



“I’m Guilty” Says Minnesota Contractor

Ricardo Batres [pleaded](#) guilty to labor trafficking and insurance fraud. Batres was a subcontractor to **Reuter Walton** and housing giant **Lennar Homes**. The case was brought by **Hennepin County District Attorney Mike Freeman**. Batres was accused of housing employees in crowded conditions in units without hot water. Injured workers were also threatened with deportation if they sought medical treatment.

“We think construction contractors and developers can no longer hide behind hiring a low-bid contractor when those bids are based on a criminally low price,” said **Burt Johnson**, an attorney for the **North Central States Regional Council**.

According to the plea deal, prosecutors will recommend a sentence of nine months in prison and five years’ probation. Freeman promised more prosecutions of criminal contractors.

Crooked Contractor Gets 10 Years in Cal Lockup

Earl “EJ” Thompson, a Colorado man who did construction work in California, was [sentenced](#) to 10 years in the slammer by **Judge David Rosenberg**. Thompson was found guilty of insurance fraud, conspiracy, wage theft, perjury and grand theft. The charges resulted from fraudulent conduct at a **UC Davis** student housing project. Victims included over 60 employees and the State Insurance Fund, a workers’ compensation insurer.

Thompson pleaded no contest to 26 felony counts. This was not Thompson’s first run-in with the law. He got out of jail in 1995 for insurance fraud and tax evasion. Thompson’s contractor’s license was revoked for fraud. Afterwards he has his wife and a friend opened a new business that he operated. As a result of his recidivism and brazen conduct, the Court found Thompson ineligible for probation.

“Judge Rosenberg’s sentence in this case recognizes the significant impact fraud of this magnitude has on California’s businesses, the economy and every person in the state, not to mention the victim employees in this case,” said **Yolo County District Attorney Jeff Reisig**. “Premium fraud and wage theft make the cost of doing business unobtainable for some as it allows unscrupulous individuals to prey upon the unsuspecting for personal gain. This prosecution helps level the playing field for those law-abiding businesses and protects workers’ rights.”

“They Should Go to Jail”

That is what **Patrick Bieker**, Utah representative for the **Southwest Regional Council**, said when a TV reporter asked what should be done with subcontractors that hire crooked labor brokers. Utah station **Fox 13 Salt Lake City** did an [expose](#)’ on widespread fraud on construction projects, including taxpayer funded jobs, in the state. (Cont. next column)

Election Consequences

More and more contractors rely on crooked subcontractors and labor brokers to break the law so they can underbid law-abiding employers. The federal government, though, is continuing on its march to shield contractors from liability. The Equal Employment Opportunity Commission is joining the NLRB and USDOL in [proposing](#) rules that make joint liability more difficult.

“They Should Go to Jail”

(Cont.)

The report focused on the use of labor brokers, or “coyotes,” that pay workers in cash, committing tax and workers’ compensation premium fraud. One labor broker, **Sergio Coronado**, admitted that paying workers in cash was illegal before fleeing from the reporter in his pick up truck.

Contractors that use Coronado said it was not their job to make sure that taxes are paid.

State Senator Karen Mayne said the situation was getting worse, and promised to introduce legislation that would make subcontractors accountable for working with law-breaking labor brokers.

“The behavior has accelerated,” said Senator Mayne. “It takes millions and millions of dollars from our tax base.”

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