# **WAGE THEFT, LABOR TRAFFICKING, TAX FRAUD**

Wage theft is the denial of wages or employee benefits rightfully owed to an employee. Whether through misclassification to avoid workers' comp premiums, payments in cash to avoid tax withholdings or simply not paying at all, this theft denies workers their hard earned wages.

Wage theft is a social and civil violation, and can rise to criminal levels. When wage theft exists, labor trafficking may be present.

Labor trafficking is a crime; a form of human trafficking where victims are made to perform a task through force, fraud or coercion. When labor trafficking occurs, wage theft is common.

In construction, engaging in wage theft allows contractors and developers to under-bid, pay workers less and in cash, and commit tax fraud by avoiding tax withholdings used to contribute to your communities.

Wage theft, labor trafficking and tax fraud affect thousands of people in the United States, and not just workers. Communities lose essential tax funds that pay for bridges, schools, public safety and more.

More than \$8.4 billion dollars a year is lost to construction industry tax fraud, and it is supported by a criminal business model that puts profit over people.

## Here's how this type of business model works.

## **DEVELOPERS**

Developers, or owners of properties, hire general contractors to oversee the work on their construction projects.

## **GENERAL CONTRACTORS**

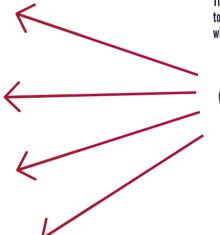
General contractors hire subcontractors who specialize in framing, drywall, flooring, interior systems and more.

## **SUBCONTRACTORS**

Subcontractors sometimes hire other subcontractors to do the work. They also hire labor brokers.

#### **LABOR BROKERS**

Labor brokers bring workers to job sites, sometimes even minors, to complete work typically through false promises of good pay and safe working conditions.



The money that should go to the workers and their families is cycled back to the developers, general contractors, subcontractors and labor brokers who exploit their workforce to get the most money out of each project.





If and when workers ask about their hard-earned wages, they often face threats of violence, deportation if they are immigrants, actual assault, or find themselves out of work and unable to support themselves and their families.

Once these workers are on site, they face long hours, hazardous work sites, lack of access to insurance of any kind, and wages much lower than promised, if they receive payment at all.







