

Oregon AG seeks labor's help cracking down on underground economy

Oregon Attorney General John Kroger is cracking down on the underground economy in Oregon, and he wants union reps who work in the field to help be his eyes and ears.

"You are going to be much more aware than we are of companies that are working off the books, that aren't playing by the rules, who aren't paying taxes; companies that aren't properly paying workers' compensation," Kroger told a luncheon audience at last month's Oregon Labor Law Conference.

Last year, the Department of Justice put a Marion County drywall contractor behind bars for five years for bilking the state out of approximately \$8 million in unpaid taxes. The contractor was involved in a fraud scheme in which he paid workers in cash under the table to avoid paying taxes and workers' compensation insurance. This allowed him to bid lower for projects than legitimate companies that paid taxes.

"The company made about \$25 million (since 2001), all of it off the

books," Kroger said. "This one case alone cost Oregon \$8 million in taxes that were not collected."

White collar cases typically are handled differently than street crimes, Kroger said, with white collar criminals getting much lighter sentences. "In the past, an employer would be stripped of his license, and that's about it," he said.

Not anymore. "This is unprecedented," Kroger said of the five-year prison sentence. "And we're eager to do more. These are very important cases to do to protect taxpayers and to protect workers."

Kroger said he will fight for a level playing field for honest companies to compete.

Kroger has designated senior assistant attorney general Andrew Campbell to handle future cases. "But we need people to bring these cases to us. They don't have to be wrapped up in a box with a bow, but if you think there is a company that is operating off the



JOHN KROGER

books, we want to know about it. If we don't hear about it, we won't be able to do anything."

Anyone with information about such operations can contact the Department of Justice at 503-378-4400. Or, give the information to Bob Shiprack, executive secretary of the Oregon State Building and Construction Trades Council, and he will forward it to the Justice Department. Shiprack can be reached at 503-788-7153.

Deal will exempt Canada from 'Buy America' clause in United States stimulus act

The United States and Canada have arranged a deal to exempt Canadian companies from Buy American provisions in the roughly \$800 billion American Recovery and Reinvestment Act (ARRA).

The Calgary Herald reported Feb. 4 that President Barack Obama will finalize the deal under an executive order. The newspaper said the agreement as structured allows the United States "to treat sectors of the Canadian economy as American by claiming chains are so integrated they cannot be separated."

The Buy American provisions contained in ARRA prohibit foreign-produced iron, steel and other manufactured goods from being used in projects paid for through stimulus funding. Under the law, all those goods must be sourced through the United States.

According to the Calgary Herald, the new deal grants Canadian exporters access to procurement markets in the 37 U.S. states covered under the World Trade Organization's government procurement agreement.

Oregon and Washington are among those states.

In return, Canada's provinces will

open up their procurement markets, roughly valued at \$22 billion.

The agreement is most likely to benefit Canadian companies involved in repairs, infrastructure, and construction. Certain Canadian sectors such as health care, education and correctional facilities are off limits to U.S. corporations.

At this point, the agreement only covers contracts granted under the U.S. stimulus package. Canadian officials, however, are continuing to push for a permanent exemption for all Buy American provisions, most of which are contained in a jobs bill currently working its way through Congress.

The U.S. is Canada's largest trading partner, accounting for about three-quarters of exports.

Work Stoppages: The number of major work stoppages in 2009 was the lowest since 1947, according to the Bureau of National Affairs. There were only five work stoppages of over 1,000 workers in 2009, two in the private sector and three in the public sector.

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