



SWEATSHOP WATCH™

GOLDEN GATE UNIVERSITY

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***Study Reveals Lax State Enforcement and
Widespread Corporate Disregard of California's Landmark Anti-Sweatshop Law***

LOS ANGELES – Six years after California's historic anti-sweatshop bill was signed into law, a new study reveals that the law has been ineffectively utilized by the state labor agency entrusted with enforcing it, and hence ignored by many clothing companies that continue to profit from sweatshops. *Reinforcing the Seams: Guaranteeing the Promise of California's Landmark Anti-Sweatshop Law*, released by a coalition of garment worker advocates, documents the successes and shortfalls of what many had hoped would prove to be the country's strongest anti-sweatshop legislation – Assembly Bill 633 (AB 633).

“With AB 633, California took center stage in declaring that sweatshops must become a part of our past, and not our future. The law's goal is simple: to guarantee that California's workers are not denied the bare minimum standards of living and working in this state. Six years after AB 633's enactment, the state is long overdue in making good on its promise to those who help make California the fifth largest economy in the world,” stated Assembly Member Paul Koretz, Chair of the Assembly Labor & Employment Committee.

Reinforcing the Seams examines the state's enforcement of labor laws in one of California's most vital yet notorious industries. The garment industry employs more workers than any other manufacturing sector in Los Angeles County, which alone produces \$13 billion in clothing each year. Yet garment workers – mostly Latina and Asian immigrant women who comprise the very foundation of the industry – fail to share in the profits of this multibillion-dollar enterprise. According to the U.S. Department of Labor, nearly 70% of Los Angeles garment factories fail to pay minimum wage and overtime, totaling an estimated \$81 million in unpaid wages each year.

Rampant workplace violations, hazardous working conditions, and sub-poverty wages have earned Los Angeles the dubious distinction as the sweatshop capital of the nation.

“The garment industry is built on the backs of workers. The state must make sure that the law is enforced so that companies don’t profit from sweatshops, and that workers like me are paid for our hard work,” commented Socorro Camacho, a garment worker who recently won an AB 633 wage claim holding Charlotte Russe, a private label retailer, legally responsible for her unpaid wages.

Before AB 633 was enacted, companies that made their clothes in sweatshops were not required to pay a *single cent* of workers’ wages in administrative claims before the state labor agency – often leaving workers without a remedy when the sweatshop contractors failed to pay workers their wages, shut down operations, and absconded. AB 633 aims to close this loophole by requiring corporations to act responsibly as “**wage guarantors**” and ensure, along with the contractors they use to make their clothes, that workers receive minimum wage and overtime.

The Key Findings of *Reinforcing the Seams* include:

- Rise in wage claims: Since AB 633 became law, there has been a four-fold increase in wage claims filed by garment workers, but this increase reflects only a small fraction of the tens of thousands of workers who have been denied minimum wage and overtime and are covered by AB 633’s protections.
- Corporate accountability: For the first time in wage claims administered by the state, workers are recovering their wages from companies that made their clothes in sweatshops. Wage guarantors paid **almost 30%** of the total amount paid to workers in the study. But on average, workers were still denied **two-thirds** of total wages owed, and the overwhelming majority of guarantors – **85%** – paid nothing.
- Corporate disregard of the law: **95%** of contractors and **60%** of clothing companies (wage guarantors) that were found liable for sweatshop abuses by the labor agency did not pay a *single penny* owed to the worker, despite being ordered to pay by the agency. Contractors and wage guarantors routinely ignored key record-keeping requirements central to the state’s ability to identify companies responsible for sweatshops and to adequately investigate a claim. Companies provided documents in response to subpoenas for business records only **half** the time. When contractors provided records, they were incomplete almost **90%** of the time.

- Lack of state enforcement: There was a **less than 1%** chance that the state labor agency would sanction a contractor by revoking its garment license if it failed to turn over business records during an investigation of the claim.
- Failure to investigate companies responsible for sweatshops: Almost half the time, the state labor agency failed to meet its obligation to identify companies that made their clothes in sweatshops. Investigations were superficial, with the agency failing to issue subpoenas for business records to **over 60%** of wage guarantors.
- Protracted claims process: On average, the state labor agency took 200 days to process an AB 633 wage claim – almost twice as long as the 120-day expedited timeline mandated under the law.

“Powerful clothing companies have long hoped that they could escape liability for sweatshops – while at the same time profiting from them – by hiding behind contractual schemes to distance themselves from the workers who make their clothes. AB 633 was intended to put an end to such corporate abuse. Unfortunately, AB 633’s promise to clean up a dirty industry remains unrealized when its potency lies in the hands of an Administration that has engaged in lackluster enforcement of labor laws,” stated Christina Chung, Staff Attorney and Director of the Workers’ Rights Project of the Asian Pacific American Legal Center, one of the principal authors of the study.

Reinforcing the Seams concludes with a series of recommendations for the state labor agency, including proper enforcement of key provisions of AB 633 requiring companies to keep accurate business records necessary to identify and investigate companies responsible for sweatshops, and vigorous enforcement of judgments enabling workers to recover their unpaid wages. Based on a statistically random sample of 208 wage claims filed by garment workers between March 31, 2001 and February 18, 2004, the study was released by the Asian Pacific American Legal Center, Sweatshop Watch, the Asian Law Caucus, Garment Worker Center, and Women’s Employment Rights Clinic of Golden Gate University Law School. For a copy of the Executive Summary and full report, please visit www.apalc.org or www.sweatshopwatch.org.