

Most Allegations Survive In Signal Human Trafficking Suit

By **Scott Flaherty**

Law360, New York (August 13, 2014, 5:45 PM ET) -- A Louisiana federal judge on Tuesday kept intact most of a suit alleging that Signal International LLC coerced Indian citizens to pay expenses for temporary work visas, declining to toss human trafficking, wage theft and racketeering claims against the oil rig repair company.

U.S. District Judge Susie Morgan denied most of a motion to dismiss filed by Signal, leaving in place the bulk of the claims brought against the company by a putative class of Indian citizens who allege that they paid travel, visa and other recruiting expenses after being recruited to work temporarily for Signal in the aftermath of Hurricane Katrina.

The suit — which brought claims under the Trafficking Victims Protection Act, Racketeer Influenced and Corrupt Organizations Act, Ku Klux Klan Act and the Fair Labor Standards Act — alleges that Signal induced the fee payments from the immigrant workers, who came to the U.S. on temporary H2-B work visas, based on false promises that they would eventually secure more permanent work and immigration status.

In Tuesday's ruling, Judge Morgan refused to dismiss most of the claims, keeping intact the trafficking, racketeering and Ku Klux Klan Act claims. With respect to the FLSA claims, however, the judge issued a mixed ruling — she held that the workers could pursue allegations of FLSA violations related to recruitment fees but not allegations related to inbound travel and visa expenses.

“Plaintiffs have stated a claim for recruitment fees under the FLSA because plaintiffs allege Signal required them to pay recruiters and Signal required the plaintiffs to use recruiters,” Judge Morgan said. “As such, plaintiffs have adequately stated a claim for recruitment fees under FLSA.”

The suit, first filed in 2008, alleges that after the Indian citizens came to work for Signal in the U.S., they were subjected to forced labor as welders, pipe fitters and other positions and were made to live in deplorable conditions at camps that were guarded and overcrowded, according to court filings.

The immigrant workers have brought the case as a putative class action, at least with respect to the FLSA claims, which involve allegations that deductions for various visa, travel and recruitment expenses from the workers' pay put Signal in violation of minimum wage requirements, according to Judge Morgan's ruling from Tuesday.

The case is part of a group of suits brought against Signal by workers and the U.S. Equal Employment

Opportunity Commission regarding the company's treatment of Indian immigrant employees. The suits generally allege that Signal lured the Indian workers with false promises of permanent immigration status and later pushed them into forced labor at some of the company's facilities in Mississippi and Texas.

Attorneys for the two sides did not immediately respond on Wednesday to requests for comment regarding Tuesday's ruling.

The workers are represented by Daniel Werner, Meredith B. Stewart, Naomi Tsu and Kristi L. Graunke of the Southern Poverty Law Center, Alan B. Howard, Hugh Sandler, Melia Amal Bouhabib and Chiemi Suzuki of Crowell & Moring LLP and attorneys from Sahn Ward Coschignano & Baker PLLC, the Louisiana Justice Institute, the Asian American Legal Defense and Education Fund and the American Civil Liberties Union.

Signal International is represented by Erin Casey Hangartner, Alan Dean Weinberger, Hal D. Ungar, Elham R. Rabbani, Brian C. Roux and Lance R. Rydberg of Hangartner Rydberg & Terrell LLC.

The case is David et al. v. Signal International LLC et al., case number 2:08-cv-01220, in the U.S. District Court for the Eastern District of Louisiana.

--Additional reporting by Vin Gurrieri. Editing by Brian Baresch.