

Computech Agrees to Pay \$2.65M in H-1B Worker Case Company will pay workers back wages and a fine to settle federal complaint

News Story by [Patrick Thibodeau](#)

DECEMBER 12, 2005 ([COMPUTERWORLD](#)) - Computech Corp. late last month agreed to pay \$2.65 million in back wages and fines to settle a U.S. Department of Labor complaint that it underpaid workers from overseas.

The company, which is settling the dispute without admitting to any of the allegations, agreed to pay \$2.25 million in back wages to employees in amounts ranging from less than \$2,000 to more than \$40,000.

The settlement may be the largest back-wage payment ordered under the federal H-1B visa program, according to Brad Mitchell, a Labor Department spokesman.

Opponents of the H-1B program argue that foreign workers that companies bring in for high-tech positions are taking U.S. jobs. However, Computech President Ram Kancharla said the company hired the workers during the technology boom years to meet the need for workers with Java- and Web-related skills.

Kancharla wouldn't disclose the number of H-1B workers the company now uses but said most of the employees involved in the settlement have left the firm.

Workers Abroad

Computech, which handles ERP implementations, application support and development, and remote database management, today has 400 to 500 employees in the U.S. and India, with more than 200 of those based in the U.S.

According to the settlement, the company can't hire H-1B workers for 18 months.

Kancharla, who denied the federal allegations, said the company decided to settle after looking "at the cost of litigation and how long it's going to take and the kind of distraction to the business."

Some companies that have hired large numbers of H-1B visa holders have been accused by groups representing technology workers of being "body shops" that underpay foreign workers and help U.S. companies move work overseas.

"The Department of Labor aggressively enforces the law to ensure that temporary foreign workers are compensated fully and fairly," Secretary of Labor Elaine L. Chao said in a statement. "Abuse of the temporary foreign worker program is not tolerated, and violators, as this case shows, are vigorously pursued."

Spot Audits Needed

But Ron Hira, vice president of career activities at The Institute for Electrical and Electronics Engineers Inc. in New York and an assistant professor of public policy at the Rochester Institute of Technology, argued that the government's enforcement mechanism is weak because it relies on complaints from H-1B workers. The Department of Labor

doesn't have the power to make spot audits of companies, but Hira said the agency needs to be able to do that if it is to be proactive about such cases.

Hira said the settlement is something of a disincentive for H-1B workers because it took six or seven years to resolve and is no windfall for the workers affected.

However, Vic Goel, an immigration attorney in Greenbelt, Md., said the Labor Department action is "a clear indication that the system is working effectively."

The H-1B program has been the subject of heated contention. Opponents argue that the program is used to hire cheap labor and facilitate the offshoring of U.S. jobs. Supporters contend that foreign workers are necessary in order to meet U.S. labor needs and keep jobs in the country.

A report released last month by the Government Accountability Office won't settle that argument. The report's so-called overview of the issues reached no firm conclusion about the effects of offshoring on the U.S. economy.





U.S. Department of Labor

News Release

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ESA News Release: [11/21/2005]

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Release Number: 05-1909-CHI

Southfield, Mich., Computer Staffing Firm to Pay \$2.65 Million In Back Wages and Penalties for Immigration Law Violations

DETROIT—Computech Inc., a Southfield, Mich., firm that places computer professionals at locations throughout the United States has agreed to pay \$2,250,000 in back wages to 232 computer professionals and a \$400,000 fine to settle immigration law violations, the U.S. Labor Department announced today.

An investigation by the Labor Department's Wage and Hour Division found that Computech brought non-immigrant H-1B workers into the U.S., but failed to pay them the minimum required wage rates in the areas where they were employed. The investigation also disclosed that Computech frequently "benched" the workers without compensation contrary to the rules of the H-1B program.

"The Department of Labor aggressively enforces the law to ensure that temporary foreign workers are compensated fully and fairly," said Secretary of Labor Elaine L. Chao. "Abuse of the temporary foreign worker program is not tolerated and violators, as this case shows, are vigorously pursued."

The settlement, approved by a U.S. Labor Department administrative law judge, orders the company to pay \$2,250,000 to 232 foreign workers and a \$400,000 fine in addition to the back wages. The company is also prohibited from participation in the H-1B visa program for 18 months.

The H-1B visa program allows foreign workers to enter and work temporarily in the United States in professional level jobs such as computer programmers, engineers, medical doctors and teachers. H-1B workers must be paid at least the same wage rates and benefits as those paid to U.S. workers already doing the same job in the same area.

Computech contracts with other firms to supply computer professionals who work on the premises of those firms. It has customers across the U.S., with the largest numbers of its workers in Michigan, Illinois, California, New Jersey, New York, Pennsylvania, Texas and Minnesota.

The Wage and Hour Division enforces the H-1B wage provisions of the Immigration and Nationality Act, in addition to other federal laws pertaining to wage payments. For more information please visit www.dol.gov or call toll free 1-866-4-USA-DOL.

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