

RELEASE IN FULL

From: Mills, Cheryl D <MillsCD@state.gov>
Sent: Thursday, February 9, 2012 5:31 AM
To: H
Subject: Fw: New York Times, CETUSA and Alaska

From: Hammer, Michael A
Sent: Tuesday, January 31, 2012 08:52 PM
To: Mills, Cheryl D; Stock, Ann; Noyes, Julieta Valls; Adams, David S; Macmanus, Joseph E; Peay, T Michael; Smith, Dana S (PA); Klevorick, Caitlin B
Cc: Whitaker, Elizabeth A; Ruth, Rick A; Maughan, Chelsea V; Giacobbe, Nicholas J; Sergent, Talley R; Schinnerer, Karen P; Erel, Joseph A; Toiv, Nora F; Laszczych, Joanne
Subject: RE: New York Times, CETUSA and Alaska

AP has posted a fuller piece below. It quotes selectively from the memo, notes that S ordered a thorough review of the program, and has a couple critics blasting us at the end: Danielle Grijalva, executive director of the Committee for Safety of Foreign Exchange Students and Florida House of Representatives Matt Gaetz. We'll need to arm Toria and should background key press tomorrow (including the call we need to do with NYT Julia Preston) to push our affirmative message on what we are indeed doing to cap and fix this program, including action re: CETUSA.

AP: Changes ahead for foreign exchange students

Associated Press

JACKSON, Miss. — The U.S. State Department is proposing what it calls "significant and controversial" changes to a foreign exchange program that has been exploited by unscrupulous labor brokers and organized criminals in the sex industry, said an internal memo obtained Tuesday by The Associated Press.

The Jan. 18 memo comes more than a year after an AP investigation uncovered widespread abuses in the J-1 Summer Work Travel program, which annually allows more than 100,000 foreign college students to work in the U.S. for up to four months. It came from Adam Erel, assistant secretary for the State Department's Bureau of Educational and Cultural Affairs, and was addressed to Assistant Secretary of State Ann Stock.

"The reforms we are undertaking will significantly reduce the opportunities for wrongdoing and catch it much more quickly when it does occur," the memo said.

Some of the most significant changes would be to ban jobs in factories, warehouses and other places like seafood packing plants. The agency also plans on "re-emphasizing the adult entertainment industry prohibition by specifically prohibiting jobs with escort services, adult book/video stores, massage parlors, and strip clubs."

It would require sponsors to "use particular prudence and caution when dealing with jobs that offer legitimate employment but also have been known to be associated with human trafficking, such as janitorial service, housekeeping and modeling agencies."

There's also a provision aimed at protecting American workers, "such as a more precise definition of temporary seasonal employment and a bar against SWT job placements during layoffs or lockouts."

The memo said the rules would be made public around March.

The companies the State Department designated as official sponsors — which charge up to several thousand dollars to arrange visas and jobs for the participants — objected to less significant changes made last year and to the anticipated new restrictions.

"They have told us they are taking these complaints to Congress, though we have yet to see any indication of congressional support for their position," the memo said. "Notwithstanding these potential criticisms, we think a solid case can be made that these changes are needed and that some are needed urgently."

U.S. Secretary of State Hillary Rodham Clinton last year ordered a thorough review of the program, and her department had already made several changes since the AP investigation uncovered living and working conditions that some participants compared to indentured servitude. In November it had temporarily stopped accepting any new sponsors and will limit the number of future participants to this year's level, or about 109,000 students. The State Department also revised its rules to require more oversight by its 53 designated sponsors.

But not all of last year's changes have been fully implemented, according to the memo because some students will be "grandfathered" in.

"While this will mean that some participants are treated differently than others for a brief at time, to do otherwise, however, would create major problems for our embassies and consulates as placements are cancelled — and possibly visas revoked — for students who paid their fees and made their summer plans in good faith....," the memo said.

In one of the worst cases of abuse, a woman told the AP she was beaten, raped and forced to work as a stripper in Detroit after being promised a job as a waitress in Virginia.

In August 2011, dozens of workers protested conditions at a candy factory that packs chocolates at the famous company in Hershey, Pa., complaining of hard physical labor and pay deductions for rent that often left them with little money. Then in December, a federal indictment accused the mafia of using the cultural exchange program to bring Eastern European women to work in New York strip clubs.

The program was created in 1963 to allow college students from other countries to spend their summer breaks living, working and traveling in the U.S. all in the name of fostering cultural understanding and showcasing what is great about America.

Most of the abuses over the years have been blamed on unregulated, third-party labor brokers who work with the students. Critics say the students have gotten little help from sponsor companies.

Danielle Grijalva, executive director of the Committee for Safety of Foreign Exchange Students, says she was outraged that the State Department has known about serious problems, but has done little to address the problem.

"This is a memo about problems we've been telling them for years," Grijalva said. "They should never have been working in warehouse and factories. They told us they were going to make changes. But they didn't. This is just wrong."

And she was appalled that some groups may be grandfathered in.

"The State Department keeps promoting the program. What they should do is fix it so no more children will be hurt," she said.

Under the J-1 program, foreign students often land jobs at hotels, resorts and restaurants. But they have also worked in places like fish factories and strip clubs. Many of the students end up in resort towns, and in places in the Florida Panhandle the abuse has been so bad that it helped inspire state legislation.

Rep. Matt Gaetz, R-Shalimar, said he has pushed for stronger state laws after hearing horror stories about the exploitation of J-1 students.

"It's an abject failure on the part of the federal government to the point of recklessness," Gaetz said.

Participation has boomed from about 20,000 students in 1996 to a peak of more than 150,000 in 2008, and roughly 1 million foreign students have taken part in the past decade. The students come from around the world, with some of the top participating countries being Russia, Brazil, Ukraine, Thailand, Ireland, Bulgaria, Peru, Moldova and Poland.

Associated Press Writer Mitch Weiss contributed to this report from Charlotte, N.C.

From: Hammer, Michael A

Sent: Tuesday, January 31, 2012 7:26 PM

To: Mills, Cheryl D; Stock, Ann; Noyes, Julietta Valls; Adams, David S; Macmanus, Joseph E; Peay, T Michael; Smith, Dana S (PA); Klevorick, Caitlin B


Cc: Whitaker, Elizabeth A; Ruth, Rick A; Maughan, Chelsea V; Giacobbe, Nicholas J; Sergent, Talley R; Schinnerer, Karen P; Erel, Joseph A; Toiv, Nora F; Laszczych, Joanne

Subject: RE: New York Times, CETUSA and Alaska

Yup – just sent it to you. AP just posted this short blurb:

APNewsBreak: Changes coming for foreign exchange



HOLBROOK MOHR | January 31, 2012 06:37 PM EST | 

JACKSON, Miss. — A U.S. State Department memo reveals the agency is pushing major changes to a foreign exchange program that's been exploited by unscrupulous labor brokers and criminals in the sex industry.

The Jan. 18 memo obtained by The Associated Press is from Adam Erel, who is assistant secretary for the department's Bureau of Educational and Cultural Affairs.

It comes more than a year after an AP investigation uncovered widespread abuses in the J-1 Summer Work Travel program. The program annually allows about 100,000 foreign college students to work in the U.S. for four months.

The changes would ban jobs in factories and warehouses, where there have been complaints of hard labor and pay deductions. The memo says the State Department will re-emphasize the prohibition against working in the adult entertainment industry.

From: Mills, Cheryl D

Sent: Tuesday, January 31, 2012 7:20 PM

To: Hammer, Michael A; Stock, Ann; Noyes, Julieta Valls; Adams, David S; Macmanus, Joseph E; Peay, T Michael; Smith, Dana S (PA); Klevorick, Caitlin B

Cc: Whitaker, Elizabeth A; Ruth, Rick A; Maughan, Chelsea V; Giacobbe, Nicholas J; Sergent, Talley R; Schinnerer, Karen P; Erel, Joseph A; Toiv, Nora F; Laszczych, Joanne

Subject: Re: New York Times, CETUSA and Alaska

Can you send me the memo AP has?

From: Hammer, Michael A

Sent: Tuesday, January 31, 2012 06:48 PM

To: Mills, Cheryl D; Stock, Ann; Noyes, Julieta Valls; Adams, David S; Macmanus, Joseph E; Peay, T Michael; Smith, Dana S (PA); Klevorick, Caitlin B

Cc: Whitaker, Elizabeth A; Ruth, Rick A; Noyes, Julieta Valls; Maughan, Chelsea V; Giacobbe, Nicholas J; Sergent, Talley R; Schinnerer, Karen P; Erel, Joseph A; Toiv, Nora F; Laszczych, Joanne

Subject: RE: New York Times, CETUSA and Alaska

An update: we returned NYT Julia Preston's call and she says she has unconfirmed reports that CETUSA has been sanctioned due to the findings of our investigation. Julia is eager to write but was willing to wait until tomorrow, enabling ECA to do calls per below. So, we should be able frame the piece when we engage her tomorrow with Rick (thanking Rick in advance).

Separately, we learned that AP has gotten its hands on a memo from Adam to Ann on SWT program reform -- while we don't know how they got it, the memo itself is pretty compelling on the measures/new regulations we are adopting to reform SWT. AP wants a comment from us, which is an opportunity for us to say: "As the Secretary directed in October, we are taking action to fix this program." We'll need more fulsome guidance tomorrow for the daily briefing should this story pop overnight -- the more we can say publicly on the actual steps we are taking, the better.

Finally, I also spoke with NBC to follow up on Toria's interview last week and the program will now air later -- most likely on February 29, which gives us more time to work the issues relating to exchanges. We'll discuss this at Ann's mtg tomorrow. By the way, the show -- "Rock Center" -- has been struggling with its ratings and even moving to a new night, so one can only hope this trend continues.

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R; Schinnerer, Karen P; Erel, Joseph A; Toiv, Nora F; Laszczych, Joanne
Subject: RE: New York Times, CETUSA and Alaska

Thank you

From: Stock, Ann

Sent: Tuesday, January 31, 2012 3:25 PM

To: Mills, Cheryl D; Noyes, Julieta Valls; Adams, David S; Macmanus, Joseph E; Peay, T Michael; Hammer, Michael A; Smith, Dana S (PA); Klevorick, Caitlin B

Cc: Whitaker, Elizabeth A; Ruth, Rick A; Noyes, Julieta Valls; Maughan, Chelsea V; Giacobbe, Nicholas J; Sergent, Talley R; Schinnerer, Karen P; Erel, Joseph A; Toiv, Nora F; Laszczych, Joanne

Subject: RE: New York Times, CETUSA and Alaska

As you know, CETUSA's status as a SWT sponsor was terminated yesterday, largely as a result of the findings of our investigation into the Palmyra situation in August. Julia Preston, the Times reporter who broke the story, just learned of the termination and left a voice mail to discuss the story.

We have conferred w/PA, L, H and CA and believe it is important to speak with Julia. PA will call Julia today for more details about storyline, deadlines, etc. Also, we will brief Hill committees and interagency colleagues so that they hear the news directly from us before reading it in the Times.

Our plan is to have ECA DAS Rick Ruth speak with the Domestic Policy Council, NSS and Labor representatives today. Each has asked that we alert them as soon as action has been taken. Tomorrow, H and Rick will speak with key staffers from Sen. Casey's office and our oversight committees. Once we have made those calls, and at PA's direction, we will be available to speak with Julia.

Should she raise the topic, we are prepared to speak to the events concerning the six CETUSA-sponsored SWT students in Alaska. Weather has delayed their departure from Sand Point, but they are due to arrive in Anchorage today and will be assigned to other places of employment. We are in contact with all of them to ensure their health and safety. We are also reaching out to the other 41 SWT students in Alaska (30 of them under CETUSA sponsorship) to ascertain their welfare. We are taking all necessary measures to ensure their safety and well-being as well.

As we have more information, we will be sending updates.

Ann