There was an interesting case involving Section 215 of the Labor Law relating to employer retaliation against employees who file complaints or cooperate with the Labor Department. After a minimum wage investigation, an employer reported his workers to the INS. The INS raided the establishment. The employer agreed to sign a stipulation admitting its action and a civil penalty of \$5,000 was assessed.

In August the Task Force held a seminar for Chinese contractors at LO 541.

The Task Force is looking at different types of technology to assist it in carrying out its mission. One item being considered is a hand-held computer with a scanner. The Investigator would be able to scan a bar code on the certificate of registration and obtain employer history and pertinent data.

Mr. Glubiak discussed new apparel legislation enacted this year. One bill allows Boards of Education to consider a manufacturer's treatment of its workers in making a decision to purchase school apparel. A manufacturer can be found not to be a responsible bidder if it fails to pay wages, employs illegal child labor or violates other labor standards. A second bill makes officers and agents of an apparel corporation guilty of a class B misdemeanor if they willfully permit the firm not to register as required by Section 341 of the Labor Law. Mr. Glubiak noted that a greater number of garment industry laws have been enacted under Governor Pataki than other administrations.

Mr. Glubiak introduced Gene Lee, Senior Labor Standards Investigator, Chinese-Speaking. He did much of the PowerPoint presentation at the ILSA conference. Mr. Lai commented that it was a great learning experience to meet personnel from other states.

REPORT OF THE U. S. DEPARTMENT OF LABOR

District Director Louis Vanegas expressed Mr. Sullivan's regrets for not being able to attend this meeting.

Mr. Sullivan has met with Tammy McCutchen, the newly confirmed Wage and Hour Administrator. Ms. McCutchen was the general counsel for Hershey Food Corporation. She is very supportive of the apparel industry enforcement program.

Mr. Vanegas said that the agency obtained a restraining order against the Ladies Apparel group. It had failed to pay 24 contractors. As a result about \$560,000 is owed to over 500 employees of these contractors. About 90 percent of the goods produced were destined for one retailer. A hearing in this case is scheduled for tomorrow.

The New York City Apparel Industry Compliance Partnership continues to function, with meetings schedule almost every month. The last Board meeting was on December 13. The next meeting is scheduled for January 10. On January 9 there will be a meeting with retailers to see how they can work together with manufacturers and contractors. The goal of the Partnership is to bring shops into compliance with applicable labor laws. The Partnership is a non-profit corporation. Suggested fees for contractors would be \$250, with fees of \$2,000 for manufacturers and \$2,500 for retailers.

REPORT OF THE NEW JERSEY DEPARTMENT OF LABOR

Barry Hickey reported that renewal registration applications had been mailed out during the first week of November. This year there were 940 registered firms so far, 250 firms have sent in renewals.

In August there was a sweep in Hudson County. Firms with two or more violations during the past three years were targeted. In all 22 firms were visited, 10 investigations were completed and the rest are in process. Four of the firms were found to be in violation. Three of the firms made restitution the same day and the fourth one paid on the day after the investigation.

MEETING DATES FOR 2002

After some discussion, the Committee chose the following meeting dates for 2002

Tuesday, February 26

Tuesday, May 14

Tuesday, September 10

Tuesday, December 10

OTHER BUSINESS

Chairman Kahn distributed a letter he has written to Commissioner of Labor Linda Angello concerning vacancies on the Committee. The letter suggests a number of individuals who may be considered for appointment. Chairman Kahn asked Director Polsinello to forward this letter to the Commissioner.

Mr. Lai made a presentation to Director Polsinello for his dedication to the working people of New York.

There being no other business to come before the Committee, the meeting was adjourned.

**Garment Industry Advisory Committee
Minutes of the Meeting Held at:**

**1710 Broadway
Second Floor Conference Room
New York, NY 10019**

February 26, 2002

Attending:

Committee Members:

Irwin A. Kahn, Chairman
Walter J. Blount, Jr.
Richard Rumelt

For the New York State Department of Labor:

Jack L. Mrozak, Acting Director, Division of Labor Standards
Thomas Glubiak, Chief LSI, Apparel Industry Task Force
Carmine Ruberto, Executive Secretary
Charles Horwitz, Senior Attorney

For the U.S. Department of Labor

Louis Vanegas, District Director

For the New Jersey Department of Labor

Barry T. Hickey, District Supervisor

Other Attendees

Yuk Ching Wong, President, Greater Blouse, Skirt and Undergarment Assoc.
Teddy Lai, General manager, Greater Blouse, Skirt and Undergarment Assoc.
Jack Glauberman, Executive Director/Counsel, NY Skirt & Sportswear Assoc.

Chairman Kahn called the meeting to order.

Chairman Kahn distributed copies of his December 18, 2001, letter to Commissioner of Labor Linda Angello concerning vacancies and suggestions of individuals for appointment.

APPROVAL OF MINUTES

The Committee reviewed and approved the minutes of the December 18, 2001, meeting.

REPORT OF THE CHIEF OF THE APPAREL INDUSTRY TASK FORCE

Chief Investigator Thomas Glubiak reviewed the AITF statistics for 2001. He noted an increase in completed inspections over those completed in 2000. This was accomplished even though there was extensive training required for new staff in the second and third quarters of the year.

Collections for both minimum wage and unpaid wages and supplements increased. There was a significant increase in the number of firms found to have records violations. This reflects greater noncompliance in the industry.

Referrals for failure to have Workers' Compensation, Disability and Unemployment Insurance were lower than last year. Other types of referrals remained at year 2000 levels.

Registrations for 2001 declined approximately 5 percent. While there was a small reduction in the number of firms renewing registration, there was a more significant decline in the number of firms registering for the first time.

So far in 2002, there have been 26 hot goods cases that resulted in collections of \$294,000. In 2001 there were 147 cases generating \$1,678,000 in collections. Since implementation of hot goods legislation in 1997,

there have been a total of 327 cases with collections of \$4,530,000. Because of hot goods legislations tagging of garments and collections, the number of prosecutions have decreased from 60 to 70 at one time to between 30 and 40.

The Task Force participated in a number of other activities. These included attending January meetings of the Sunset Park–Red Hook Local Development Agency and the New York City Apparel Industry Compliance partnership. Earlier this month the Task Force participated in a seminar held by The Limited for 40 vendors. Chief Glubiak also attended a meeting of the New York State Labor-Religion Coalition's Advisory Panel on Sweat-Free School Apparel. The panel reviewed legislation permitting school boards to require bidders on school apparel to certify that their goods were made in compliance with applicable labor laws.

Chief Glubiak said that three Spanish-speaking Investigator positions were recently filled.

Chairman Kahn asked why there was an increase in records violations. Chief Glubiak attributed this to a combination of more active enforcement and general industry noncompliance. In response to Chairman Kahn's further inquiry as to the reason for fewer registrations, Chief Glubiak said it was due to a contraction of the industry as a whole. Mr. Glauberman commented that the businesses did not worry about complying with records requirements.

Mr. Rumelt asked about the nature of the 549 Article 12-A violations. They included firms that have never registered before, as well as those who failed to reregister. Chairman Kahn asked whether the firms that had never registered knew they were supposed to. Chief Glubiak said that while there was some chance of an honest mistake, he believed that most of the firms knew the registration requirements and failed to do so.

Chief Glubiak explained that after the January 15th registration deadline, the Task Force visits the locations of previously registered firms that failed to renew to see if they are still in business or if there are new unregistered firms at the location. He noted that of the 495 firms that failed to register, 51 also failed to comply with an order to register.

Mr. Blount asked whether garment firms were leaving New York and, if so, where were they going. Mr. Rumelt said that if there was movement, it was probably to New Jersey. Mr. Glauberman commented that firms were just disappearing.

REPORT OF THE U.S. DEPARTMENT OF LABOR

District Director Louis Vanegas said that the Department had been very active in garment industry operations. This week, plans for a strike force to operate during the month of March are being finalized. Manufacturers and contractors are being selected for visits. All contractors of at least two manufacturers will be targeted for visits.

Mr. Vanegas reported on a court case involving the Ladies Apparel Group where over \$800,000 was owed to 28 contractors. A temporary injunction was issued on November 29, 2001. A preliminary injunction has been obtained against two principals and the production manager. The production manager has been involved in six hot goods cases. A final decision in the case is expected soon.

The Task Force assisted USDOL by going into one shop to tag goods. This action resulted in the collection of \$28,000 in back wages.

The Department is working on a joint liability case against a manufacturer and a single contractor. About \$200,000 in overtime payments is involved. We expect the case to be filed within two to three weeks.

The Department is working with the New York City Apparel Industry Compliance Partnership to increase the pool of contractors for training. A mass mailing will go out this week. The first training session had 7 contractors attending and the second session had 11. The next major event for the Partnership is scheduled for April 18th. We hope to have the Wage and Hour Administrator address the group.

Mr. Vanegas discussed the case of Street Beat Sportswear. The manufacturer is liable for payments owed by contractors since it had made an agreement with USDOL to monitor its shops. Workers were held to be third party beneficiaries. There is \$408,000 in wages involved. The case is on appeal. Mr. Horwitz asked whether this case could have a chilling effect on companies signing agreements. This might be possible. There was a similar case in California involving Guess Jeans.

Currently 149 manufacturers in New York City have agreements with USDOL. Mr. Horwitz asked whether we could have copies of the agreements.

REPORT OF THE NEW JERSEY DEPARTMENT OF LABOR

District Supervisor Barry Hickey reported that 700 firms had registered for 2002. Of these, 15 are new firms. Nine firms have moved from New York City because of rental costs. The registration deadline was January 15th. The Department is still receiving applications. Last year 940 firms registered, so there will be a loss of approximately 200 firms.

During the first week in February there was a sweep of the locations for 240 firms that had failed to reregister. Seventy-four firms were found to be out of business.

A sweep in April with the US Department of Labor is being planned.

All Investigators have received laptop computers. Training in their use will be completed within six months.

New Jersey will be hosting the Joint Apparel Training on March 6th from 8:30 a.m. to 4:30 .m. at 129 Halsey Street in Newark. Committee members are invited to attend.

OTHER BUSINESS

Chairman Kahn raised concerns that some contractors were obtaining employees from leasing firms.

Chairman Kahn asked Mr. Mrozak to inquire about a response to his December 18th letter.

Mr. Mrozak asked whether the Task Force should be doing anything differently with respect to enforcement. Mr. Lai remarked that we might wish to concentrate more heavily on non-union firms since they operate with less oversight.

Mr. Horwitz asked Mr. Rumelt whether UNITE would object if the New York State Department of Labor entered into agreements with contractors similar to those that USDOL uses. No decision was reached on this question.

There being no other business to come before the Committee, the meeting was adjourned.

Additional meetings of the Committee are scheduled for:

Tuesday, May 14
Tuesday, September 10
Tuesday, December 10

Garment Industry Advisory Committee

Minutes of the Meeting Held at:

1710 Broadway
Second Floor Conference Room
New York, NY 10019

May 14, 2002

Attending:

Committee Member:

Irwin A. Kahn, Chairman

For the New York State Department of Labor

Denis Peterson, Deputy Commissioner for Boards and Councils

Thomas Rose, Assistant to the Commissioner

Jack L. Mrozak, Acting Director, Division of Labor Standards

Thomas Glubiak, Chief, Apparel Industry Task Force

Carmine Ruberto, Executive Secretary

Charles Horwitz, Senior Attorney

For the U.S. Department of Labor

Alfonso Holder, Assistant District Director

Other Attendees

Yuk Ching Wong, President, Greater Blouse, Skirt and Undergarment Assoc.

Teddy Lai, General Manager, Greater Blouse, Skirt and Undergarment Assoc.

Jack Glauberman, Executive Director/Counsel NY Skirt & Sportswear Assoc.

Steve Thomas, Exec. Director, National Association of Blouse Manufacturers

Chairman Kahn called the meeting to order.

APPROVAL OF MINUTES

The Committee reviewed and approved the minutes of the February 26, 2002 meeting.

Assistant Commissioner Denis Peterson said he was pleased to be able to attend today's meeting. Chairman Kahn noted that there were a number of new participants but that there are a large number of vacancies on the Committee and appointments had not been made. He gave Commissioner Peterson a copy of his 12/18/01 letter to Commissioner Angello. Commissioner Peterson said he would be happy to work with the group and help move the process along.

REPORT OF THE CHIEF OF THE APPAREL INDUSTRY TASK FORCE

Chief Investigator Thomas Glubiak reviewed the AITF statistics for the first quarter of 2002.

Chief Glubiak noted that completed investigations were higher than in the first quarter of 2001. This is a reflection of the additional investigative staff hired last year. He expects this trend will continue in future quarters. Approximately 42 percent of firms inspected had failed to register. This compares to 47.5 percent of firms who failed to register in 2001.

There has been a marked increase in the number of monetary and wage violations. Wage assessments and collections are at record highs. There are currently 65 hot goods cases that account for collection of \$584,000. Referrals to the Unemployment Insurance Division and the New York City Fire Department have increased, while those to OSHA and the Workers' Compensation Board decreased.

There has been a decrease of about 15 percent in the total number of firms registered compared to last year.

On March 6th the Task Force participated in a Joint Training Conference with USDOL and the New Jersey Department of Labor.

Chief Glubiak said he attended two ceremonies marking the anniversary of the Triangle Shirtwaist Fire – one on March 22nd at the site, sponsored by U.N.I.T.E., and the other in Albany on March 25th.

Chief Glubiak attended a meeting of the NYC Apparel Industry Compliance Partnership on May 8th. The Task Force is working with this group to develop a training program for contractors. Chairman Kahn asked that the minutes from this meeting be disseminated to the committee.

In measures designed to improve productivity, the Task Force was able to replace its older vehicle and obtain three cell phones for use by staff.

Chief Glubiak reviewed newspaper articles involving Encore Apparel. This firm had its workers file for Unemployment Insurance services while they were still employed. The firm used the UI benefits to supplement the workers' wages.

Chief Glubiak reviewed the results of Task Force sweeps done on April 22nd and 29th.

Chairman Kahn asked whether the three homework violations cited for this year were against the same firms as reported in 2001. Chief Glubiak said that this was unlikely.

Mr. Lai asked whether the number of violations cited reflect establishments or the number of persons involved. Chief Glubiak responded they represent establishments. For example, the 63 hot goods cases mentioned before involved 1,393 employees.

Mr. Horwitz asked Chief Glubiak whether he expected that registrations would continue to decline during the year. Chief Glubiak said that although the Task Force was doing more sweeps in Brooklyn, he thought that registrations would continue to be lower. This reflects a general contraction of the garment industry in the state.

REPORT OF THE U.S. DEPARTMENT OF LABOR

Assistant District Director Alfonso Holder apologized for coming late. He had just been notified to attend by Assistant Regional Administrator Bruce Sullivan.

Mr. Holder reported that District Director Louis Vanegas is no longer with the Wage and Hour Division. He has obtained employment with a monitoring firm. For the present time three Deputy District Directors are performing aspects of Mr. Vanegas' job.

Mr. Holder distributed a press release announcing lawsuits against two firms, Danmar Finishing company and Mario Sweater Contracting Corp., alleging willful violations of the overtime and record-keeping provisions of the Fair Labor Standards Act over a period of years.

Commissioner Peterson asked whether USDOL informed the various state Departments of Labor about ongoing investigations. He suggested that closer cooperation among agencies was called for. Where there is an indication that one agency has already visited the establishment, confirmation of this fact should be attempted.

Mr. Lai asked about a recent highly publicized case where Senator Schumer had organized demonstrations. He asked whether this type of publicity would help the agency in enforcing the law and collecting wages owed. Mr. Holder explained that USDOL did not have the authority to force employers to pay back wages.

Mr. Holder said that their Strike Force is currently auditing 20 firms doing business with one manufacturer. Chief Glubiak said that the Task Force had investigated this firm before, issued violations, collected wages and levied civil penalties.

REPORT OF THE NEW JERSEY DEPARTMENT OF LABOR

Although invited, there was no representative present from this agency.

OTHER BUSINESS

Mr. Lai asked for information concerning Unemployment Insurance laws and regulations. Mr. Horwitz offered his assistance in obtaining the material Mr. Lai required.

Mr. Glauberman reiterated the need to have appointments to the Committee considered by the Commissioner. A number of today's attendees regularly attend meetings even though they are not members, and their contributions should be recognized.

There being no other business to come before the Committee, the meeting was adjourned.

Additional meetings of the Committee are scheduled for:

Tuesday, September 10

Tuesday, December 10

Garment Industry Advisory Committee
Minutes of the Meeting Held at:

1710 Broadway
Second Floor Conference Room
New York, NY 10019

September 10, 2002

Attending:

Committee Members

Irwin A. Kahn, Chairman
Ted Potrikus
Richard Rumelt

For the New York State Department of Labor

Alan Deutsch, Senior Attorney
Thomas Glubiak, Chief, Apparel Industry Task Force
Carmine Ruberto, Executive Secretary

For the New Jersey Department of Labor

Barry T. Hickey, District Supervisor

Other Attendees

Yuk Ching Wong, President, Greater Blouse, Skirt and Undergarment Assoc.
Teddy Lai, General Manager, Greater Blouse, Skirt and Undergarment Assoc.
Jack Glauberman, Executive Director/Counsel, NY Skirt & Sportswear Assoc.
Steve Thomas, Exec. Director, National Association of Blouse Manufacturers

Chairman Kahn called the meeting to order.

APPROVAL OF MINUTES

The Committee reviewed the minutes of the May 14, 2002 meeting. Two typographical corrections were noted and the minutes were approved with corrections to be made.

Mr. Lai remarked that a year ago, we were to have had a meeting on September 11th, the day of the terrorist attacks, but it had been cancelled due to scheduling difficulties.

REPORT OF THE CHIEF OF THE APPAREL INDUSTRY TASK FORCE

Chief Investigator Thomas Glubiak reviewed the AITF statistics for the first half of 2002.

Chief Glubiak noted that the number of completed investigations were up almost 15 percent from a year ago. Assessments for wage and wage supplement claims and minimum wage assessments have doubled since year 2001 statistics.

Through June 30th, collections of \$1,097,000 have been realized from 235 firms for 3,460 employees. Much of this increase can be attributed to the greater number of trained staff available. Where we find monetary violations, the firms are targeted for rechecks.

Through September 3, 2002 there have been 114 Hot Goods cases involving wages totaling \$1,255,845.

Chairman Kahn asked whether these were new or repeat violators. Chief Glubiak said there was a mixture of both.

The number of records violations and referrals also continued to increase over last year. There was a tenfold increase in the number of referrals to the Unemployment Insurance Division. This came about as a result of a

change in the criteria used for referral. Now, any establishment that employs workers off the books is being referred.

On June 10th, Chief Glubiak participated in a Leadership and Responsibility Day in Albany

On June 15th, AITF conducted a child labor sweep involving 20 firms. Two firms were found to have violations. One firm had three minors illegally employed; the other had only one minor involved.

On July 30th, representatives from AITF participated in training for 9 contractors in conjunction with the New York City Apparel Compliance Partnership.

Two new pieces of legislation affecting the apparel industry have been signed into law. Copies of these bills are included in today's folder. The first requires the Department to produce and distribute a four-language poster to be displayed in apparel firms. The poster, in English, Spanish, Chinese and Korean, will inform workers of their rights and contain an 800 number for them to call and register complaints. That number 1-877-381-0926 connects to the information desk at AITF headquarters at 345 Hudson Street.

The second piece of legislation establishes a bidding registry for firms that were adversely affected by the terrorist attacks of September 11, 2001. Firms who qualify will receive a bidding preference of up to 15 percent on contracts by state agencies for apparel purchases. In order to be eligible, firms must be registered on 9/11, prove they suffered some adverse impact, show that they have some sort of labor-management relationship program and have not received a violation within the past five years. A total of 3,417 applications have been mailed to currently registered firms.

Chairman Kahn asked whether the Committee could see a list of approved firms. The list will be a matter of public information and the Executive Secretary will distribute a list when it is issued.

Mr. Lai asked whether a manufacturer without violations could apply and be put on the list. Chief Glubiak responded that this was possible.

The legislation also permits SUNY and CUNY campuses to disqualify as responsible bidders for apparel items, those firms that cannot certify that the apparel was manufactured in compliance with applicable labor laws. In response to a question by Mr. Rumelt, it was clarified that this legislation was permissive in nature and each campus has to adopt its provisions.

On July 22nd Chief Glubiak attended a meeting of the Labor-Religion Coalition in Albany. It is working on the implementation of the Sweat Free Schools legislation signed last year.

REPORT OF THE U. S. DEPARTMENT OF LABOR

Although invited, there was no representation from this agency.

REPORT OF THE NEW JERSEY DEPARTMENT OF LABOR

District Supervisor Barry Hickey apologized for not attending the Committee's May meeting. Due to financial restraint, attendance at out-of-state meetings was not permitted during that period. The restrictions have been lifted and he hopes to be able to attend all future meetings.

The Department is conducting monthly sweeps in the northern New Jersey. He pointed out that much of the industry is now locating in large warehouses. There are problems encountered in gaining access to these locations. Many of them have security patrols and they have difficulty entering the buildings. They need greater legal authority to be able to walk through these facilities.

Mr. Hickey said his agency is working closely with the U. S. Department of Labor on apparel enforcement activities.

There are currently 820 firms registered. Of these, 709 are renewals and 111 represent firms registering for the first time

The agency will be conducting sweeps, probably starting at the end of this month that will target the approximately 50 firms with outstanding fines and penalties. If they are still in business, we will contact firms they do business with to inform them of this fact.

Marty Gartzman has retired as Director of the Agency. Assistant Director Mike McCarthy is presently in charge.

Chairman Kahn asked whether the agency was conducting sweeps in central and south Jersey. Mr. Hickey replied that while they would like to do so, the present personnel shortage does not allow us to do them.

OTHER BUSINESS

In response to Mr. Lai's question, the Executive Secretary said there had been no development on Committee appointments.

Chairman Kahn asked about obtaining an up-to-date list of members. The Executive Secretary will work on making such a list available.

There being no other business to come before the Committee, the meeting was adjourned.

The final meeting of the Committee for 2002 is scheduled for Tuesday, December 10.



New York State Department of Labor
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