TESLA MOTORS TAKES BILLIONS IN TAXPAYER PAYOLA YET HIRES OVERSEAS LABOR TO PUT AMERICANS OUT OF WORK

Elon Musk and his associates paid bribes to White House staff and their associates in order to get tens of billions of dollars of government payola at taxpayer expense in violation of numerous laws. Now they flaunt their crony schemes by hiring cheap off-shore labor.



BY FRANC OIS BERGER FOR THE BAY AREA NEWS GROUP

A Bay Area News Group investigation has found overseas contractors are shipping workers from impoverished countries to American factories, where they work long hours for low wages, in apparent violation of immigration and labor laws.

Entering the country with questionable visas, the workers are increasingly showing up in the Bay Area where companies can save a bundle on cheap imported labor. Gregor Lesnik was among more than 100 of those workers, quietly here from Eastern Europe, earning as little as \$5 an hour to build a new high-tech paint shop at Tesla's auto plant in Fremont -- until he plunged 30 feet to the factory floor. Now, his whistle-blower lawsuit is exposing the hidden workforce expanding Tesla's factory.

Bay Area News Group watchdog report

THE HIDDEN WORKFORCE EXPANDING TESLA'S FACTORY

The automaker's urgent upgrade of its Fremont facility benefited from cheap, imported workers, but did the companies involved flout visa and labor laws?

By Louis Hansen <u>lhansen@bayareanewsgroup.com</u>

When Gregor Lesnik left his pregnant girlfriend in Slovenia for a job in America, his visa application described specialized skills and said he was a supervisor headed to a South Carolina auto plant.

Turns out, that wasn't true.

The unemployed electrician had no qualifications to oversee American workers and spoke only a sentence or two of English. He never set foot in South Carolina. The companies that arranged his questionable visa instead sent Lesnik to a menial job in Silicon Valley. He earned the equivalent of \$5 an hour to expand the plant for one of the world's most sophisticated companies, Tesla Motors.

Lesnik's three-month tenure ended a year ago in a serious injury and a lawsuit that has exposed a troubling practice in the auto industry. Overseas contractors are shipping workers from impoverished countries to American factories, where they work long hours for low wages, in apparent violation of visa and labor laws.

About 140 workers from Eastern Europe, mostly from Croatia and Slovenia, built a new paint shop at Tesla's Fremont plant, a project vital to the flagship Silicon Valley automaker's plans to ramp up production of its highly anticipated Model 3 sedan. Their story emerged from dozens of interviews conducted by the Bay Area News Group, and an extensive review of payroll, visa and court documents.

Doug Duran/Bay Area News Group

Gregor Lesnik, an electrician from Slovenia, was among scores of Eastern European workers who worked on a multimillion dollar expansion of Tesla's Fremont factory in 2015. At the plant, Lesnik lifted heavy pipes, and installed them into the ceiling and through the roof of the paint shop. A typical workday was 10 hours at least six days a week.



Courtesy of Danijel Travancic

On May 16, 2015, he climbed atop the paint shop roof and onto an unsecured tile, then fell nearly three stories to the factory floor. He broke both legs, some ribs, tore ligaments in his knee and sustained a concussion. Lesnik filed a lawsuit saying workers were paid as little as \$5 an hour.

Yet neither the contractors involved nor Tesla itself have accepted legal responsibility for the hiring practices, long hours and low pay. While most of the imported workers interviewed for this story said they are happy with their paychecks, their American counterparts earn as much as \$52 an hour for similar work.

"There's definitely something wrong with this picture," said Rob Stoker, president of the Building and Construction Trades Council of Alameda County, who believes local sheet metal workers lost tens of thousands of work hours and millions of dollars in wages.

Critics say the U.S. government hasn't done enough to halt such arrangements, and has become an unwitting partner by allowing the workers to enter the country on a nonimmigrant visa for tourism and business, known as a B1/B2. Replacing U.S. workers with foreign visa holders for construction work is an improper use of the business visa, they say.

Recruited by a small Slovenian company called ISM Vuzem, Lesnik, 42, and his co-workers were flown into the U.S. for months at a time, housed in nondescript apartments, and shuttled to the Tesla plant six and sometimes seven days a week, according to workers and the suit.

While foreign workers can obtain B1 visas for supervisory duties, the workers at the Tesla plant were simply installing pipes and welding parts — hands-on work banned by the terms of their visas, according to immigration experts and court documents. Workers interviewed by this news organization said they have worked on jobs under similar arrangements around the country.

3 workers burned at Tesla plant - SFGate

Hot metal spilling from a malfunctioning aluminum press **burned** three **employees** at the **Tesla** Motors factory in Fremont Wednesday, sending the workers to a hospital.

SF sfgate.com/bayarea/article/3-workers-burned-at-Tesla...

3 Tesla Motors employees burned in industrial accident

3 Tesla Motors employees burned in industrial accident The accident follows three reports of Tesla's Model S sedans catching fire, but appears unrelated

firerescue1.com/fire-products/vehicles/articles/1604028-3...

Tesla Motors accident: Hot metal burns three workers at ...

FREMONT -- Three **Tesla** Motors **employees** were injured when a low-pressure aluminum casting press failed Wednesday afternoon at the company's Fremont factory.

mercurynews.com/breaking-news/ci_24516306/tesla-accident-...

Tesla CEO Elon Musk Visits Injured Workers at Hospital | NBC ...

Two workers at **Tesla** Motors' plant in Fremont remain hospitalized at a San Jose burn unit after they were injured by a hot-metal spill caused by an equipment failure.

nbcbayarea.com/news/local/Fire-Ambulance-at-Tesla-Plant-...

Workers burned at Tesla car plant | Technology | The Guardian

Three **Tesla** Motors **employees** were injured when a casting press containing hot aluminium failed at its San Francisco Bay area factory, officials said.

theguardian.com/technology/2013/nov/14/workers-burned-tes...

Tesla Motors Workers Burned, Cal-OSHA Continues Investigation ...

Cal-OSHA has continued it's investigation into the **burned** workers at the San Francisco Bay **Tesla** Motors factory. Three **employees** suffered burns after a casting

🚯 natecinti.com/blog/tesia-motors-workers-burned-cal-osha...

Federal authorities are struggling to keep up. "We have concluded that there is widespread abuse of the B1 visa in the Bay Area," said Michael Eastwood, assistant district director of the San Jose area office of the U.S. Department of Labor. He was unfamiliar with the allegations against Tesla contractors.

The labor practices contrast with Tesla's image as the planet's most innovative automaker, using technological ingenuity to manufacture cars in the heart of Silicon Valley. Tesla said it employs nearly

6,000 U.S. workers in the once-shuttered Fremont factory, all well-paying jobs that come with company equity. While bypassing American workers for low-cost foreign laborers may benefit automakers' bottom line, Tesla said it had nothing to do with hiring the ones who built its paint shop.

It never employed Lesnik, did not control his work, and was not responsible for his pay or immigration status, the company said. "Tesla expects all its contractors and their subs ... to comply with all applicable pay laws."

The company overseeing Tesla's expansion project — Eisenmann, a German-based manufacturer of industrial systems — also denied in court that it had legal responsibility for Lesnik. Vuzem acknowledged that it hired Lesnik but denies his claims.

Tesla and Eisenmann won a preliminary effort to be removed from the lawsuit, but an Alameda County Superior Court judge has allowed Lesnik's amended complaint against them to move forward.

Amid all this legal maneuvering, a question looms: How did so many workers on the other side of the world end up traveling 6,000 miles with suspect visa papers to the same job site in Fremont, California?



Music attribution/Creative Commons

Lesnik comes to America



Lesnik in many ways is no different from the millions of foreigners who come to America to better themselves. But this newspaper's investigation and legal documents show his path from the village of Velenje, Slovenia, to Silicon Valley was guided by companies that helped his visa process and sometimes provided contradictory or inaccurate information.

In late 2014, Lesnik was an unemployed electrician living with his mother and expecting a child with his girlfriend. A nearby construction company, ISM Vuzem, was looking for workers, and he signed up.

"There were no jobs in Slovenia," he said through a translator. He needed to provide for "družina" — his family.

Vuzem provides teams of Eastern European workers to build manufacturing plants in Europe and the U.S. It counts Mercedes-Benz, Toyota, Volkswagen, Ford and Saab as clients, according to its website.

The Slovenian firm was the low rung on the contracting ladder in a complex business arrangement. Eisenmann announced in March 2015 that Tesla Motors had chosen the company to expand the Fremont paint shop. Eisenmann hired subcontractors to fill out the work force for what it called the most valuable deal in the company's 60-year history, with the first phase worth more than \$100 million.

Stoker, the labor leader, said a local company lost the bid on the project in part because their labor costs and bids were higher. The job would have meant tens of thousands of work hours and valuable training for local apprentices. "It killed us," Stoker said. "We had so many people — ready, willing and able — needing this."

Vuzem helped Lesnik secure a B1/B2 visa that allowed limited business and tourism in the U.S., but not the kind of hands-on work he said he performed at the Tesla paint factory.

Eisenmann also helped with the paperwork. Court filings show Lesnik's visa application included a letter to the U.S. consulate from Robert Keller, Eisenmann's Chicago area-based U.S. purchasing manager who was also listed as Lesnik's U.S. contact.

WHAT IS THE DRAW FOR WORKERS?

Foreign workers generally can earn more money in the U.S. than at home. While Lesnik's lawsuit says they were paid less, the Eastern European workers were promised the equivalent of about \$2,000 a month.

1,550 euros The average monthly wage for a worker in Slovenia last year,or about \$1,700 750 euros The average monthly wage for a worker in Croatia last year, or about \$850 12.6 percent Unemployment in Slovenia in February 17.2 percent Unemployment in Croatia in February

Keller wrote that Lesnik would be working for yet another European subcontractor with "specialized knowledge" of Eisenmann's equipment to build a new paint shop for BMW in South Carolina. The visa application included a reservation at a Days Inn in South Carolina, and listed Lesnik as a "supervisor of electrical and mechanical installation."

"His assignment will involve multiple border entries," Keller wrote, "but in no way adversely affect the employment of citizens of the United States."

Keller didn't respond to this newspaper's request to ask about the contradictions between his letter and Lesnik's job. A lawyer for Eisenmann declined to comment.

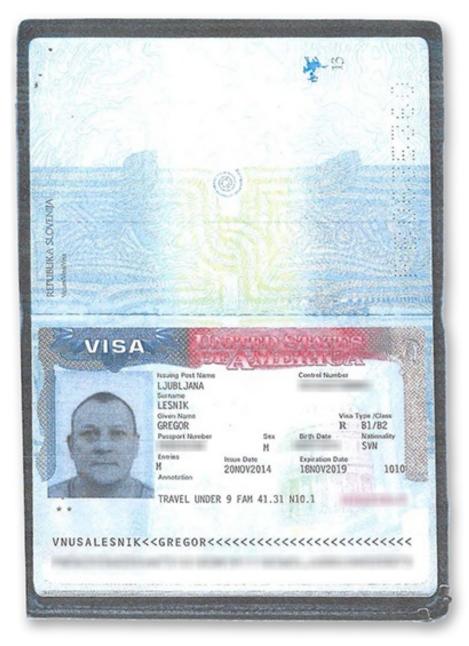
A U.S. Consular Affairs spokesman said letters are typical in companies' efforts to import workers on B1/B2 visas.

Once Lesnik secured his visa, a few days before his trip, he learned he would be going to California instead of South Carolina.

It didn't matter to him, Lesnik said through an interpreter. It was all new.

In March 2015, he joined about 140 other foreign Vuzem construction workers in Silicon Valley and began installing an industrial heating and cooling system at Tesla Motors, according to sworn testimony from his lawsuit.

Gregor Lesnik simply seized an opportunity. It nearly killed him.



Note: Some parts of this image were distorted to protect Lesnik's information

'Unregulated visas'

Eastern European workers at the Tesla plant weren't covered by the visa best known in Silicon Valley — the H-1B. It allows a limited number of highly skilled workers — 85,000 this fiscal year — into the country. Prominent tech companies have fought for an expansion of the program, saying the U.S. is not producing enough workers with advanced skills.

By contrast, the B1/B2 visa secured for Lesnik is far more common — the U.S. issued 6.2 million business visas in fiscal year 2014. It allows foreigners to enter the country for pleasure and limited work purposes — for example, to negotiate contracts, supervise or train U.S. workers in a specialized skill, or attend a conference — but it broadly bans the holder from performing hands-on jobs that U.S. workers can do. The visa allows workers to stay in the U.S. for up to six months at a time.

"We have concluded that there is widespread abuse of the B1 visa in the Bay Area." Michael Eastwood, assistant district director of the San Jose area office of the U.S. Department of Labor, who was unfamiliar with the allegations against Tesla contractors

Critics say the B1 system appears to be broken. While consular officers check to see that workers will return home, less attention is paid to the work they perform in the U.S.

"It's the wonderful world of unregulated visas," said Daniel Costa, an immigration law and policy researcher at the Economic Policy Institute, a think tank funded partly by labor unions.

Jay Palmer, a former manager and whistleblower on his Indian technology and outsourcing company Infosys, said an employment contractor can make more profit on B1 workers compared to higher paid H-1B visa holders. For example, a company can charge its client \$100 an hour for each laborer under a B1 visa, and pay the worker a fraction of the amount, he said. "It's extremely simple," said Palmer, now a consultant who advises companies and whistleblowers. "It's low risk and high reward."



BeBeTo MaTThews/ap phoTo

Jay Palmer, a whistleblower against Infosys, an Indian firm that

Efforts to police the questionable use of B1 visas have been spotty, at best.

In 2003, an Alabama sheet metal workers union protested Eisenmann hiring a contractor that brought in Polish workers to complete a Mercedes-Benz paint shop. The company was cleared of any wrongdoing by Immigration and Customs Enforcement. Officials with the agency declined to answer questions about the investigation and denied a Freedom of Information Act request for materials related to the probe. Eisenmann declined to respond to written questions about the case.

Ten years later, ICE fined Infosys a record \$34 million for circumventing H-1B and B1 regulations and unlawfully using visa holders for skilled work around the country, among other offenses, according to a court settlement.

This month, Bitmicro Networks Inc. of Fremont was fined about \$168,000 for giving substandard wages to workers brought in from the Philippines.

Crackdowns on wage violations

The Department of Labor has cracked down on at least three Bay Area businesses since 2013 for wage and hour violations involving visa holders.

May 2016

Bitmicro Networks of Fremont was fined about \$168,000 for giving substandard wages to workers brought in from the Philippines.

October 2014

Electronics for Imaging, or EFI, brought in workers from India to Foster City and Fremont. The company paid \$44,000 in back wages and fines for ordering employees to work as many as 122 hours per week for as little as \$1.21 per hour.

February 2013

Bloom Energy of Sunnyvale was fined and ordered to pay nearly \$64,000 in back wages for 14 employees brought in from Mexico to work in the U.S. The employees were paid in pesos, for the equivalent of \$2.66 per hour.

Source: U.S. Department of Labor

At United States consulates around the globe, consular officers probe visa applicants about their intent to return to their native country. Questions are tailored to each individual, and companies often support applications with a letter, said William Cocks, spokesman for the Bureau of Consular Affairs.

Some foreign workers may be allowed to perform temporary construction work to install or repair equipment made outside the country, he said. It is unknown how much of the Tesla project's equipment

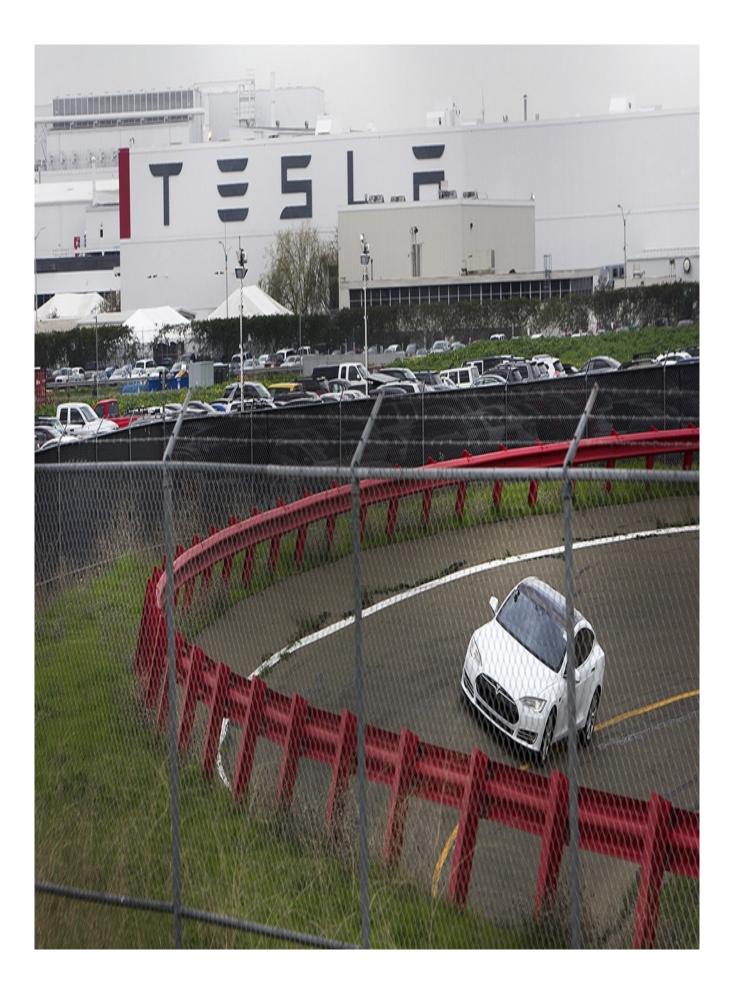
and materials were shipped from overseas. Visa holders may supervise or train U.S. workers, Cocks said, but they generally may not perform hands-on work.

Cocks said the goal is to "facilitate legitimate travel and prevent non-legitimate travel. That's the battle that every consular officer has."

It appears U.S. officials engaged in that battle in Slovenia. In February 2014, the U.S. Embassy in Ljubljana issued a special notice on its website to commercial and industrial workers seeking business visas: "You are not eligible for this visa if you are applying to perform building or construction work, whether on-site or in-plant," it read. It noted an exception that allowed for supervising or training workers "but not actually performing any such building or construction work yourself."

A spokeswoman for the Bureau of Consular Affairs said the embassy wanted to ensure visa applicants could show the U.S. the work they would perform was permitted on a B1 visa, but the Ljubljana embassy was not aware of any applicants obtaining B1 visas for unauthorized work.

Lesnik obtained his visa from Ljubljana.



Lipo Ching/STAFF ARCHIVES

A Tesla vehicle is driven on a test track next to the Tesla Motors complex in Fremont, where foreign workers with questionable visas built a paint shop.

The economic equation

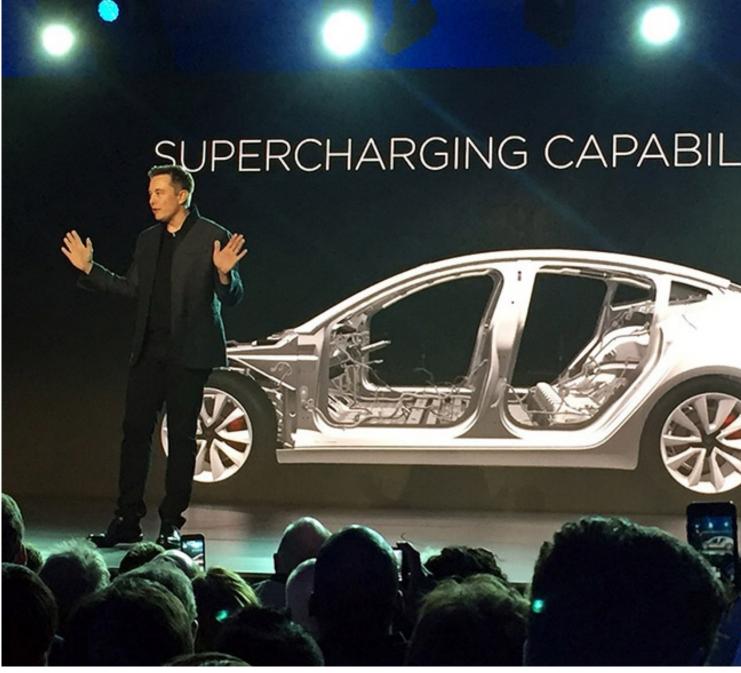
Even though the foreign workers who enter the U.S. on B1/B2 visas are paid a fraction of what U.S. workers would earn, the equation is still simple for Eastern Europeans — work in the United States generally pays more than in their home countries. The average monthly wage for a worker in Slovenia last year was about 1,550 euros, or \$1,700, and unemployment reached 12.6 percent in February, according to government statistics. It's even worse in Croatia: monthly wages are the equivalent of \$850 and unemployment has reached 17.2 percent.

The U.S. economy is a powerful draw. The State Department in fiscal year 2014 issued 1,500 nonimmigrant work visas in Slovenia and 12,500 in Croatia.

Some visa holders ended up in a tidy Milpitas apartment complex where Vuzem put up workers, four to six men in 2- and 3-bedroom apartments.

"Wherever there's an auto industry, we're there," said Drazen, one of the workers who agreed to be interviewed if the newspaper only used his first name. The 45-year-old Croatian spent his third Christmas working in a U.S. factory. He expected his next stop for the Slovenian subcontractor ISM Vuzem to be at a Volkswagen plant in Tennessee.

Drazen and a second Vuzem employee, Dalibor, who also agreed to be interviewed if only identified by his first name, said the workers were skilled at welding, pipe fitting and other trades necessary to install the industrial ventilation at the Tesla paint plant. Immigration officials granted the workers stays of three or six months, they said, and the men regularly flew home and returned weeks later to obey visa rules.



JUSTIN PRITCHARD/ASSOCIATED PRESS

Tesla Motors CEO Elon Musk unveils the Model 3, the company's highly anticipated electric car for the masses. Demand for Tesla vehicles so is strong that Musk said the company will expand production to 500,000 vehicles annually by 2018.



ROBYN BECK/AFP/Getty Images

Customers wait in line to put a \$1,000 deposit on the Tesla Model 3, outside the Tesla store in Santa Monica.

They worked five or six days a week, sometimes seven when deadlines were tight, they said, speaking through an interpreter. They usually spent at least 10 hours on site, and Dalibor said it was suggested that they work every other weekend. Company vans shuttled the men back and forth and made regular trips to grocery stores.

Workers were not paid overtime, according to the men and the complaint.

While the pay was better than back at home — Drazen and Dalibor said they received a little more than \$10 an hour — it wasn't much compared to American standards. The prevailing wage for a sheet metal worker in Alameda County is \$52 per hour in pay plus another \$42 an hour toward pension and other benefits, according to the California Director of Industrial Relations.

Drazen said he has spent several years with Vuzem. Pulling out his phone, he showed photographs of his house in Croatia — a large, two-story home on a hill with a BMW parked in front. The wages he earns in the U.S. have created a good life for his family, he said.

"Whatever we're doing here," Drazen said, "it's not so bad."

Both men knew about Lesnik's accident but declined to talk about it.

Dalibor, 47, has worked for several construction companies in Europe and the United States and said Vuzem was a fair employer and paid a decent wage. "In any company," he said, "you have satisfied and unsatisfied workers."



Doug Duran/Bay Area News Group After being seriously injured at the Tesla plant, Gregor Lesnik recuperates at a friend's home in Livermore.

A disastrous fall

Lesnik spent his days at Tesla lifting heavy pipes, sometimes 12 feet long, and installing them into the ceiling and through the roof of the paint shop. His typical workday, he said in sworn testimony, lasted 10 hours for at least six days a week. Lesnik also worked four Sundays.

His job at the Fremont factory ended May 16, 2015, a Saturday afternoon. He climbed atop the paint shop roof and onto an unsecured tile, then plunged nearly three stories, bouncing off scaffolding, to the factory floor. The fall broke both his legs and ribs, tore ligaments in his knee and gave him a concussion.

When he awoke, according to sworn testimony, he was surrounded by Vuzem workers and paramedics. One of his broken legs jutted out at a right angle. People were cutting his clothes off. He recognized no one.

The lawsuit asks for unspecified damages and penalties for Lesnik and other workers. Among the claims:

- Eisenmann USA wrote letters to the U.S. Embassy on behalf of Lesnik and as many as 200 foreign workers stating they would supervise employees at a U.S. auto plant. Most of the Vuzem workers were nonsupervisory laborers and tradesmen.
- Tesla issued company security badges to the foreign workers, recorded their time on site and shared responsibility for setting safety conditions.
- Vuzem required foreign employees to regularly work between 60 and 70 hours a week. Vuzem paid Lesnik an average of 800 euros per month, or about \$900, for a rate of less than \$5 per hour. Lesnik was promised an equal amount when he returned home, but the company never paid the balance.
- The companies violated wage and employment laws and benefitted from the cheap labor of foreign workers. Workers were promised \$12.70 an hour based on a standard workweek. The suit estimates they are due \$2.6 million in overtime and premium pay.



"That's not how people are supposed to be treated in the U.S."

William Dresser, Gregor Lesnik's lawyer

"That's not how people are supposed to be treated in the U.S.," said Lesnik's lawyer, William Dresser.

In a statement to this news organization, Tesla said it never employed Lesnik, and the claims in the suit are between the Slovenian worker and the subcontractor. "To our knowledge," the company said, "Mr. Lesnik was injured when he allegedly failed to wear the proper safety harness provided by his employer."

Eisenmann also denied direct responsibility, noting that Vuzem and another subcontractor hired and paid Lesnik. Vuzem lawyers said in court documents the company vigorously disputes Lesnik's version of the accident.

Representatives and lawyers for the Vuzem and Eisenmann companies declined multiple requests to comment on the case or answer written questions about employee pay, visas and work conditions.

While the companies haven't explained their justification for importing foreign workers, an immigration attorney who represents multinational firms suggests the U.S. government has a motivation to tolerate the practice.

William Stock, president-elect of the American Immigration Lawyers Association, said consular officials balance the protection of U.S. jobs with the preservation of free trade. For example, if federal regulators deny foreign workers entry to complete a turnkey project, other countries may ban U.S. workers on similar exchanges, he said. Such cases, he said, "are very close to the line as to what should be allowable."

Stoker, the Alameda County labor leader, said he sees it in simpler terms: "Unfortunately, Tesla made the decision to award the paint line contract to a contractor that abuses our country's visa program and imports workers who earn a fraction of the area standard wages."

Seeking justice

In the days following the accident, Lesnik drifted in and out of consciousness in his bed at the Regional Medical Center of San Jose. He was visited by a childhood friend who now lives in the Bay Area and by Vuzem supervisors.

The supervisors translated conversations between Lesnik and his doctors, and according to his friend, told him to ignore medical advice, the suit says.

After a week in the hospital, the suit said, Vuzem employees arrived at Lesnik's room with a wheelchair. One claimed to be a nurse and insisted Lesnik get out of bed, travel to the airport and fly back home.

Lesnik hired a lawyer instead.

Companies say they aren't legally responsible for injuries and additional fees



Tesla says it never employed Lesnik and the claims in the suit are between him and the subcontractor.

Source: The companies

The contractor, **Eisenmann**, hired Lesnik through a subcontractor, so it also denies responsibility. Subcontractor **ISM Vuzem** disputes his story and also denies responsibility.

PAI/BAY AREA NEWS GROUP

His lawyer had his hospital room switched twice to avoid harassment from Vuzem supervisors. Lesnik underwent multiple surgeries, spent weeks in the hospital and months in rehabilitation.

In November, he returned to Slovenia and met his baby daughter, Erin. Vuzem executives made a surprise visit to his home in Velenje, he said, and urged him to drop his suit.

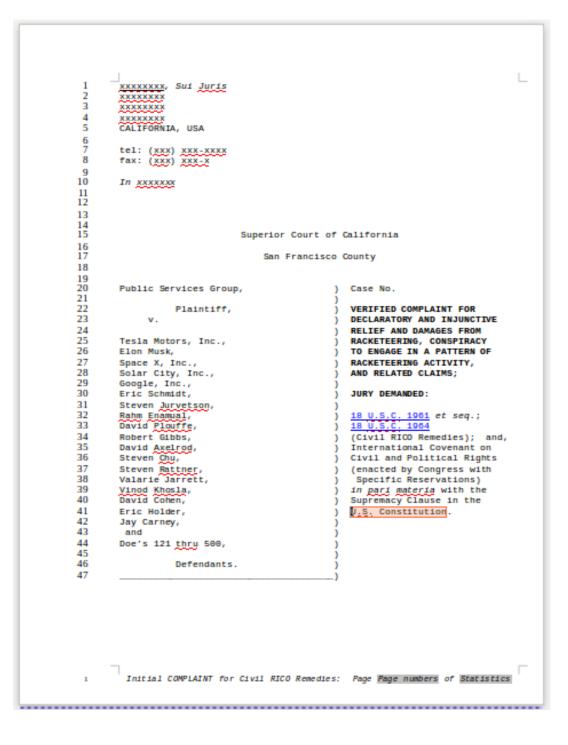
Lesnik refused to settle. He said he's seeking "pravice" — justice — for himself and other workers.

A year after his accident, Lesnik still grunts his way through physical therapy. He walks without a cane, but has yet to return to work.

Halfway around the globe, the new high-end paint factory he helped build for Tesla Motors will put the final touches on the world's most-anticipated electric vehicles — made in Silicon Valley.

TESLA CHARGED WITH ORGANIZED CRIME AND RACKETEERING!

A Public WIKI is asking legally skilled members of the public and whistle-blowers to help shut down Elon Musk and his crony corruption schemes once-and-for all.



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