



Special Task Force for the Apparel Industry

ANNUAL REPORT
2003



STATE OF NEW YORK
George E. 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

Director
Richard Cucolo

Chief Investigator
Charles DeSiervo

Supervising Investigator
Michael Kramer

Supervising Investigator
Len DeRosairo

Foreword

On March 25, 2003, New York State Commissioner of Labor Linda Angello addressed an audience at the site of the Triangle Shirtwaist Factory fire to commemorate the 92nd anniversary of the fire. While remembering the somber tragedy Commissioner Angello spoke of the lessons learned from the fire. “The Triangle Shirtwaist fire is a forceful reminder of just how important worker safety is for the people of New York State. Because of this tragic fire, New York became the first state to implement laws to protect workers in the garment industry.”

Commissioner Angello noted, “The administration of Governor George Pataki continues that tradition. Two years ago, on this very spot, the Governor announced the appointment of ten new investigators to the Apparel Industry Task Force, which works to ensure that our garment industry is a fair and safe place for workers. I am pleased to report that this diligence in maintaining a highly trained Task Force has paid off. During 2002, the Apparel Industry Task Force collected and distributed a record \$2.9 million in unpaid wages and below minimum wage payments to more than 7,000 workers.”

This report is a review of Task Force activities for 2003.



Commissioner of Labor Linda Angello addressing the audience at the Commemoration of the Triangle Shirtwaist Fire on March 25, 2003.

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LEGISLATION

In 1987, in response to the proliferation of sweatshops in the New York State, the Legislature enacted Article 12-A of the Labor Law. It established a registration system for all apparel industry manufacturers and contractors involved in production work in New York State and created a special task force for the apparel industry. Initially, it was the main undertaking of the legislation to move these sweatshops out of the underground economy by requiring them to register with the Department of Labor.



Investigator Frank King interviewing a Chinese speaking garment worker.

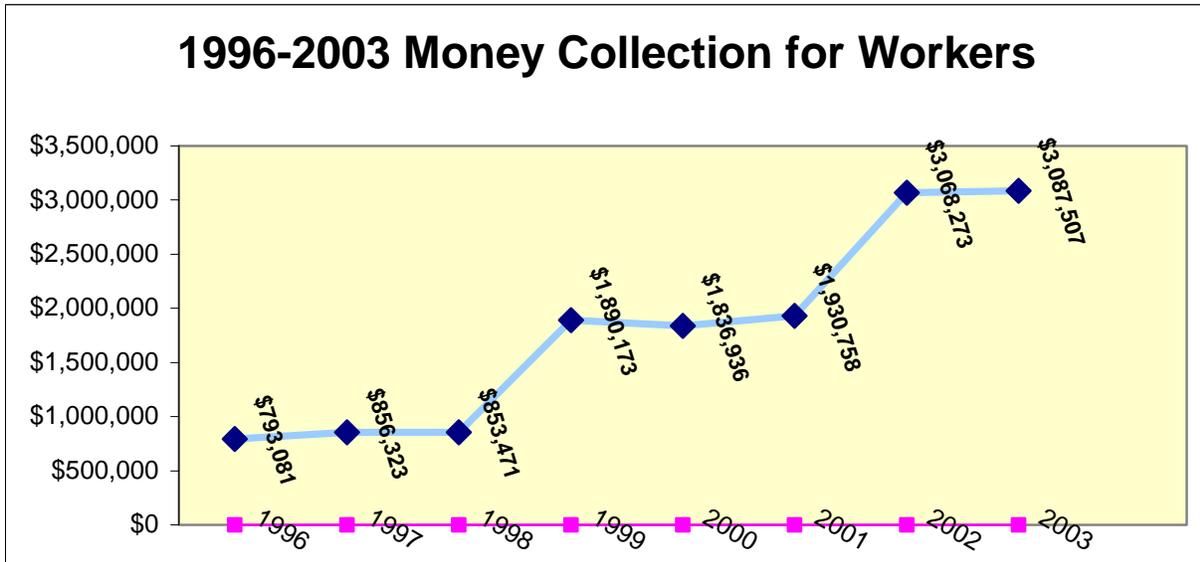
The Legislative mandate of the Task Force is to legitimize the contractors and manufacturers who are willing to comply with New York State Labor Laws and weed out the contractors and manufacturers that live and breathe in the underground economy. One of the main objectives of the Task Force is to level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

Since the initial law, the Pataki Administration has enhanced the registration requirements and increased the power and size of the Task Force. Registration requirements were enhanced to require the owner's social security number, home address, and photographic proof of identity. Employers must also show evidence of Workers' Compensation and Disability Insurance policies. Other amendments to the law have given the Task Force new tools to fight the abuses of the modern sweatshop. These tools have included laws on "hot goods" and "tagging." In addition, Governor George Pataki, at the commemoration marking the 90th anniversary of the 1911 Triangle Shirtwaist Company fire significantly increased staffing levels in the Task Force.



Governor George E. Pataki at the 2001 commemoration of the Triangle Shirtwaist Fire announcing his initiative to hire ten new investigators for the Task Force.

With the increase in staff and the additional laws to help enforcement, the collection of wages owed to garment workers has dramatically increased since Governor Pataki took office. Since 1996, the Task Force has collected over \$14 million in unpaid or underpaid wages for garment workers. The chart below shows this increase.



With the increase of staff two years ago, the Task Force has collected approximately \$6 million in wages and distributed the money to over 14,000 garment workers for the period 2002-2003.

Comparison Summary of Performance for 2002 & 2003:		
	2002	2003
Registrations	3423	3121
Investigations	1295	1321
Violations	1810	1630
Wage Assessments	\$2,904,196	\$3,055,653
Referrals	496	522

NEW YORK STATE APPAREL INDUSTRY TRENDS

Despite outsourcing of manufacturing to Third World countries and the continuing impact of 9/11, the garment industry remains the largest manufacturing sector in New York City. New York State apparel manufacturing employed 40,000 workers as of Dec 2003¹. This represents the number on workers on the “books.” In addition, as we find during our investigations, there are a substantial number of workers paid “off the books.”



New York State remains an important center of garment production, as well as wholesale sales. A significant portion of apparel industry production comes from fast selling “reorders” and niche specialty markets. 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 nearly 100,000 additional jobs in fashion-related textile production and in

wholesale selling. Apparel manufacturing accounts for one-third of the manufacturing jobs in New York City and is its largest single source of manufacturing jobs.²

The Fashion Industry in New York State has a sales volume of \$14 billion. It also generates additional tourist revenue for New York City. Visits by 125,000 out-of-town apparel buyers inject an estimated \$100 million for New York City hotels, restaurants, transportation services and other non-apparel businesses.³

While the number of firms operating in the apparel industry continues to decline, competition among the surviving firms is high. As noted in last year's annual report, the trend of production shops seeking to remain competitive continues. Shops are moving out of Manhattan to the surrounding areas of Brooklyn, Queens, the Bronx, Long Island and New Jersey in search of lower rents. Production shops moving to residential areas of Brooklyn and Queens have taken over storefronts and business lofts 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, building and health code issues that the Task Force is addressing in cooperation with the New York City Fire and Building Departments and New York State Division of Safety and Health (DOSH).

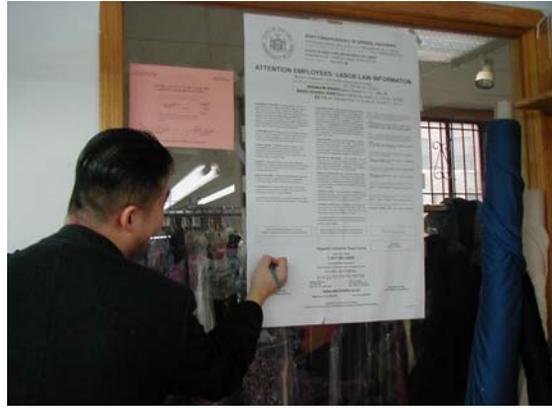
¹ See NYSDOL Labor Market Information at: http://64.106.160.140:8080/lmi/ces_estimates.jsp?area=01000036New+York+State

² See Garment Industry Development Web site at: <http://www.gidc.org>

³ See The Fashion Center NYC at: <http://www.fashioncenter.com/main.html>

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 at their place of business by January 15th of each year. This annual registration requirement provides a control over egregious violators who normally would not come forward as the owner of the business. The registration requirement mandates that firms declare the names of corporate officers and owners, their social security numbers, home addresses and provide photo identification. In the course of an investigation, if it is determined that the owners of the factory have another person "fronting" for them, the Task Force will inform the parties in charge that unless they amend the company's registration application to reflect proper ownership, the registration will be revoked.

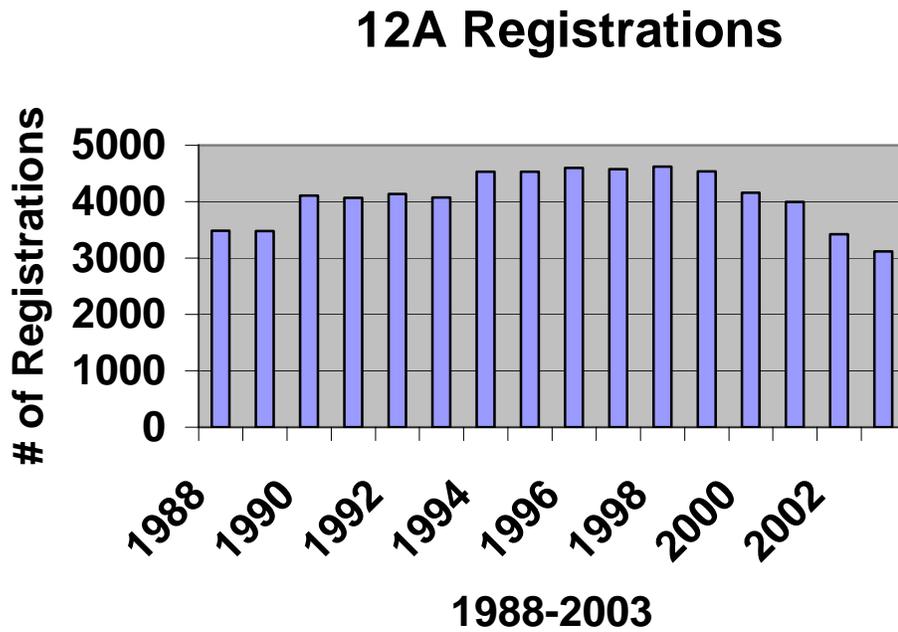


Investigator Sherman Lee checking Certificate of Registration Poster and signing Minimum Wage Poster.

The registration certificate is not issued to firms with outstanding 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 business and leave the underground economy.

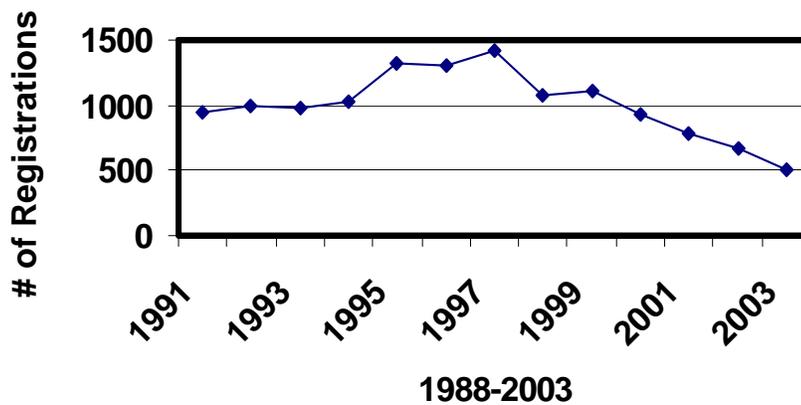
Registration data is used by the Task Force to monitor industry trends. The movement of apparel factories within the New York City metropolitan area is shown by increases or decreases in registration by postal zip code. This allows the Task Force to assign investigators to areas where new shops are opening.

The Article 12-A Registrations chart (see below) shows how the number of registrations has changed over the years. The following chart currently reflects a decline in the apparel industry in New York State attributed to the current trends.

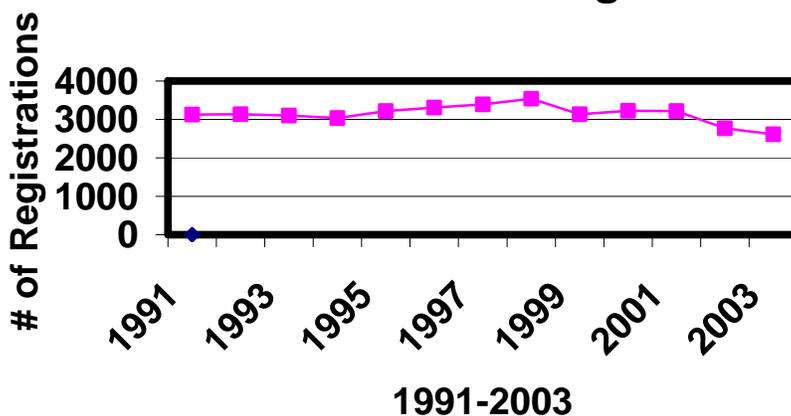


In 2003 it appears that the reduction in 12A registrations has somewhat slowed. The two charts below show that while the numbers of new garment firms continue to show a sharp decline, the number of established firms (renewals) has a much lower rate of decline. This suggests that the New York apparel industry is in a state of consolidation. This may have some benefits for the surviving firms. With the decline of new shops there are fewer “fly by night” start-up companies and accordingly there may be a more level field of competing garment factories that know New York State Labor Law requirements.

New 12A Registrations



Renewal 12A Registrations



BIDDERS REGISTRY

In 2002 Governor George Pataki signed legislation establishing a September 11th Bidders Registry. New York State manufacturers and contractors in the apparel industry who meet certain requirements may have a preferred source status of apparel and textile procurement by the State University of New York (SUNY) and City University of New York (CUNY), community colleges, all other New York State agencies and other public agencies.



Investigator Holly Yang interviewing a garment factory owner.

According to this legislation the requirements for the apparel manufacturer or contractor to be listed on the registry are:

- The firm was registered on 9/11/00, continuously in business from 9/11/00 to 9/11/01 and currently registered
- The firm was adversely impacted in any way connected to the events of 9/11/01
- The firm is engaged in cooperative labor management efforts to improve the economic well-being of its employees and/or work with a labor organization (union) to that end; and
- That the firm, its owners and partners are free of violations of New York State Workers' Compensation Law, or any State or Federal Labor Law, Rule or Regulation for the previous five (5) years.

The original Bidder's Registry application was mailed to registered employers in the summer of 2002. A second application was mailed out in November of 2003 with the 12A renewal application. More than over 50 firms currently are listed on the Bidder's Registry. Interested parties can find the complete list at the Labor Department web address at:

http://www.labor.state.ny.us/business_ny/employer_responsibilities/workprot/garment_files/bidders_reg.html

INVESTIGATIONS

The Task Force prioritizes its complaints – our highest priority is protecting the worker in cases involving unpaid wages or dangerous working conditions. Investigations are scheduled in the following priority:

- 1) Complaints
- 2) Targeted areas
- 3) Door-to-door visits.

The Task Force regularly conducts sweeps in targeted areas that have been identified as having numerous Labor Law and local safety code violators. 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. A sweep 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 include the review of registration requirements, payroll records, the interviewing of employees and employers and the referral of health and safety and health issues to other agencies. 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 the employment of minors, “off the books” employment, under-reporting or non-payment of wages, fraudulent record-keeping, fire, safety and health code violations and tax remittance avoidance.



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



Investigator Giovanna Giraldo interviewing a Spanish-speaking employee in a garment factory in Brooklyn

All of the Task Force Investigators speak more than one language, including Spanish, Korean and various dialects of Chinese. These represent the dialects of the immigrant groups that presently 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, who constitute over 75% of the workforce in the apparel industry.⁴ The industry also provides an opportunity for advancement for immigrant entrepreneurs, who own a significant number of the factories in New York City.

The number of wage-related investigations has risen as a result of additional staff hired in 2001 that are currently functioning as fully trained investigators. During 2003, the Task Force assessed a record \$3,087,506 in unpaid wages and below minimum wage payments and collected and distributed \$3,055,653 to approximately 7,157 workers.

⁴ The Fashion Industry and New York City See *Garment Industry Development Corporation* a <http://www.gidc.org>

While New York City is the hub of the garment industry in New York State and over 90% of our investigations are in the city, the Task Force enforces the Labor Law throughout the state. During 2003, investigations have been conducted at firms located in 40 counties of New York State:

Albany	Jefferson	Putnam
Bronx	Kings	Queens
Broome	Livingston	Rensselaer
Cattaraugus	Monroe	Richmond
Cayuga	Montgomery	Rockland
Chemung	Nassau	Saratoga
Columbia	New York	Schenectady
Cortland	Niagara	St. Lawrence
Dutchess	Oneida	Suffolk
Erie	Onondaga	Ulster
Fulton	Orange	Warren
Genesee	Orleans	Washington
Herkimer	Oswego	Westchester
		Wyoming

LABOR LAW VIOLATIONS & 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*. Investigations involve the review of payroll records, interviewing employers and employees and health and safety code compliance inspections. 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.



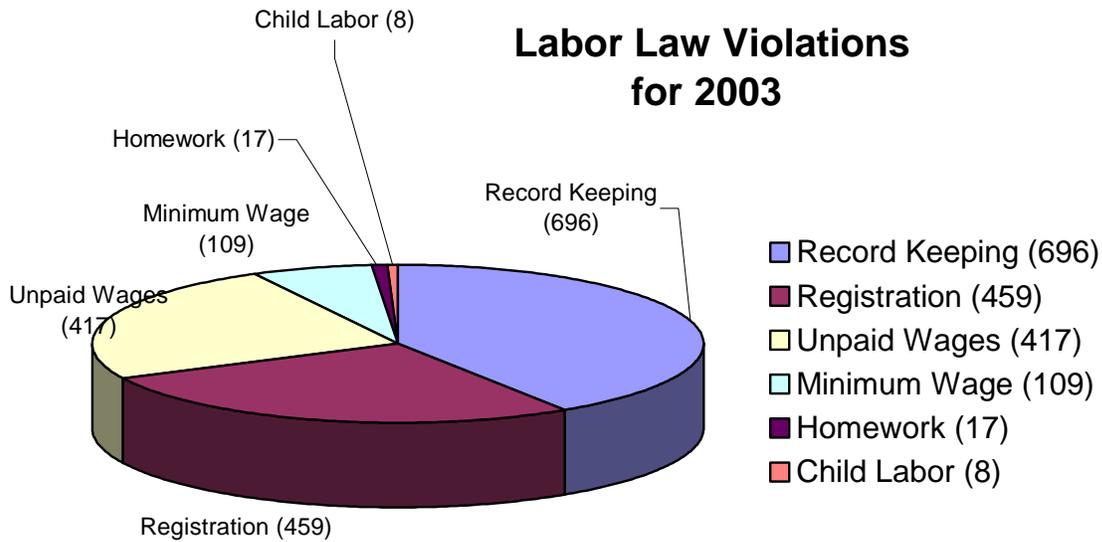
Investigator Stanley Chan interviewing a garment employee.

In 2003, the Task Force investigated 1321 apparel firms. The investigations revealed that 459 firms were not registered, 526 firms were not in compliance with the wage payment and/or minimum wage provisions of the Labor Law and 696 firms were in violation of record-keeping requirements such as allowing employees to work “off the books” and/or furnishing incomplete or inaccurate records.

While the number of investigations, registrations and firms not in compliance with wage provisions of the Labor Law increased slightly in 2003, the number of record-keeping violations decreased by 12%⁵. The Task Force sees these trends as significant for a number of reasons. Economic issues continue to plague the industry. This results in continuing problems with payment of wages. However, the number of record-keeping violations has decreased due to vigorous enforcement of the record-keeping provisions of the Labor Law. This is because we have insisted that all wage payments – cash, check or combination of both – be included in the payroll records or substantial civil penalties will be assessed and our popular educational employer Labor Law seminars (see pages 23-24).

⁵ In 2002 the Task Force issued 829 record keeping violations

Homework and Child Labor violations continue to remain at a low level in the garment industry as a result of vigorous enforcement by the Task Force. Monthly educational seminars also play a significant role in Labor Law compliance.



Investigator Fanny Almanzar with Supervisor Michael Kramer checking on a minor in a Brooklyn garment shop during a surprise Saturday morning visit.

Manufacturers and contractors in the apparel industry continue to operate in violation of multiple laws, codes and regulations. Task Force investigators found that 35% of the firms visited were in violation of registration requirements, 40% of the firms visited were found to have violated wage payment or minimum wage requirements and 53% of firms visited were found to be in violation of the record-keeping requirements

REFERRALS

The Task Force is required, under Article 12-A (Section 344), to report “to the appropriate authorities any instance in which there is reasonable cause to believe that the payment of federal, state and local payroll taxes is being evaded.” In addition, under Section 344, we are required, during the course of our investigation, “to determine compliance with concerning state or local building codes, state or local fire codes, laws or regulations and state or local health codes, laws or regulations and to refer to the appropriate authorities any instance in which there is reasonable cause to believe that a violation of such codes, laws or regulations exists.” Accordingly, as per the, law we make referrals for the following:



Senior Investigator Gene Lee checking to make sure that protective guards are in place on the sewing machine

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

While the Task Force vigorously enforces our referral mandate, we are particularly aware of the importance of referring health and safety issues to the appropriate agencies. If there is an issue of imminent public danger, the Task Force immediately contacts the New York City Fire or Building Department or other appropriate government agency.



The Task Force routinely makes referrals for blocked fire escape exit and dangerous fire escapes to the to the appropriate government agency.

The Task Force regularly makes referrals to the Department of Labor's Unemployment Insurance and Safety and Health Divisions, 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 issues of possible tax evasion matters to other government agencies for

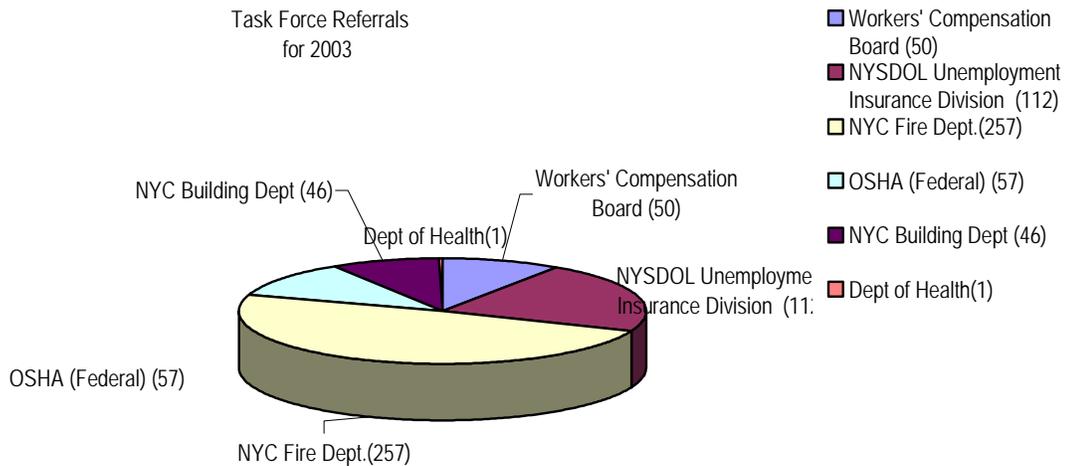


Garment factory lavatory without hot water or soap.

investigation. The criteria for referrals to these agencies include non or under payment of taxes, disregard for safety of the workers and health, fire or building code violations. In 2002, the number of referrals increased 20% from the previous year.⁷ In 2003 the number of referrals increased slightly from 496 to 523 referrals.

⁷ The number of referrals increased from 379 in 2001 to 496 in 2002.

Please see attached chart for the breakdown of the referrals for 2003.



Case Study – Joint New York City Fire Department and Task Force Cooperation

On Friday, March 7, 2003, the Task Force received a telephone call from Inspector Al Hirschorn of the New York City Fire Department concerning serious health and safety violations throughout the factory building at 256 West 38th Street. Inspector Hirschorn indicated that the garment factories and cutting rooms were all cited by the Fire Department for multiple violations such as locked and blocked exits and obstructed sprinkler heads. In addition, the Inspector observed rats throughout the building. The FDNY recommended that the Task Force proceed with labor law investigations at each of the garment firms located in the building. They noted that they would make the appropriate Health Dept. referral concerning the vermin infestation.

On Wednesday, March 12, 2003, the AITF staff visited the building and conducted a sweep looking for unsafe conditions and possible Labor Law violations in the various factory premises.

During the course of the sweep conducted by two teams of Task Force Investigators the following was accomplished. All eleven-garment firms in the building were visited; a total of \$26,200 was assessed and collected at three different firms for failure to pay wages; and the same three firms were cited for payroll record keeping violations.

As per instruction of the FDNY it was not necessary to perform further Fire Department or Health Department referrals. However, four referrals were made to both OSHA and the N.Y.C. Building Department.

The sweep at 256 West 38 Street was an excellent example of successful inter-agency cooperation in addressing both the wage and safety issues in the apparel industry.

TASK FORCE STAFFING

While the Task Force is continually adopting new tactics to protect the disenfranchised garment worker, the stability of our staff has allowed us to remain focused on our mission. Eight current staff members have been with the Task Force since its inception in 1987. In addition, seven of the original ten investigators hired by Governor Pataki's 2001 initiative to increase the Task Force remain.

Four new staff were hired in 2003, two Spanish-speaking and two Chinese-speaking investigators.



Commissioner Linda Angello with members of the Task Force.

PUBLIC EDUCATION AND IN-HOUSE TRAINING

PUBLIC EDUCATION



In 2003, the Task Force completed the 14th year of offering its award-winning Employer Seminar program. The program began in 1989 to inform employers of the provisions of the Labor Law. Employers that have been cited for violating the Labor Law and employers that want to learn the requirements of the Labor Law are invited to attend the Apparel Task Force educational seminar held on

the last Wednesday of each month. An average of 30 to 40 employers attend the seminar each month. Since its inception, over 4,500 employers have taken part in this program. 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 with regard to the benefits these seminars provide.

In 2003, the format for the Labor Law seminar was revised. The seminar is now conducted using a PowerPoint presentation. Due to his promotion to Supervisor of the Task Force, Supervisor Len DeRosairo was relieved from his responsibilities to present the monthly Labor Law Seminar. For almost 14 years, Mr. DeRosairo conducted this seminar to over 4,000 employers. Currently, Senior Labor Standards Investigator Maritza Lamboy and Investigator Sherman Lee conduct the seminar.



Senior Investigator and Investigator Sherman Lee presenting a Power Point Labor Law Seminar to apparel employers.

In 2003, we were able to continue the educational seminar program with the cooperation and assistance of the Garment Industry Development Corporation (GIDC), who provided a large meeting room at their Chinatown modernization facility for these seminars.



Task Force members reaching out to contractors during the special contractor seminar

In addition to the regular monthly labor law seminar, in 2003, the Task Force initiated a new seminar for New York City contractors. The purpose of this seminar is to educate employers in the investigation process, concentrating on what the Labor Department expects from a contractor and what a contractor should expect from us during an investigation. The discussion covers the time that we enter a shop to the conclusion of the investigation. The underlying theme of this seminar is to educate the apparel contractors in New York on the process of an investigation, create a better understanding of what is done during the course of an investigation and to foster better relations among

all parties. The seminar concludes with a question and answer session, which provides an opportunity for greater understanding for all.

IN-HOUSE TRAINING



Senior Investigator Maritza Lamboy instructing new investigators on the Minimum Wage Law.

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 for the Task Force staff. New investigators are not given a case load and sent out as lead investigators until they complete an extensive training program both in the field and in the office to help them learn the necessary skills for conducting apparel industry investigations.

Section 346 of the Labor Law provides that the Task Force “shall receive training to be provided by the state in each of the areas of the labor law, state or local building codes, state or local fire codes, laws or regulations and state or local health codes, laws or regulations in which potential violations



FDNY Fire Fighter Bruce Silas gives pointers to Task Force Investigators on what fire hazards to look out for in factories

exist...” In 2003 the Task Force Investigators received special training by personnel from the New York City Fire Department and the Department of Labor’s Division of Safety and Health to help field investigators recognize various factory hazards and accurately report the hazards in our referral process to the appropriate agencies.

TECHNOLOGY

The Task Force gathers extensive data to determine current sweatshop locations, monitor egregious violators and keep in step with the latest trends in the industry. Staff members of the Task Force have a personal computer or laptop 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. In addition, contractors and manufacturers can use the list as a source for expanding their business ties in the New York garment community.

The New York State Department of Labor web site has a vast amount of Labor Law information for employers, employees and the general public. Employees can download Labor Law information and claim forms and employers can download various forms, including the 12A Registration form. As discussed earlier in this report, there is also a link to the Bidders Registry on the web site.

OUTSIDE TASK FORCE ACTIVITIES

In compliance with its legislative mandate, the Task Force met with various apparel-related groups and community organizations, as well as federal and state agencies during 2003. These meetings provide an opportunity to develop relationships, to share information and to respond to industry problems and concerns.



Apparel contractors attending a meeting presented by Task Force members to help foster better relations between employers and the Labor Department. Three local Chinese-language newspapers reported the event.

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

REPORTING



Members of the Garment Industry Advisory Committee were advised of the activities of the Task Force at the December 9, 2003 meeting.

The Task Force has fulfilled its reporting responsibility in 2003 by reporting to the Commissioner of Labor's Garment Industry Advisory Committee at each of its quarterly meetings on February 25, 2003, May 13, 2003, September 9, 2003 and December 9, 2003.

APPENDIX

MEETINGS WITH OTHER AGENCIES

New York City Apparel Industry Compliance Project (NYCACIP) Board Meetings
Labor Religion Coalition
Special Labor Law Seminar – The Limited with 40 vendors at Bryant Park Hotel
Garment Industry Advisory Committee
Tri-Government training with United States & New Jersey Departments of Labor
FDNY Training sessions

OTHER ACTIVITIES

Triangle Shirtwaist Fire Memorial with UNITE! and NYFD at site of fire in NYC
Joint Investigation with FDNY at factory building located 256 West 38 Street, NYC
Nassau/Suffolk County Labor Law Initiative
Evening Surveillance Project in Sunset Park section of Brooklyn
Special Seminar for Chinese-Speaking Contractors
Homework patrols in Ulster County

GARMENT INDUSTRY ADVISORY COMMITTEE MINUTES

Garment Industry Advisory Committee
Minutes of the Meeting Held at:
1710 Broadway
2nd Floor Conference Room
New York, NY 10018
May 13, 2003

Attending:

Committee Members

Irwin Kahn, Chair

For the New York State Department of Labor

Carmine Ruberto, Assistant Director of Labor Standards

Charles Horwitz, Senior Attorney

Charles DeSiervo, Chief Investigator, AITF

Michael Kramer, Supervising Investigator, AITF

Leonard DeRosairo, Senior Investigator

Paul Kalka, Interim Acting Executive Secretary

Other Attendees

Teddy Lai, Executive Director, Greater Blouse, Skirt & Undergarment Assoc.

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

Linda Dworak, GIDC – Executive Director

Maura Keany, Director, UNITE, New York State Council

Chairman Kahn called the meeting to order.

Approval of Minutes

The minutes of the February 25, 2003 meeting were reviewed and approved.

Report of the Apparel Industry Task Force

Chief Investigator Charles DeSiervo delivered the Task Force Report.

Mr. DeSiervo stated that as of the First Quarter of 2003 there were a total of 2,610 registered firms. This was a reduction of 130 firms from the total of 2,740 registered firms for First Quarter of 2002.

Mr. DeSiervo discussed the effect that the economy was having on the industry. Hope was expressed that economic conditions had leveled off and a recovery would be underway. There was talk regarding the SARS epidemic in China and its effect on the local garment industry. It was mentioned that garment exports from China are down 30%, however, unemployment in the New York State Apparel Industry is at 19%.

Mr. DeSiervo discussed staffing issues at the Apparel Industry Task Force:

- Hopes to receive permission to fill all open items.
- Received permission to fill a Chinese-speaking LSI position, effective 5-14-03.
- Currently working on the promotion of Chinese-speaking Labor Standards Investigators for vacant Senior Investigator positions with the Task force.
- In addition, currently working on the promotion of Mr. DeRosairo to Supervising Investigator, AITF.

Mr. Ruberto said that Charles DeSiervo had been promoted to Chief Investigator, AITF. It was mentioned that all the items opened by early retirement through the incentive program will be filled within Labor Standards. Carmine Ruberto stated that the new Director of Labor Standards is Richard Cucolo.

Mr. DeSiervo indicated that the Employer Seminar Program previously run by Senior Investigator DeRosairo will be administered by two employees, Senior Investigator Maritza Lamboy and Investigator Sherman Lee. Investigator Holly Yang will be their assistant. In addition the Task Force will conduct special seminars for Chinese-speaking contractors and a new type of seminar for contractors on what to expect when visited by a Labor Standards Investigator.

Mr. DeSiervo spoke of the Triangle Shirtwaist Factory Commemoration and the Tri-Government Training, which was held at 26 Federal Plaza. The Task Force participated in both events. The Triangle Fire Commemoration this year was marked by the designation of landmark status for the building on Washington and Green Street, that housed the factory. Commissioner Linda Angello was on hand for the event. The Tri-Government Training this year was described as having been a great success as, it featured a new format that stressed audience participation.

Mr. Kramer reported that the Task Force conducted a sweep of 256 W. 38th Street, New York, NY, as a result of a referral by the NYC Fire Department. The Task Force responded in a matter of days. The sweep yielded over \$30,000 in restitution and direct payment for missed payroll, payroll record-keeping violations and citation for failure to register. In addition, Mr. Kramer cited the Nassau/Suffolk County initiative. It was mentioned that towns throughout Long Island had been visited. Common violations encountered included failure to register and payroll records.

Other Business

Teddy Lai commented on an Apparel Industry Compliance Initiative. Mr. Lai said there will be a meeting at the Parsons School of Design on 5-20-03 at 1:00 p.m. The purpose of this initiative is to involve more retailers in the compliance process.

In addition, Mr. Lai stated that there was little work being performed on military uniforms as a result of the Iraq War.

The representatives from UNITE, Linda Dworak and Maura Keany, reported on problems concerning the 9/11 Bidder's Registry. The problems cited centered around the application form, which has found to be very confusing; for example, question #4 regarding Labor-Management relationship. To date, only 8 out of 150 contracts have resulted from this law, which sunsets in 2005. Ms. Dworak and Keany stated that a contingent from UNITE will visit the State Capitol on May 20th to lobby for changes in the application process.

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

The next meeting of the Advisory Committee will be on Tuesday, September 9, 2003.

Garment Industry Advisory Committee
Minutes of the Meeting Held at:
345 Hudson Street
6th Floor Conference Room
New York, NY 10014
September 9, 2003

Attending:

Committee Members

Irwin Kahn, Chair

For the New York State Department of Labor

Carmine Ruberto, Assistant Director of Labor Standards

Charles Horwitz, Senior Attorney

Charles DeSiervo, Chief Investigator, AITF

Michael Kramer, Supervising Investigator, AITF

Maritza Lamboy, Senior Investigator, AITF

Paul Kalka, Executive Secretary

Other Attendees

Teddy Lai, Executive Director, Greater Blouse, Skirt & Undergarment Association

Alex J. Glauberman, Executive Director/Counsel, NY Skirt & Sportswear Association

Ted Potrikus, Executive V.P. Retail Council of New York State

Chairman Kahn called the meeting to order.

Approval of Minutes

The minutes of the May 13, 2003 meeting were reviewed and approved.

Report of the Apparel Industry Task Force

Chief Investigator Charles DeSiervo delivered the Task Force Report.

Discussion ensued on the future meeting place for the Committee. A number of different locations were mentioned such as the Fashion Institute of Technology, 345 Hudson Street, and 5 Penn Plaza. A new venue is necessary because the space at 1710 Broadway is no longer available. In addition, UNITE will no longer be able to host the meeting, as there will be insufficient space at their consolidated headquarters.

Chief DeSiervo noted that despite the continued weakness in the economy, the number of newly registered firms is down by only a hundred. However, since 2000 the number of registered businesses in New York City has fallen by 750.

Assistant Director Ruberto stated that registration applications will now require copies of the front page of workers' compensation and disability policies. The copies of the workers' compensation and disability policies will have to be enclosed with the applications.

Mr. DeSiervo mentioned personnel within the AITF who have received promotions. The parties in question include Suk Chan-Leung, who was promoted to Senior Labor Standards Investigator in the Task Force, Leonard De Rosairo, who was promoted to Supervising Labor Standards Investigator in the Task Force and John Hopkins, who was promoted to Supervisor of one of the Labor Standards enforcement units.

Assistant Director Ruberto mentioned that there has been success in filling personnel items. The Division of Labor Standards has managed to maintain staffing despite the State's budgetary problems.

Chief DeSiervo discussed the new format of the Labor Law Seminar. The Seminar makes use of Power Point software. There has been a good deal of positive feedback on the new format. The Seminar is averaging thirty to thirty-five attendees per month. In addition, the Department is developing a new seminar for contractors only.

Mr. DeSiervo spoke on the change in emphasis on measuring the effectiveness of the Task Force. This new emphasis will rely more on facilitating compliance through education. There was general discussion regarding this initiative. The members and Chair found the quarterly year-to-year statistics on production to be valuable.

Chief DeSiervo indicated that the percentage of firms in compliance with the Labor Law has increased. Mr. DeSiervo attributed this increase to a more vigorous enforcement program.

There was general discussion regarding the importance of stressing the positive in the industry, for instance, the Apparel Industry Compliance Program sponsored by the US DOL and GIDC.

Chairman Kahn and Teddy Lai stated that they would like to see statistics on all firms visited by the Task Force. This would include cursory and in-compliance inspections. Assistant Director Ruberto and Chief DeSiervo stated that the issue of statistical reporting would be looked into.

Mr. DeSiervo mentioned the issue of the contracts for New York City civil service uniforms. A controversy has risen regarding the contracts for manufacture of uniforms having gone overseas. Teddy Lai provided some background information on the situation. Mr. Lai indicated this is not a new development.

Assistant Director Ruberto commented on the 9/11 Bidders Registry. Mr. Ruberto stated that regulations are being developed. A list should be established within forty-five days. The Assistant Director said that there had been problems in completing the form. It may be necessary to visit the firms to clarify the accuracy of their responses. A final list will be posted on the Internet.

Supervisor Kramer stated that there had been an initiative involving visits to manufacturers of school uniforms. It was found that this industry is highly in compliant with the State Labor Law

The Assistant Director noted that there has been a complete change in the leadership of Labor Standards within a short period. Mr. Ruberto stated that the Worker Protection wing of the Labor Department has a new mission statement with an emphasis on being user-friendly.

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

The next meeting of the Advisory Committee will be on Tuesday, December 9th, 2003.

Early retirements through the incentive program would be filled within Labor Standards. Carmine Ruberto stated that the New Director of Labor Standards is Richard Cucolo.

Mr. DeSiervo indicated that two employees, Senior Investigator Maritza Lamboy and Investigator Sherman Lee, would administer the employer Seminar program previously run by Senior Investigator DeRosairo. Investigator Holly Yang will be their assistant. In addition the Task Force will be conducting special seminars for Chinese speaking contractors and a new type of seminar for contractors on what to expect when visited by a Labor Standards Investigator.

Mr. DeSiervo spoke of the Triangle Waistshirt Factory Commemoration and the Tri-Government Training was held at 26 Federal Plaza. The Task Force participated in both events. The Triangle Fire Commemoration this year was marked by the designation of landmark status for the building on Washington and Green Street that housed the factory. Commissioner Linda Angello was on hand for the event. The Tri-Government Training this year was described as having been a great success as it featured a new format that stressed audience participation.

Mr. Michael Kramer reported that the Task Force conducted a sweep of 256 W. 38th Street, NYC as a result of a referral by the NYC Fire Dept. The Task Force responded in a matter of days. The sweep yielded over \$30,000 in restitution and direct payment for missed payroll, payroll record keeping violations and citation for failure to register. In addition Mr. Kramer cited the Nassau/Suffolk County initiative. It was mentioned that towns throughout Long Island had been visited. Common violations encountered included failure to register and payroll records.

Other Business

Teddy Lai commented on an Apparel Industry Compliance Initiative. Mr. Lai said there would be a meeting at the Parson School of Design on 5-20-03 at 1p.m. The purpose of this initiative is to involve more retailers in the compliance process. In addition, Mr. Lai stated that there was little work being performed on military uniforms as a result of the Iraq War.

The representatives from UNITE, Linda Dworak and Maura Keany reported on problems concerning the 9/11 bidder's registry. The problems cited centered on the application that has found to be very confusing. For example, question #4 regarding labor-management relationship. To date only eight out of one hundred contracts have resulted from this law which sunsets in 2005. Ms. Dworak and Keany stated that a contingent from UNITE will visit the State Capitol on May 20th to lobby for changes in the application process.

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

The next meeting of the Advisory Committee will be on December 9th, 2003.

Garment Industry Advisory Committee
Minutes of the Meeting Held at:
345 Hudson Street
6th Floor Conference Room
New York NY 10014
December 9, 2003

Attending:

Committee Members

Richard Rumelt, Acting Chair

For the New York State Department of Labor
Richard Cucolo, Director Labor Standards
Carmine Ruberto, Assistant Director of Labor Standards
Charles Horwitz, Senior Attorney
Charles DeSiervo, Chief Investigator, AITF
Michael Kramer, Supervising Investigator, AITF
Leonard DeRosairo " " "
Thomas Rose, Assistant to Deputy Commissioner Peterson
Paul Kalka, Executive Secretary

Other Attendees:

Teddy Lai, Executive Director, Greater Blouse Assoc.
Donald Povia, Section Chief, NJ DOL Apparel Enforcement
Barry Hickey Sr., District Supervisor, NJ DOL Apparel Enforcement
Andrew Wnorowsky, Industrial Engineer, GIDC
Philip Jacobson, District Director, US DOL
Alex J. Glauberman, Exec. Director Counsel, NYS Skirt & Sportswear Assoc., Inc.

Chairman Rumelt called the meeting to order

Approval of Minutes

The minutes of September 9, 2003 meeting were reviewed and approved.

Report of the Apparel Industry Task Force

Chief Investigator Charles DeSiervo delivered the Task Force Report. Discussion ensued regarding a new initiative to make referrals to NYS DOSH. The referral would result in a consulting visit by DOSH. This will replace the referrals that previously had been made to OSHA. The referrals to OSHA were resulting in heavy penalties.

Director Cucolo explained that NYS DOSH is an on-site consultation program. The DOSH program is confidential and free of charge. Mr. Cucolo stated that the OSHA referrals were resulting in violations that cost employers big penalties. The Director stressed the positive nature of the on-site consultation program. Chief DeSiervo noted that a representative from DOSH, Chaya Cohen, will join our Employer Seminar Program. Ms. Cohen will present a Health and Safety Powerpoint program.

Charles DeSiervo noted that a pilot program had been implemented, which would keep track of positive statistics. The Chief stated that the State Labor Department now keeps statistics on apparel firms that are found to be in compliance with the NYS Labor Law. In addition, beginning next year, the number of in-compliance visits will be included on the statistic handout.

The State Labor Department has established the 9/11 Bidders Registry. Chief DeSiervo said the Department conducted a second mailing to expedite the creation of the Registry. In addition, the Department conducted field work to clarify answers to the original questionnaire. Assistant Director Ruberto noted that the first 31 firms are listed on the NYS DOL web site and more firms will be added to the Registry.

Chief DeSiervo mentioned that recent staffing changes within the Task Force included the hiring of a new Spanish-speaking LSI and permission to fill a Senior Investigator item.

Mr. DeSiervo stated that a new Seminar Program, for contractors only, will be held on Thursday, December 11th. The new Seminar format will focus on what contractors can expect when investigators visit their shop, and what investigators expect from employers. The Department will schedule additional contractor seminars in various locations for other associations.

Chief DeSiervo spoke on the training session conducted by representatives of the New York Fire Department for the AITF. This information training took place on November 25th at the DOL offices.

The Chief noted that restitution collections by the Task Force should amount to \$2.4 million. Hot Goods collections are on par with last year. As of 10/1/03 the Task Force had collected almost \$1.2 million in unpaid wages from 109 firms for over 2,300 workers. For the years 2002 and 2003, approximately half of the AITF collections were from Hot Goods cases.

It was mentioned that the number of registered firms is down by 250 this year. Since 1997 the number of registered firms has dropped by 1,400. However, we have undertaken field initiatives to visit niche apparel-type businesses, such as silk screen/embroidery firms. In addition, we are conducting outreach in different areas, such as Long Island.

Report of the US Department of Labor

Report given by USDOL District Director, Philip Jacobson:
Mr. Jacobson presented a report highlighting statistics on FLSA enforcement. In addition, District Director Jacobson described the "face to face" in-house audit program. Mr. Jacobson noted that there has been greater cooperation received since the implementation of this program.

Report of the New Jersey DOL

Report given by Section Chief, Donald Povia and District Supervisor, Barry Hickey: They announced a new Director of NJ DOL Wage and Hour Compliance, Jon Bachofen. There are currently 210 registered apparel firms in New Jersey. The NJ DOL scheduled a sweep of unregistered apparel shops during the first week of January '04. In addition, a new standard has been set requiring that firms be up to date on their Unemployment Insurance payments prior to receiving their Apparel Registration.

Other Business

Andy Wnorowski and Teddy Lai commented on the fact that the Apparel Industry Compliance Program has been defunded. Mr. Wnorowski indicated that alternative sources of funding are being sought.

Richard Rumelt concluded by saying that there has been no appointment to the Committee in many years. Assistant Director Ruberto indicated that this was being duly noted.

The next meeting will be held on February 10th, 2004 at 345 Hudson Street.

Garment Industry Advisory Committee
Minutes of the Meeting Held at:
345 Hudson Street
6th Floor Conference Room
New York NY 10014
February 10, 2004

Attending:

Committee Members

Irwin Kahn, Chair

For the New York State Department of Labor

Carmine Ruberto, Assistant Director of Labor Standards

Charles DeSiervo, Chief Investigator, AITF

Michael Kramer, Supervising Investigator, AITF

Chaya Cohen, Supervising Industrial Hygienist

Kam P. Chan, Senior Labor Standards Investigator

Paul Kalka, Senior Labor Standards Investigator

Other Attendees:

Barry Hickey Sr., District Supervisor, NJ DOL Apparel Enforce

Philip Jacobson, District Director, US DOL

Chairman Kahn called the meeting to order.

Approval of Minutes

The minutes of December 9, 2003 meeting were reviewed and approved.

Report of the Apparel Industry Task Force

Chief Investigator Charles DeSiervo delivered the Task Force Report. Discussion ensued regarding the number of applications received for 2004 Apparel Industry Registrations. A total of 2,120 applications have been received. The number of applications received is down by 250 from last year.

Chief DeSiervo noted that the grace period allotted employers has been extended for compliance with the registration renewal. The extension was given due to the new requirement that applicants actually provide documentary substantiation of their workers compensation and disability coverage. The Chief stated that there is actually a greater decline in the number of new applicants than in the number of renewals. Mr. DeSiervo mentioned that next year will mark the removal of all quotas on garment imports from China. It is expected that there will be a major impact on domestic garment manufacturing. Those firms that have a niche type business will best be able to compete.

Chief DeSiervo stated that Andy Chan has been appointed to a Senior Investigator position within the Task Force. Mr. Chan had worked as an Investigator in the Task Force for many years.

Discussion followed regarding the 9/11 Bidders Registry. The Chief noted that all 77 applicants have been visited. There are 55 firms currently on the list.

The Task Force statistics for the 4th Quarter were analyzed. The monetary statistics for unpaid wages and minimum wage assessments were very similar. Chief DeSiervo stated that the Hot Goods provision of Article 12A of the N.Y.S. Labor Law has been invaluable in the effort to collect unpaid wages and minimum wage underpayment restitution.

There was discussion on a number of new initiatives. For instance, the Task Force will now be referring employers to the Division of Safety and Health for its on-site consultation program. In addition, there will be a meeting with workers advocacy groups next month. The Task Force statistics for the 1st Quarter of '04 will feature positive numbers such as the number of firms found to be in compliance. These initiatives have been promoted by both Director Cucolo and Assistant Director Ruberto.

It was noted that the Task Force presented a Labor Law Seminar for the Greater Blouse & Skirt Association on December 11, 2003. The seminar, which was held at the GIDC Offices on 193 Center Street, was described as a great success and received media coverage from all the leading Asian newspapers.

NYSDOL will host this year's Tri-Government training, which will take place at the US DOL offices at 26 Federal Plaza.

It was mentioned that Supervising Industrial Hygienist Chaya Cohen has joined the monthly Task Force Seminar. Ms. Cohen will put on a Powerpoint presentation on the Division of Safety and Health on-site consultation program.

Report of the United States Department of Labor

Assistant Area Director Jacobson concurred that industrial homework violations have gone further underground in order to avoid detection.

Mr. Jacobson noted that the US DOL has produced a Wage and Hour Division Basic information sheet. The basic information handout summarizes the four major programs and laws administered by the Wage and Hour Division. In addition, the reverse side of the basic information sheet provides web site addresses and phone numbers for information and assistance.

Assistant Area Director Jacobson stated that the Danmar Finishing Corp. and Mario Sweater Contracting Corp. case had been adjudicated. A consent judgment and order was filed for \$410,000 in back wages and damages.

Report of the New Jersey Department of Labor

Report given by District Supervisor Barry Hickey.

Mr. Hickey reported that an enforcement sweep was conducted in early January, 2004. Supervisor Hickey noted that past-due registration renewal payments had been collected from 100 firms. In addition, there are 50 firms that must now make payments to the Unemployment Insurance Fund prior to receiving their Apparel Registration Certificates.

Barry Hickey stated that the Apparel Enforcement Unit is currently conducting a sweep of those apparel businesses in Hudson County. The N>J> DOL Apparel Unit consists of eight investigators and two senior investigators. The Apparel unit must handle a good percentage of non-garment cases as well.

Other Business

Chairman Kahn asked about Task Force Field enforcement in Upstate regions. Mr. Kahn noted that there was an inequity in field work enforcement conducted in the New York City area versus Upstate New York. Assistant Director Ruberto and Chief De Siervo said that this issue would be addressed.

Meeting Dates

May 11, 2004

September 21, 2004

December 7, 2004

February 8, 2005



New York State Department of Labor
www.labor.state.ny.us

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