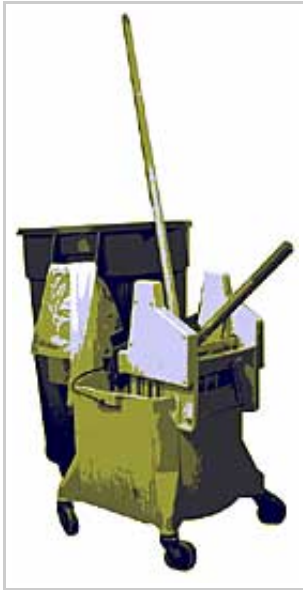

NATIONAL MAINTENANCE CONTRACTORS

3/31/2004



NATIONAL
MAINTENANCE
CONTRACTORS

The Rogue Desk is not exactly renowned for its business acumen; we're still reeling from our investment in a low-carb pet-food manufacturer. But we do know a raw deal when we see it, and the bogus "franchises" that janitorial company **National Maintenance Contractors** has been peddling to poor immigrants are rife with roguery.

According to a complaint filed with Oregon's Bureau of Labor and Industries by Service Employees International Union Local 49, NMC now has more than 400 of these franchises in Oregon and Washington. NMC lures franchisees, usually non-English speakers with no business experience, with the promise of owning their own janitorial company. NMC provides the work and training, negotiates the contracts with clients, and sells the supplies, all for a set fee.

Here's a typical story: Three Vietnamese siblings--Tri, Yen and Thuc Bui--bought an NMC franchise for \$8,000 and were told to expect to earn \$3,350 a month cleaning at the Park Plaza West building in Beaverton. Instead, they received \$541.50 after NMC deducted \$260.50 for administrative fees and supplies. At 195 combined hours of work, that pencils out to a wage of \$2.78 per hour *before* taxes. And as franchisees, not employees, they aren't guaranteed work or entitled to any benefits; in fact, they're not even allowed to talk to their clients.

All of this works out spectacularly for NMC. The company handles all of the cash transactions with clients--who include real-estate magnate Tom Moyer, owner of the 1000 Broadway and Fox Tower buildings in downtown Portland--and doesn't need to deduct taxes or pay insurance of any kind.

"It's a scam," says Wesley Jones of the SEIU. "These workers have no control over the growth, scope or operation of their own business. They can't even offer their clients more services."

Jones contends NMC's relationship with its franchisees is that of an employer overseeing employees and should be subject to minimum-wage laws. In a March 12 letter of initial

findings to NMC, a BOLI investigator indicated that she was inclined to agree and asked NMC to submit evidence that their franchisees are not actually employees getting stiffed. Then it's up to the BOLI commissioner to decide.

"An employee has dependency on an employer for payment and a lack of control over their own income," says Christie Hammond, head of BOLI's wage-and-hour division. "NMC has more control in this relationship than the franchisee."



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