

Table of Contents:

Report:

| | |
|---|----|
| I. Introduction and Executive Summary | 1 |
| II. The CNMI's Continued Dependence on Indentured Alien Workers | 3 |
| III. Federal Law Enforcement Efforts | 11 |
| IV. The CNMI's Recent Efforts | 17 |
| V. Conclusions and Recommendations | 23 |

Appendices:

Appendix I

Findings/Issues

Appendix II

U.S. Department of Labor

U.S. Department of Justice

National Labor Relations Board

U.S. Customs Service

U.S. Secret Service

Bureau of Alcohol, Tobacco, and Firearms

U.S. Diplomatic Security Service

Department of the Interior/Office of the Inspector General

Appendix III

Tax Payments by the Garment Industry to the CNMI

Appendix IV

Initiative Funding

Appendix V

Health Findings

I. Introduction and Executive Summary:

This is the fourth annual report that the Administration is providing to Congress regarding the status of the Federal-CNMI Initiative on Labor, Immigration and Law Enforcement, as established by Public Law 103-332 for fiscal year 1995 appropriations.¹ Since the last report, several developments have occurred that significantly impact the situation in the Commonwealth of the Northern Mariana Islands (CNMI).

First, as discussed in Section II below, the Administration continues to be concerned about the CNMI's heavy and unhealthy dependence upon an indentured² alien worker program and on trade loopholes to expand its economy. As a result of this reliance, the labor, immigration and law enforcement problems in the CNMI continue. Of continuing concern is the emergence of serious secondary problems, such as worker exploitation and ineffective border control, which are symptomatic of the CNMI's labor and immigration policies.

Section III outlines continuing Federal efforts to address these problems, culminating recently in the U.S. Senate's consideration of President Clinton's proposal to apply Federal immigration and minimum wage laws to the CNMI. Although the Administration has devoted significant resources and personnel to Federal law enforcement efforts in the CNMI, the Administration believes that enhanced Federal law enforcement activities are insufficient by themselves to address these growing problems. Limitations on Federal jurisdiction in the CNMI severely hamper Federal law enforcement efforts in the CNMI.

In another major development, Section IV discusses the accession of a new Governor in the CNMI in January 1998 and efforts by his administration to address these problems locally. While the Administration acknowledges the good intentions underlying these local initiatives, past experience suggests that these efforts too will not be sufficient, nor will they likely be sustained. More importantly, these efforts are not directed at reforming the fundamental policies and institutions that originally gave rise to these pervasive problems, but instead appear directed toward addressing secondary symptoms.

¹Under the Initiative, Congress directed the Administration to establish a program to respond to the widening range of labor, immigration and law enforcement problems in the CNMI. Congress appropriated \$7 million in fiscal years 1995 and 1996, \$3 million in fiscal year 1997, and \$2 million in fiscal year 1998. Since 1994, Federal agencies have significantly increased their presence in the CNMI through the actions of the Departments of Justice, Labor, Treasury, Interior, the National Labor Relations Board, and the Equal Employment Opportunity Commission.

²An indenture is a contract. Alien workers in the CNMI are indentured because they are in the CNMI solely by virtue of their employment contract with a specific and sole employer or "master," who is in control of the duration of the stay of the indentured alien worker in the CNMI. If the worker displeases the employer/master, the contract is terminated and the employee must leave the CNMI.

In light of these developments, Section V concludes that section 503 of the Covenant should be implemented by Congress, as originally intended by the Covenant, by applying Federal immigration and minimum wage policies to the CNMI. Congress should also close the trade loopholes being exploited by Asian garment manufacturers. Congressional action is necessary not only to provide long-term solutions and stability to the current situation, but also to ensure that fundamental American values and interests are upheld.

II. The CNMI's Continued Dependence On Indentured Alien Workers and Trade Loopholes Has Exacerbated the Current Problems and Led to the Emergence of Secondary Symptoms

A. Immigration and Minimum Wage Are Temporary Privileges Under the Covenant

The United States administered the Northern Marianas Islands on behalf of the United Nations as a district of the Trust Territory of the Pacific Islands from 1947 to 1986, at which time the islands came under United States sovereignty pursuant to an agreement (Covenant) approved by the people of the Northern Marianas in a United Nations-observed plebiscite and by the U.S. Congress in Public Law 94-241. The Covenant provided for the establishment of the local Commonwealth government pursuant to a locally-adopted Constitution in political union with the United States. The Covenant did not immediately extend Federal immigration and minimum wage laws to the Commonwealth, but provided that Congress could apply federal immigration and minimum wage laws to the Northern Mariana Islands upon termination of the Trusteeship Agreement, which occurred in 1986. The provision authorizing these temporary privileges reads as follows:

"Section 503. The following laws of the United States, presently inapplicable to the Trust Territory of the Pacific Islands, will not apply to the Northern Mariana Islands except in the manner and to the extent made applicable to them by the Congress by law after termination of the Trusteeship Agreement:

- (a) . . . the immigration and naturalization laws of the United States . . . ;
- (c) the minimum wage provisions of Section 6 of [the Fair Labor Standards Act]."³ (Emphasis added)

According to Ambassador F. Haydn Williams, the lead U.S. representative during the Covenant negotiations, representatives from the Northern Marianas had originally attempted to make these privileges permanent by subjecting them to the requirement of mutual consent. However, these arguments were not accepted by the United States, which, instead, negotiated the final formulation in section 503 of the Covenant.⁴

³Section 503 of Public Law 94-241

⁴ Letter dated March 19, 1998 from Ambassador F. Haydn Williams to Edward Cohen, the President's Special Representative to the CNMI 902 Consultations: "Local control over immigration and wages were not considered to be permanent measures. Efforts were made to make them so by the NMI Political Status Commission, but this effort was rejected by the United States. The United States refused to include section 503 in the list of the provisions in the covenant that could only be changed by mutual consent. As finally agreed, the Congress would be free to extend United States immigration laws to the CNMI at some future date."

B. Local Control Over Immigration and Minimum Wage Has Led to an Unhealthy, Pervasive Reliance Upon an Indentured Alien Work Force

Since 1986, the CNMI has used the temporary immigration and wage privileges granted under the Covenant, and trade privileges granted under General Note 3 (a) (iv) of the Harmonized Tariff Schedule, in ways that are inconsistent with the purposes of these provisions. While there has been extraordinary economic growth in the CNMI, this growth is both unsustainable and unhealthy. The Administration believes that it is urgent that Congress fully implement section 503 by applying Federal immigration and minimum wage laws to the CNMI as anticipated. The following sections illustrate these points in more detail.

The Covenant did not immediately apply Federal immigration law (INA) because of the desire expressed by Northern Mariana Islands' Covenant negotiators to prevent possible mass immigration of Asians who would want to be on United States soil but adjacent to Asia. There were also separate efforts at the time the Covenant was approved to include provisions for small island communities in the Immigration and Naturalization Act. Reflective of these separate efforts is the following passage from the Senate report on the Covenant:

"The reason this provision is included is to cope with the problems which unrestricted immigration may impose on small island communities. . . . It may well be that these problems will have been solved by the time of the termination of the Trusteeship Agreement and that the Immigration and Nationality Act containing adequate protective provisions can then be introduced to the Northern Mariana Islands."⁵

Ironically, instead of keeping people out, the CNMI has used the combination of immigration, minimum wage control, and trade privileges for just the opposite purpose — the massive importation of low-paid indentured alien workers. These aliens now constitute far more than half the population and have significant economic and social impacts on the U.S. citizen residents of the CNMI.

Through its policies, the CNMI has experienced a self-imposed explosive population growth of about 250 percent in a decade and a half from 1980 to 1995. The total population rose from about 17,000 in 1980 to nearly 60,000 in 1995. In addition, it is estimated that there is one unauthorized alien residing in the CNMI for every four U.S. citizens. A startling 91% of the private-sector jobs are held by indentured alien workers and more are arriving daily even though unemployment and poverty rates among locally-born U.S. citizens are very high, 14.2% and 35%.

⁵Senate Report 94-433, page 78

respectively.⁶ Included as indentured alien workers are unskilled, skilled, and professional workers. Because these alien workers are willing to work for as little as \$3.05 an hour, few entry-level opportunities exist for U.S. citizens in the private sector. With an unrestricted labor supply and a virtual wage ceiling, normal economic pressure for wages and working conditions to improve are absent.

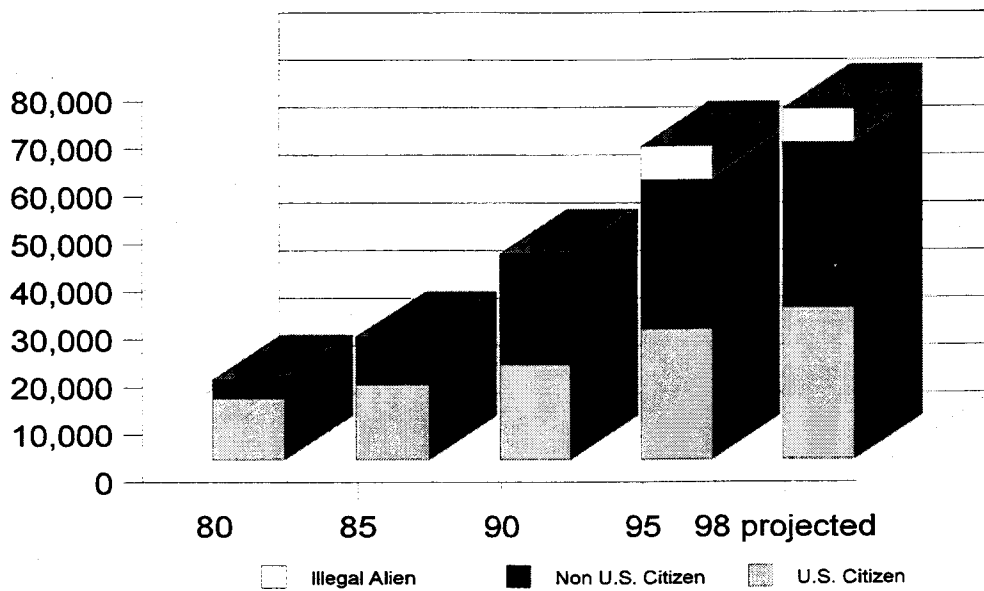
In its 1997 report regarding the CNMI, the United States Commission on Immigration Reform stated, "As a result of the CNMI's immigration policy, the alien population of the CNMI grew rapidly in the years since the Covenant went into force. In 1984, there were approximately 4,000 nonresident contract workers, while in 1986, when the Covenant became fully effective, this number had risen to approximately 10,000. Over the next four years, the alien population more than doubled, to slightly over 23,000. By the 1995 census, the number of aliens in the CNMI had risen above the number of U.S. citizens. The total population of the CNMI in 1995 was 58,846. That year, there were 27,478 U.S. citizens and 31,368 non-U.S. citizens."

The public sector employs nearly 56% of locally-born U.S. citizen workers at a median income nearly four times the median income found in the private sector. According to the 1995 census data, in the 5,337 households headed by U.S. citizens, there are 2,089 aliens employed as maids or other domestic workers. Thus, despite the high local unemployment and poverty rates, there is one foreign domestic worker for every 2.6 local households. This reflects a domestic service situation found nowhere else under the United States flag.

This two-tier economy, in which low-wage, indentured alien workers dominate the private sector and local U.S. citizens dominate the higher wage public sector, is antithetical to the American tradition of employing U.S. workers in productive private sector jobs, promoting growth of a middle class, and fostering participation in the democratic processes of the community. The indentured alien workers in the CNMI, who make up 91% of the private workforce, contribute substantially to the CNMI's economic growth but do not have a voice in the CNMI's political community nor possess any prospect of gaining the rights and protections of U.S. permanent resident status or U.S. citizenship. This upside-down system is inconsistent with U.S. principles. It is also incompatible with the normal U.S. immigration policy that temporary non-professional alien workers not be imported for permanent jobs.

⁶In the past, CNMI officials criticized the 1995 CNMI Census unemployment rate of 14.2 percent as based on inaccurate answers given by respondents to CNMI Census officials. It must be made clear that the CNMI Census officials and the United States Census officials use the same methodology in determining unemployment. To the extent that inaccurate answers are given, they would be common to both CNMI unemployment statistics and unemployment statistics in other United States jurisdictions. Thus, the use of 14.2 percent figure should be consistent with contrasting 5.6 percent unemployment rate for the United States as a whole and the 6.6 percent unemployment rate found in Guam, the southern Mariana island.

Population: U.S. Citizen and Non-Citizen
1980-1998



C. The CNMI Garment Industry Has Abused Current Trade Privileges to the Detriment of U.S. Workers, U.S. Companies and U.S. Taxpayers

All U.S. territories outside the U.S. customs territory, such as the CNMI, are currently free from quotas on their products shipped to the mainland United States. Like other such territories, the CNMI also enjoys a waiver from U.S. import duties pursuant to General Note 3(a)(iv) of the Harmonized Tariff Schedules of the United States for qualifying products made in the islands.⁷ The intent of this program is to promote local development and to stimulate local employment among U.S. citizens residing in the islands.

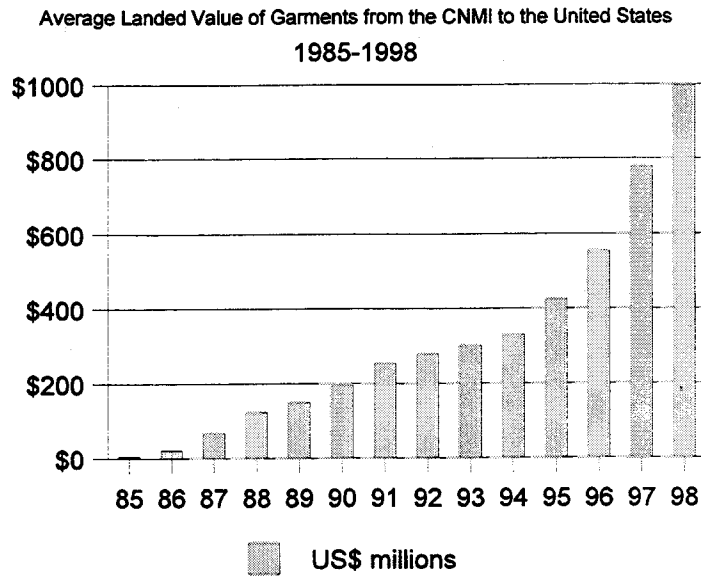
These current quota and tariff privileges, when combined with local control of immigration and minimum wage, have created a trade loophole that has allowed the explosive growth in the transplanted Asian garment industry in the CNMI. It has created few jobs for U.S. citizens in the islands, adversely affected U.S. industry and U.S. jobs, and cost U.S. taxpayer hundreds of millions of dollars in lost tariff revenues.

Shipments to the United States of garments assembled in the CNMI have almost tripled since 1994, growing by an astonishing rate of 43 to 45 percent a year for several years. For the twelve month period ending in September 1998, the level of garment shipment stands at over \$1 billion.⁸

⁷ *United States International Trade Commission USITC Publication #3066*

⁸ Source: U.S. Department of Commerce

Ownership of most garment plants in the CNMI is tied to interests in foreign countries in Asia that would otherwise be subject to U.S. tariffs and quotas. These interests are able to use their plants in the CNMI to exploit what the Associated Press has called "a lush little loophole"⁹ to subvert the intent of the trade privileges extended to the CNMI under the Covenant and to circumvent the United States textile agreements with Asian nations. The garment industry is now a dominant political force in the islands, as illustrated by the industry's role in the repeal of the local wage reform law and other restraints on garment industry growth.



There are now 31 garment manufacturing plants in the CNMI employing approximately 15,000 alien workers, who sew exclusively foreign fabric. The garment industry operating in the CNMI is largely an outpost of foreign industry. The plants are in most cases Asian-owned, employ mainly Asian contract workers, and use Asian fabric imported duty and quota free into the CNMI. The garments produced can be legally, but misleadingly, labeled as "Made in the USA." CNMI production is concentrated in several sensitive apparel product categories where U.S. producers' share of the U.S. market has fallen to a minority position. While it technically remains within its quota, China is able to effectively exceed its quota levels in these sensitive apparel categories by using the CNMI as an apparel manufacturing base, thereby legally circumventing its quotas. For these sensitive categories, combined imports from China and the CNMI exceeded 250 percent of China's quota in 1997.

In addition to problems associated with the transplanted foreign nature of the CNMI's garment industry, its anomalous use of the "Made in the USA" label, and the manipulation of the CNMI by foreign-based companies to circumvent U.S. quotas, there are also adverse impacts on U.S. jobs and the U.S. Treasury. Normally, if garments are produced in foreign nations, then the United States gets tariff revenue. If garments are produced in Mexico and U.S. fabric is used, the North American Free Trade Agreement (NAFTA) provides favorable treatment; thus, creating domestic textile jobs and profits. If garments are produced in the United States, then jobs and profits remain in the United States. Garments shipped from the CNMI use no U.S. fabric and produce no tariff revenue.

⁹"Saipan's boom is bruising lives," *Baltimore Sun*, January 5, 1998.

The garment industry has provided some tax benefits to the local government. The garment industry is assessed a "user fee" on the value of exports at a rate of 3.5 percent, which amounted to \$28 million in 1997. (The rate has since been increased to 3.7 percent.) The industry is exempt from gross receipts taxes and pays very little income tax, apparently because payments of user fees may be used to offset income tax liability. See Appendix III.

Annual revenue estimated over \$200 million for 1998¹⁰ is forgone to the U.S. Treasury due to the exemption from United States duties on CNMI garment exports. This is the amount of duty that would have been assessed on the \$1 billion in garment imports from the CNMI if they were subject to duty.¹¹ This represents seven times the amount of tax revenue the industry paid to the CNMI Treasury.

D. Abuse of Local Immigration, Minimum Wage and Trade Privileges Has Led to a Host of Emerging Secondary Consequences

As discussed above, the trends related to the CNMI's indentured alien workforce and its burgeoning garment industry, among other industries or businesses, have caused problems that have been compounded by new issues that are emerging as a consequence of the CNMI's immigration, alien worker, and garment policies. Many of these issues are of special concern to the Federal Government because they relate to aspects of national sovereignty such as border control and the treatment of foreign nationals on United States soil. They argue for prompt action by Congress. These emerging issues are summarized below (see Appendix I for more details).

1. Worker Exploitation: Recruitment Fraud, Payless Paydays & Coerced Abortions

The CNMI continues to have difficulty protecting the rights and welfare of the indentured alien workers now in the CNMI. The workers are easily exploited and subject to a variety of abuses. For example, over the past year, hundreds of alien workers have fallen victim to illegal and fraudulent recruitment scams where they pay large sums of money to fraudulent recruiters only to arrive in the CNMI to find there are no jobs due to the lack of appropriate safeguards in the CNMI's immigration system. Additionally, many workers who do find jobs, often are subjected to "payless paydays" in which their employers fail to pay the correct wages or do not pay their workers at all. In certain industries, especially in the garment and entertainment industries, workers routinely pay substantial fees (U.S. \$3,000 or so) for the promised jobs in the CNMI. Secret "shadow" contracts signed in the home country often require workers to agree to terms illegal under U.S. laws or the U.S. Constitution. Also, many workers are virtually prisoners, confined to their barracks during non-working hours. There is also documented evidence of

¹⁰The weighted average duty that would be applicable to imports from the CNMI was calculated by the Department of Commerce at 20.6 percent in 1998 (through September).

¹¹Ibid

female workers from China, who become pregnant while in the CNMI and who report pressure from their employers to either return to China, are fired, or obtain an abortion¹² in the CNMI. Young female nightclub workers from the Philippines have been forced to engage in prostitution. Finally, there are continuing reports of hate crimes against alien workers by individuals in the local population.

2. Ineffective Border Control and Smuggling of Aliens

Border control by the CNMI is ineffective and, in some cases, non-existent. CNMI's poor control over immigration has resulted in increased legal and illegal immigration into the CNMI and the smuggling of undocumented aliens into neighboring Guam, which is within the U.S. immigration territory. There is also a growing pool of undocumented workers who remain in the CNMI after their work permit expires, as overstaying tourists, or as victims of illegal recruitment who are employed illegally and often paid improperly or not at all. There are estimated to be at least 7,000 unauthorized aliens in the CNMI, a number equal to about 25% of the total U.S. citizen population of approximately 28,000 in that jurisdiction. The CNMI lacks the institutional capacity to operate an effective immigration program. For example, it has no capacity to issue visas overseas, to vet visa applicants with law enforcement or other agencies prior to visa issuance, or to screen aliens effectively as they arrive at CNMI ports of entry. In addition, the CNMI lacks the institutional capacity and a genuine commitment to institute an effective domestic immigration enforcement program for identifying, locating, and removing unauthorized aliens present in the CNMI. It also lacks any capacity to ensure that alien removals are accomplished in a manner consistent with U.S. international obligations under the refugee and torture conventions.

3. Transshipment of Foreign Garments

There are numerous allegations of illegal transshipment¹³ of Asian garments and other customs fraud involving textiles and apparel from Asia through the CNMI. Such transshipment of garments, particularly from China through other countries and territories, has an adverse impact on this industry in the United States, causing lost jobs, lost revenues and lost profits.

4. Strain on Local Infrastructure and Public Services

The Commonwealth's explosive growth in population, fueled largely by the flood of indentured alien workers, has strained the local infrastructure and public services. Federal funding was provided under the Covenant to serve a growing resident population, but is not adequate to serve

¹²“The abortion of the unborn child during the mother's pregnancy is prohibited in the Commonwealth of the Northern Mariana Islands.” Northern Mariana Islands Constitution, section 12.

¹³Illegal transshipment is the shipment, and misdeclaration of origin, of textile and apparel products through third countries to the United States in order to avoid U.S. quotas.

the self-inflicted growth in the alien worker population. Tap water is currently unreliable and is largely non-potable due to high salinity; sewers serve only one-third of the population; electric power generation lacks sufficient reserve capacity to cover maintenance shutdowns; the landfill is inadequate to handle the daily addition of 128 tons, much of it waste from the garment factories; the landfill has been subject to frequent fires emitting toxic fumes; and the government hospital and public schools are overburdened.

5. Increased Criminal Activity

Organized criminal activity is increasing in the CNMI. Because the Immigration and Naturalization Act does not apply, there is no border control by the Federal Government in the CNMI. The inability or failure of the CNMI immigration system to screen for criminals has allowed the presence of organized crime to increase in the CNMI. Moreover, despite the CNMI's small geographic area, the CNMI government for lack of institutional capability and genuine commitment has failed to identify, locate, and remove most such criminal aliens after they have entered the CNMI. The CNMI lacks the resources and law enforcement capabilities to screen criminals, such as drug traffickers and organized crime figures, before they enter the CNMI. Furthermore, Japanese and Chinese organized crime groups have become more active in the CNMI over the past few years. Organized criminal activities include prostitution, drug and firearms trafficking, extortion, illegal gambling, murder and facilitating public corruption. Furthermore, Japanese and Chinese organized crime groups have become more active in the CNMI over the past few years. Organized criminal activities include prostitution, drug and firearms trafficking, extortion, illegal gambling, murder and facilitating public corruption.

6. Growing Public Health Crisis

There is a growing public health crisis from communicable diseases among the alien worker population. Tuberculosis, HIV and sexually transmitted diseases are growing in epidemic proportions in the CNMI. See Appendix V.

7. Increasing International Irritations

Bilateral relations with some Asian countries whose citizens make up the alien worker population have become irritated. The Bangladesh, Sri Lanka, Nepal, and Philippines governments have complained to the United States over poor treatment of their workers in the CNMI. The Bangladesh government has specifically requested that the United States look into the matter and make appropriate arrangements to avoid similar future occurrences.

These emerging issues are discussed in more detail in Appendix I.¹⁴

¹⁴ These issues were documented in two reports which were prepared by Department of the Interior consultants regarding labor, immigration, and garment issues in the CNMI in February 1998. The first report, on the living and working conditions of the workers, consisted of hundreds of interviews. It was considered a "sample

III. Federal Law Enforcement Efforts Have Increased in the CNMI, but Congressional Action Is Required to Resolve the Fundamental Causes of These Problems

In response to the deteriorating situation in the CNMI, Federal law enforcement presence and activities have increased significantly in the past several years. As this section points out, there are more resources, more personnel, more investigations, more litigation and prosecutions being initiated by Federal agencies each year in the CNMI. However, these efforts occur within the context of limited Federal jurisdiction over the root causes of the growing problems in the CNMI: (a) local jurisdiction over immigration and minimum wage has fostered a large and vulnerable indentured worker population, poor border control, and lax internal immigration enforcement; and (b) abuse of trade privileges has exploited a loophole through which an essentially transplanted foreign garment industry has taken root and thrived in the CNMI.

Federal law enforcement has been hampered by the disproportionately large number of indentured aliens and the limitations of federal jurisdiction. The flood of indentured alien workers into the CNMI has led to increased labor and human rights violations and crime. Aliens many times fail to cooperate with law enforcement officials for fear of loss of jobs or prosecution of self or family member in their countries. Investigations are complicated by considerable language barriers. For more details regarding specific Federal activities between March 1997 and March 1998 in the CNMI, see Appendices II and IV.

A. Federal Law Enforcement Presence and Activities Increase

1. U.S. Department of Labor

a. Wage and Hour Division

During fiscal year 1997, the two Wage and Hour investigators stationed in the CNMI since 1995 completed 20 investigations and collected \$660,000 in back wages for nearly one thousand

snapshot" of the situation in the CNMI during a two-week period in January and February. The consultants who prepared this report were originally retained to assist a Congressional delegation from the U.S. House of Representatives', Committee on Resources, in obtaining first-hand experience. When the delegation's fact finding mission was canceled, the consultants, who were already in the area, were asked to compile information based on personal interviews and site visits. The report subsequently was turned over to the Department of Justice for review which has reviewed the information and has opened several investigations as a result. The second report, on garment companies and transshipment, compiled by a national expert on transshipment, focused on the ownership of garment companies in the CNMI and the possible transshipment of garments from Asia via Saipan to the United States. While the report does not document the full extent of transshipments through Saipan, it does confirm that specific incidents have occurred in the past. That report has been turned over the U.S. Customs Service.

workers. In the first six months of fiscal year 1998, 12 new investigations were completed. These investigations involve illegally withheld wages to Commonwealth workers of approximately \$1.4 million for nearly 2,800 workers. Between 1996 and March 31, 1998, investigations by the Wage and Hour Division resulted in nearly \$3 million in back wages being paid to CNMI workers, most of whom were alien workers. In addition to these enforcement actions, Wage and Hour agents continued their outreach program to private and government employers. A poster-sized fact sheet, printed in Mandarin and explaining Federal and CNMI labor laws, has been distributed. Wage and Hour investigators are also working with CNMI labor officials to improve investigative skills.

b. Office of the Solicitor

The Solicitor's Office of the Department of Labor reports it had five major cases of overtime wage, record keeping and child labor violations of the Fair Standards Act in various stages of Court litigation between November 1997 and March 1998. Two of these resulted in court ordered judgements for over one million dollars in back wages. Three are still pending before the Federal court. Additionally, after extensive efforts in the Philippines and Japan, the Solicitor's Office secured payment of over \$600,000 to over 100 employees in a case concluded by court judgement in 1996. And, in late 1997 distribution of the final portion of the \$9,000,000 in back wages to over 2500 Chinese employees as a result of an earlier judgement in another case was completed. Over fifty OSHA cases were settled for penalties of almost \$140,000.

c. Occupation Safety and Health Administration (OSHA)

OSHA conducted 315 inspections during fiscal year 1997, finding 2.5 violations per inspection, and assessed \$857,000 in penalties. Between November 1997 and March 1998, OSHA made 171 inspections, finding 1.3 violations per visit and assessed \$568,000 in penalties. From January 1997 to March 1998, OSHA settled 38 cases against employers in Saipan and collected \$66,000 in penalties, with twenty additional cases scheduled for hearings. OSHA recently opened a Saipan office to increase its visibility among CNMI employers.

2. United States Department of Justice: FBI, DEA, Marshals, INS, Court Security, and U. S. Attorney

The Department of Justice is committed to maintaining a significant law enforcement presence in the Commonwealth. Since 1995, Justice has considerably increased the level of its staffing in the CNMI. Justice presently has 16 full-time staff stationed in the CNMI: Five FBI agents, three Assistant U.S. Attorneys, two Drug Enforcement Administration agents, two Deputy U.S. Marshals, three Federal Court Security Officers assigned to the U.S. Courthouse, and one officer from the Immigration and Naturalization Service. Additionally, officials from the National Institute of Corrections have met with CNMI officials to provide technical assistance for the construction of a badly needed new prison. Justice has also assigned additional attorneys from the Criminal and Civil Rights Divisions to handle matters in the CNMI.

Working closely with local law enforcement officials, Justice has mounted a successful campaign to enforce Federal laws in the CNMI. To provide just a few examples, the FBI has formed an organized crime and white collar crime task force with CNMI law enforcement officials. Since FY 1995, the FBI has led investigations which resulted in the convictions of 12 former or current Japanese organized crime figures, three former or current Chinese gang members, and 15 others on drug and fraud charges. In addition, the FBI provides technical assistance and training to local law enforcement officers and annually selects one or more mid-level CNMI police officers to attend a 16-week training session at the FBI National Academy. DEA agents have established a narcotics task force and provided extensive training for local law enforcement officials. Since FY 1995, DEA agents assisted local police in 64 drug-related arrests (18 in FY 1998 to date), 42 convictions, the seizures of 1260 grams of methamphetamine, 14 kilograms of heroin, 7 vehicles and 1 pleasure boat. The U.S. Attorney's office filed indictments against several night club owners for forcing young women from the Philippines and China into prostitution. In 1997, Federal attorneys secured the conviction of a Bangladeshi national for wire and mail fraud. Further, although the INS has no jurisdiction in the CNMI, the INS has worked together with the CNMI government on a number of alien smuggling cases and with other Department of Justice components on intra-agency criminal task forces. On another front, the permanent INS representative in the CNMI is working with the CNMI Department of Labor and Immigration to assist in, among other things, the training of immigration officers and the identification of specific immigration enforcement areas that are capable of improvement. (For a breakdown of Justice Department law enforcement accomplishments through May 1998, see Section B of the attached Justice Department report in Appendix II.)

3. National Labor Relations Board

During the past year, National Labor Relations Board (NLRB) closed 36 cases involving 200 firms that were charged with unfair labor practices against 1550 CNMI workers. Twenty-six new cases have been filed by NLRB agents, with 20 others currently pending that involve 1,000 employees. The NLRB conducted 3 elections, involving 600 employees, and 3 other investigations into charges of unfair labor election activities. Five additional unfair labor cases were settled when employers agreed to pay back wages or reinstate discharged employees. The Ninth Circuit Court issued a decision in June 1997 with significant importance to the NLRB, in which it ruled that the agency had jurisdiction over both resident and nonresident workers in the CNMI. The decision resulted in 21 hotel employees being reinstated to their jobs and removed a legal impediment to union organizing activities among alien workers in the CNMI.

4. Treasury Department: Bureau of Alcohol, Tobacco and Firearms

Bureau of Alcohol, Tobacco, and Firearms (ATF) agents have been increasingly busy investigating reports of weapons, including machine guns, being illegally imported into the CNMI. Their investigations have led to a number of individuals either being charged with illegal weapons possession or convicted of related charges. In 1997, ATF agents seized an operational machine gun from one suspect who subsequently fled to avoid arrest. ATF agents learned of an

alien smuggling operation from Tinian to Guam while investigating gun charges in another case. The agency has worked with local police officials to conduct weapons identification checks to determine their point of origin.

5. U.S. Customs Service

The U.S. Customs Service presently has two criminal investigations involving the CNMI under review. One deals with alleged transshipment of textile products from Asia via the CNMI into the U.S. mainland. The other investigation involves money laundering charges. In the past year, two other cases were closed by U.S. Customs Service. Based on onsite inspections of local garment factories with CNMI customs officials, the U.S. Customs Service believes that there is a potential problem with the lack of adequate inspection for contraband cargo by local inspectors of the 400 containers arriving each month in Saipan. The U.S. Customs Service is providing the CNMI with continued training on a variety of topics, including narcotics interdiction, commercial fraud, manifest review and textile transshipment issues.

6. Department of the Interior: Office of Inspector General

Since fiscal year 1997, the Department of the Interior Office of Inspector General (OIG), working closely with the FBI, has conducted 9 investigations within the CNMI for alleged charges of conspiracy to defraud the United States, theft of public monies, theft or bribery concerning Federal programs, mail and wire fraud, money laundering and other charges. Five of these cases have been referred for Federal grand jury investigations. The success of this joint FBI-OIG effort to expose public corruption is an important element in the enforcement of Federal laws in the CNMI.

7. Department of the Interior: Office of Insular Affairs

In fiscal year 1999, the Department of the Interior's Office of Insular Affairs plans to establish a worker advocacy ombudsman office in the CNMI. The office will facilitate assistance for workers in the CNMI in the resolution of their labor problems. The office will guide workers to the appropriate local or Federal agency, track the status and outcome of workers cases, and assist workers with translation services and emergency assistance.

8. Equal Employment Opportunity Commission

In the past, the Equal Employment Opportunity Commission (EEOC) had a very minimal presence in the CNMI. As a result of funds provided by the Department of the Interior, the EEOC recently began traveling to Saipan to accept charges of employment discrimination and to conduct on-site investigations of those charges. The EEOC is now investigating over 50 charges received on Saipan alone, in addition to charges from other parts of the CNMI. These charges include a number of allegations of egregious sexual harassment and national origin discrimination against groups of employees, as well as claims of employment policies that