

# TAKING STOCK

Winter 2003 Newsletter  
Volume I, Issue 1

Southwest Center for Economic Integrity  
509 S. Sixth Ave., Tucson AZ 85701 520-770-7405

## UPCOMING EVENTS AND SPECIAL THANKS

February 4 Do Well and Do Good:  
Socially Responsible Investing and  
Shareholder Activism

February 22 Defending Decent Work,  
a forum on Workers in the Informal  
Economy and Unprotected Jobs.

April 22 Making a Difference through  
Socially Responsible Investments.

Thank you to **Sharon and Larry  
Malcolmson** for donating office space  
and other support to SCEI.

Thank you to the **National Economic  
Development and Law Center** and the  
**Amazon Foundation** for seed funding.

Thank you to our generous contributors  
October-December 2002: **Paul and  
Dolores Gohdes, Linda Kot, Casa Maria.**

Thanks also to **Lori Pascarella**, Associate  
Vice President at Morgan Stanley for  
helping to arrange our 2003 series on  
Socially Responsible Investing.

## WE NEED YOUR HELP!

- ◆ SCEI is a 501(c)(3) non-profit, so your gifts are tax deductible. We are sustained by contributions. We also periodically need **volunteers** and in-kind contributions as well.
- ◆ For more **information** please contact our Executive Director **Karin Uhlich** at 520-770-7405.

## A Move in Defense of Day Laborers

The Southwest Center for Economic Integrity has been busy meeting with day laborers across the state of Arizona. The purpose of our outreach has been to monitor the compliance of day labor companies with the Arizona day labor protection statutes, and to inform workers about an important lawsuit filed by the Arizona Attorney General.

Arizona day laborers stand to **gain some substantial refunds** as the result of the state's lawsuit. The case takes issue with major day labor broker Labor Ready, which routinely charges their day laborers up to \$1.99 to receive their pay in cash at the end of the work day.

Arizona law stipulates that employers must pay their workers by a commonly negotiable instrument or in cash without discount. A state law passed in 2000 specifically prohibits day labor companies from charging workers check-cashing fees. Nonetheless, lawsuit documents reveal that **Labor Ready has extracted some \$10,000 every month from day laborers in Arizona,** many of whom are homeless.

The Southwest Center for Economic Integrity has been informing workers across the state about the lawsuit and the potential for workers to receive refunds should the Attorney General prevail.

(continued on page 2)



## Making Plans for 2003

In January the Board of Directors of the Southwest Center for Economic Integrity approved an ambitious plan of action for 2003.

- Bringing accountability and reform to the payday lending industry.

- Promoting Socially Responsible Investing and Shareholder Activism to advance corporate accountability.

- Continuing action throughout the region to protect impoverished day laborers.

We believe that engaging diverse segments of local communities in the cause of **promoting ethical profits and responsible commerce** will benefit vulnerable and marginalized people tremendously. Indeed, we believe it will benefit us all.

## Meet Our Board of Directors and Executive Director

The mission of the Southwest Center for Economic Integrity is to build economic strength by promoting fairness, understanding, and community action. We believe that ethical profits and responsible commerce are prerequisites for a sound and just economic system. We owe a great debt of gratitude to the following individuals for providing leadership, vision, and generous support in pursuit of our mission:

- *Margo Barnes*, former Senior Executive for corporate communications and community relations with several Fortune 100 companies.
- *Maritza Broce*, Executive Director, Southern Arizona Alliance for Economic Justice.
- *Dr. Arturo González*, Assistant Professor with the University of Arizona Mexican-American Studies and Research Center and the Department of Economics, and author of Mexican Americans and the U.S. Economy (2002, University of Arizona Press).
- *Lowell Jones*, Systems Engineer for the Zygo Corporation.
- *Holly Lachowicz*, Educator, Community Volunteer, and Activist.
- *Pamela Liberty*, private attorney and mediator with Liberty, O'Neill and Bibbens and former Legal Aid and public interest attorney.
- *Rebecca McReynolds*, freelance business journalist and corporate marketing and communications consultant.
- *Dr. Susan Yeich*, faculty member of Prescott College in the Liberal Arts Department, and author of The Politics of Ending Homelessness (1994, University Press of America).

In addition to the service of these outstanding volunteers, *Karin Uhlich* provides leadership at the Southwest Center for Economic Integrity as Executive Director. Karin served for nine years as the Executive Director of Primavera Services and Co-Executive Director of the Primavera Foundation in Tucson. Prior to that she served as the Executive Director of the Food Bank Council of Michigan, Co-Director of the Community Advocacy Project for Battered Women at Michigan State University, and as a Congressional Aide to U.S. Representative Howard Wolpe. In recent years Karin was selected as a "Champion of Justice" by the Southern Arizona People's Law Center and was honored for her outstanding contributions to civil rights and social justice by the Tucson Human Relations Commission.

## Day Labor (continued from page 1)

Because Labor Ready tends to pay workers daily, those employed by the company in Arizona could receive significant refunds. **The case and SCEI's outreach have also created enough pressure for Labor Ready to develop a statewide, free check-cashing option** for its workers through Wells Fargo bank branches.

The Southwest Center for Economic Integrity - along with our partners the Primavera Foundation in Tucson, Central Arizona Shelter Services in Phoenix, the Arizona Coalition to End Homelessness, and the William E. Morris Institute for Justice—continues to monitor the case and applaud Governor Napolitano and Attorney General Goddard for moving in defense of Arizona's impoverished day laborers. SCEI has launched a toll-free information line (877 SW WATCH) for day laborers and for future use in our payday lending and other reform efforts.

**THIS WINTER THE  
SOUTHWEST CENTER  
FOR ECONOMIC  
INTEGRITY LAUNCHED  
A TOLL-FREE HELP  
LINE FOR DAY  
LABORERS ACROSS  
ARIZONA.**

## What SCEI Has to Say On...

Dear Editors,

Kudos to the Arizona Daily Star for your recent editorial (Perks, 9/9/20) regarding the lavish (and long undisclosed) compensation and benefits bestowed upon former GE Chairman Jack Welch. Your readers may be interested to know that GE recently received the "Enny" award in a report by United for a Fair Economy noting that many of the company's practices closely mimic those of the Enron just before its downfall.

Perhaps it is most impor-

tant, however, to highlight companies in our own backyard embracing some of those same practices. The United for a Fair Economy report sheds light. For example, Raytheon was found to have paid its auditor Price Waterhouse Coopers \$48M in non-audit consulting fees (vs. the \$3M paid for auditing). In addition, Raytheon has for the past two years rejected a resolution supported by more than 50% of its shareholders calling for an annual election of its Board of Directors. Texas

Instruments (recent purchaser of Burr-Brown) holds up to 77% of its employee pension in company stock (vs. Enron's 58%), making its employees doubly vulnerable if the company falters. IBM rated in the Top Ten companies by CEO pay, while rating in the Top Five for companies whose CEO's gave their shareholders the *least* return for their pay. And AOL Time Warner ranks at the very top of the list for high levels of Board Member compensation - \$843,000 per Director

Dear Editors,

In "The Ghost of Christmas Borrowing" (12/25/02) advocates wisely cautioned against using payday loans to make ends meet. The article failed to note that in 2000 the Arizona legislature exempted payday lending from the state's usury law, so an interest rate previously capped at 36% can now ex-

ceed 450% annualized interest. No wonder there are payday loan shops in almost every neighborhood now.

The story could be augmented with another critical message... *community beware*. The entire community suffers when senior citizens on fixed incomes and the working poor who are teetering on a

the verge of financial crisis get a quick shove from payday lenders. With a charge of \$75 for a \$500 loan, many cannot repay and end up at real risk of hunger and homelessness as their debts multiply over time.

Can our community really afford to stand by as these lending institutions accrue their profits in a manner so likely to

Dear Secretary Katz:

I am writing on behalf of the Southwest Center for Economic Integrity (SCEI) in support of the Security and Exchange Commission's recently proposed rules regarding proxy voting guidelines and vote disclosure by mutual funds and investment advisers, File Numbers S7-36-02 and S7-38-02. The mission of

SCEI is to build economic strength by advancing fairness, understanding, and community action. We congratulate the Security and Exchange Commission for instituting meaningful disclosure that we believe will in fact bolster fairness, understanding and appropriate action on the part of investors. We strongly support the recom-

mendations set forth in these proposed rules.

Many of the points we would seek to advocate have been powerfully stated already by the Social Investment Forum. We urge you to take their recommendations into account as you move toward implementation. The informed involvement of

## ...Corporate Accountability

in 2000 - paid solely in stock options, which calls into question that Board's willingness to blow the whistle on bad accounting if such action would cause a dip in stock values.

It's appropriate for the Star and our community to ask how far these major local employers have come with respect to evolving their practices. Unless we want to see our own neighbors harmed by the kind of unmitigated opulence of GE or the devastation left in the wake of Enron, it's in fact essential that we ask.

SW Center for Economic Integrity

*Published in the Arizona Daily Star 11/1/02*

## ...Payday Lending

channel people into an already overwhelmed social services system? The mission of the Southwest Center for Economic Integrity is to promote ethical profits and responsible commerce. Payday lending helps make our point: some profits cost communities too much.

SW Center for Economic Integrity

*Published in the Arizona Daily Star 12/31/02*

## ...and the S.E.C.

shareholders, whether directly or through mutual funds or advisers, will be critical in the effort to ensure greater corporate accountability and a more sound market system. Without true transparency and engaged proxy voting we cannot hope to achieve those ends.

Thank you for the opportunity to share our views on these important proposed rules. *Filed 12/4/02*

**PROMOTING ETHICAL PROFITS AND RESPONSIBLE COMMERCE.**

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Count me in as a supporter of the **Southwest Center for Economic Integrity!**

I'd like to contribute the following:

----- One-time Contribution of \$-----

----- Monthly Pledge of \$----- per month (billed the 15th of each month)

----- Quarterly Pledge of \$----- per quarter (billed the 15th of the first month/quarter)

----- I want to Volunteer. Get in touch to tell me more about opportunities to be involved.

----- Come speak to my congregation, civic organization or group of family and friends.

Name -----

Address -----

-----  
Phone ----- E-mail -----

Payment via: Check      Credit Card      Total/Monthly/Quarterly Amount: -----

Circle One:    Visa    Mastercard    Am Express    No. -----

Exp. Date -----

Signature: ----- Date: -----

NOTE: SCEI is a 501(c)(3) non-profit organization. Contributions are tax deductible to the extent allowed by law.