

Wal-Mart Is Said to Be in Talks to Settle Illegal-Immigrant Case

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Body

Seeking to forestall an indictment, Wal-Mart Stores is in settlement talks with federal prosecutors who are investigating whether company officials knew that its janitorial contractors were using illegal immigrants to clean its stores, lawyers close to the case said yesterday.

The settlement talks come nine months after federal prosecutors in Pennsylvania sent Wal-Mart a letter informing it that it was the target of a grand jury investigation into the use of illegal immigrants at its stores. Last Oct. 23, federal officials rounded up 250 illegal immigrants at 60 Wal-Mart stores in 21 states.

The talks were reported yesterday in The Wall Street Journal. Lawyers close to the case said a settlement could cost several million dollars.

James L. Linsey, a lawyer who has sued Wal-Mart on behalf of immigrant janitors, estimates that Wal-Mart used thousands of illegal immigrants to clean more than 1,000 of its stores. Under federal law, Wal-Mart faces a fine of up to \$10,000 for each illegal immigrant hired.

Wal-Mart officials continued to maintain yesterday that senior executives did not know until last October's raids that cleaning contractors were employing illegal immigrants.

Gus Whitcomb, a Wal-Mart spokesman, said the company was cooperating with prosecutors. "We reiterate, as we have from day one, that our senior management team knew nothing about the employment practices of the contractors until the government contacted us seeking our cooperation."

But that idea was challenged by lawyers suing Wal-Mart, by a cleaner's affidavit and by several individuals who said they had contacted Wal-Mart's headquarters to complain about the treatment of illegal immigrant janitors.

Mr. Linsey yesterday sent a federal judge a letter that he said was mailed to Wal-Mart's chief executive, Lee Scott, by a businessman who complained that his company had lost contracts at several Wal-Marts in the South to contractors who used illegal immigrants.

In the letter, dated June 27, 2002, the businessman, Raymond Drude, a vice president at Jani-King, one of the nation's largest cleaning companies, urged Mr. Scott to investigate why Wal-Mart was "choosing non-tax paying illegal aliens over local janitorial companies and their employees." Mr. Drude wrote Mr. Scott that Jani-King had lost business in 10 stores because a Wal-Mart district manager had given the contracts to illegal immigrants from Eastern Europe.

Mr. Whitcomb said Wal-Mart officials could find no record of the letter at its home office. He added that the letter contained no confirmation showing it was received. Mr. Whitcomb said that in a lawsuit that Jani-King brought

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against Wal-Mart, charging breach of contract, Jani-King had failed to produce the letter and Mr. Drude had said in a sworn deposition that he had not communicated with anyone at Wal-Mart.

Greta McCaughrin, a professor of Russian at Washington and Lee University in Lexington, Va., said she sent a letter in 1999 to David Glass, the company's chief executive at the time, complaining that immigrant janitors from Russia were being mistreated at a nearby Wal-Mart.

"If Wal-Mart were a good neighbor to our community, it would not turn a blind eye to the plight of poor illegal immigrants," she wrote. "Your manager cannot be oblivious to the fact that they work in his store for seven days a week, 364 days a year."

In an affidavit in the cleaners' lawsuit, Teresa Jaros, a native of Poland who cleaned Wal-Marts in Connecticut, Michigan and Georgia, said a coworker had asked a Wal-Mart regional vice president last year to sponsor him for a green card to end his illegal status.

The Patriot-News of Harrisburg, Pa., reported on Tuesday that the United States attorney there, Thomas A. Marino, said in an interview that unless new evidence surfaced it was unlikely that any top Wal-Mart officials would be charged. Officials at Mr. Marino's office declined to comment yesterday.

Mr. Whitcomb said several lower-level Wal-Mart managers had long been cooperating with federal prosecutors in Chicago and knew about the immigrant cleaners before last October's raid.

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