



**Why Shipping Call Center Jobs Overseas Hurts Us Back  
Home**

**December 2011**

## Introduction

Today, the **Communications Workers of America (CWA)** releases a **new report that highlights the linkage between the off-shoring of call center jobs and a range of negative impacts on U.S. consumers and job seekers** (LINK).

Call centers are a major economic force in the United States – about **4 million people are employed by the industry, or 3 percent of the U.S. workforce**. But the technology that is the infrastructure of the call center industry has made it possible for center operators to move tens of thousands of jobs overseas, where the workforce required for these jobs is available at much lower costs. This continuing trend, at a time of high unemployment, threatens the livelihood of both U.S. workers and communities. In this report, CWA examines the rise of the call center off-shoring trend, **examining a range of negative impacts consumers and communities have felt back home in the United States**.

Among the key findings in the report include continued **instances of fraud directly related to employees at overseas call centers**; a lack of accountability and insufficient **safeguards to protect consumer information from overseas security breaches**; and the recent trend of **sub-outsourcing** in which **foreign call centers located in places like India have outsourced to even cheaper labor markets, including countries such as Saudi Arabia and Egypt**.

These security hazards are **in addition to the damages incurred by American communities and job seekers who have watched call center jobs flee overseas**. As the report notes, some of the most egregious instances of off-shoring involve companies receiving generous taxpayer-funded incentives to locate in a community, only to leave taxpayers and these communities holding the bag when the company sends its call center jobs overseas after a brief stay to recoup taxpayers' financial largesse.

**The research underscores the need for new legislation introduced in the U.S. House of Representatives by Rep. Tim Bishop (D-NY-01) and Rep. Dave McKinley (R-WV-01). Their "U.S. Call Center Worker and Consumer Protection Act," would:**

- Ban federal grants or guaranteed loans to American companies that move call center jobs from the United States to overseas;
- Require the list of companies that off-shore call center work to be made available to the public; and
- Require call center employees to disclose their location to US consumers, and requires that call centers transfer consumers to a call center in the US upon request.

Among the **key findings** in the report, include:

- **Numerous instances of scams carried out by workers at foreign call centers targeting customers, though only a handful have been reported on by the press**. Of those that have been publicized, the vast majority took place in the middle of the last decade. We are unable to definitely explain this, but we did note enhanced security often followed press coverage of such an incident. Nonetheless, we believe the examples we found are significant,

do not represent isolated incidents, and raise legitimate concerns about the security of personal data being handled overseas. The most alarming examples we found include a 2005 incident in which Indian call center employees were arrested after stealing \$426,000 from American Citibank customers; a 2006 incident in which an Indian call center worker was arrested after stealing \$420,000 from British bank customers; reports that a journalist was able to purchase bank account details on roughly 1,000 individuals from an Indian call center worker; and reports that foreign call center workers used Americans' medical records as leverage in a pay dispute with their employer.

- In 2005, a PricewaterhouseCoopers study found that **83 percent of Indian outsourcing companies surveyed had information security breaches during the previous year.**
- **Though India passed new data privacy laws in 2011, the Indian government specifically carved out outsourcing companies from these regulations** in August 2011.
- **Although India is often the country most associated with foreign call centers, there has been a trend in recent years for American companies to open call centers in other – often less developed – countries such as the Philippines, China, Saudi Arabia, Egypt, Mexico, and the Czech Republic.** With American companies taking advantage of cheaper labor elsewhere, some Indian outsourcing companies have attempted to stay competitive by sub-outsourcing the work – at times without the American company's knowledge – to other countries. The practice of using call centers outside of India and the practice of Indian companies sub-outsourcing work puts the private data of American consumers in the hands of workers in countries that are often less stable than India. This idea is exemplified by the growth of the call center industry in Egypt during the final years of the Mubarak regime. Beginning in 2007, Egyptian officials made an aggressive push to land call center work – mostly through sub-outsourcing. Over the past several years, major American companies such as Microsoft, Oracle and General Motors have used call centers in Egypt. We have not found any evidence that American consumer data was compromised during the months of instability in that nation, but we believe it valid to question whether any security breaches occurred and to point to the overthrow of the Egyptian government as an example of the dangers that could ensue by placing Americans' sensitive data in the hands of workers in volatile parts of the world.
- **As of 2011, the Philippines has surpassed India as the top destination for U.S. off-shored call centers.** Despite this trend, the Philippines lacks relevant legal protections and regulations, including data breach notification and data protection laws.
- **One of the reasons Americans' personal data is at risk in foreign call centers is the relative difficulty in providing background checks on employees.** Many foreign nations do not maintain central criminal databases and do not have standard identifiers such as the U.S. Social Security number. As a result, proper background checks are expensive, with one estimate putting the cost at up to \$1,000 per employee. Considering that one security official estimated up to one-quarter of all applicants to foreign call centers provide false or incorrect information, the costs soar even higher because of the number of applicants that must be disqualified. It is also a challenge dealing with foreign legal systems that are not as sophisticated and do not have similar data breach notification standards.

- **Sending customer data overseas also removes its 4<sup>th</sup> amendment protections, leading to warrantless data collection by federal agencies.** An underappreciated aspect of the off-shoring trend is that when U.S. customers' financial information is sent overseas, it loses the protection of the 4<sup>th</sup> amendment. This means that as long as an individual's data isn't specifically "targeted," the data can be collected and analyzed by U.S. federal agencies without a warrant. This has led to several 2011 lawsuits.
- **American communities have also paid a high price as a result of the call center off-shoring trend.** During the 1990s and 2000s as manufacturing jobs went overseas, many saw call center jobs as a key aspect of our future economy. Desperate to create jobs, many local governments committed millions in taxpayer dollars to fund incentives – such as cash grants, the construction of facilities, property tax abatements, infrastructure construction and loans for employee training – for companies opening facilities in their area. With competition stiff to lure a new call center, many communities did not sign agreements requiring the companies to guarantee a minimum level of jobs or commit to staying for a minimum number of years. As a result, we have identified **numerous examples of companies taking these taxpayer handouts and off-shoring the call centers jobs just a few years later, leaving local taxpayers to pay the bill.**
- Of course, as with all types of job loss, there are **personal stories of workers who lost their jobs to call center off-shoring. In some of the most appalling examples, American call center workers were actually tasked with training their soon-to-be foreign replacements.** Parents have been forced to take menial jobs and sacrifice everything. Though we've had difficulty finding media sources that followed the plight of specific workers who lost their call center jobs to overseas call centers, we have identified a number of individuals harmed by off-shoring and chronicled at least their initial reactions or circumstances.

To create this report, CWA relied on a detailed examination of media coverage and an audit of relevant and related research reports and assessments from a variety of research organizations.

CWA represents 150,000 customer service workers employed in customer contact or call centers. They work at centers in the telephone, internet and wireless industry, airline passenger services, the public sector and the news media industry. These workers provide customer interface and technological support; they respond to billing inquiries and provide sales support; they work with clients seeking information and access to social services; they help travelers plan itineraries and book their travel. The customer service workers are the direct link between customers and the company. On behalf of these union members and all call center workers, CWA has endorsed legislation that will provide incentives for call center operators to keep jobs in the U.S.

## A Series Of Incidents At Overseas Call Centers Have Exposed Security Breaches Putting American Consumers At Risk

### KEY FINDINGS

- ▶ Foreign call center workers stole hundreds-of-thousands from American bank customers
- ▶ Foreign call center workers offered to sell personal consumer data to undercover journalist
- ▶ Foreign call center workers threatened to release Americans' private medical records in employment dispute
- ▶ Study found 83 percent of Indian outsourcing companies surveyed had security breaches
- ▶ Foreign call center workers were caught misleading American bank customers in scheme to bolster sales
- ▶ Foreign call center workers attempted to sell trade secrets to their employer's competitors

### 2005: Indian Call Center Employees Were Caught After Stealing \$426,000 From American Citibank Customers

**Indian Call Center Workers “Coaxed Citibank Account Holders In The United States To Reveal Their” PIN Numbers & “Then Siphoned \$426,000 From Their Accounts.”** The Washington Times reported, “Employees of an outsourced call center in India coaxed Citibank account holders in the United States to reveal their personal identification numbers – and then siphoned \$426,000 from their accounts, Indian police said. In the biggest scandal to hit the Indian outsourcing industry, 16 arrests have been made since April [2005], and more are expected. The case, which began at the MphasiS call center in Pune, 77 miles from Bombay, has raised fears of a backlash in an industry that received revenue of more than \$3.4 billion from the United States in 2004.” [Washington Times, 5/28/05]

- **Victims In New York Were Cajoled “Into Revealing Their Internet Passwords.”** The New York Times reported, “[In 2005], employees in the Pune, India, office of MphasiS were arrested after being accused of defrauding Citibank customers in New York of thousands of dollars, cajoling them into revealing their Internet passwords.” [New York Times, 10/5/06]
- **Call Center Employees “Were Charged With Collecting And Misusing Account Information From The Citibank Customers They Had Dealt With” On The Phone.** According to an Insurance Networking & Data Management article on the MphasiS scandal, the 2005 “security breach involved employees of the business process outsourcing operation of Bangalore-based software and services company MphasiS BFL Group, who were charged with collecting and misusing account information from the Citibank customers they had dealt with as part of their work at the call center in Pune.” [Insurance Networking & Data Management, August 2006]
- **At The Time The Scheme Was Carried Out, The Indian Company Had “The Most Wildly Recognized Security Standard For Information Security Management.”** Insurance Networking & Data Management reported, “According to [MphasiS BFL Group vice chairman Jeroen] Tas, as early as 2002, MphasiS had achieved the BS7799-2 standard across all its locations in India. BS7799 is the most wildly recognized security standard for information security management and is an assurance that the

confidentiality, integrity and availability of vital corporate and customer information are maintained, the company says." [Insurance Networking & Data Management, August 2006]

- **Conspirators “Transferred Large Sums From The Bank Accounts Of Four American Customers” & “Went On A Luxurious” Trip To Thailand, Where They “Kept Transferring More Money.”** The BBC reported, “Police say some of the 17 people currently languishing in jail opened fake accounts, and allegedly transferred large sums from the bank accounts of four American customers of Citibank whose back office work was being done by Mphasis in Pune near Mumbai. [Investigating officer Sanjay] Yadav says they went on a luxurious holiday to Bangkok and kept transferring more money into their fake accounts from the Thai capital.” [BBC, [6/16/05](#)]

## **2006: Employee At Bangalore-Based Call Center Was Arrested After “Siphoning Off \$420,000 From Customer Accounts” At HSBC**

**Indian Call Center Employee Was Arrested After Stealing \$420,000 From Customer Accounts At HSBC.** The Associated Press reported, “[In 2006], an employee at a Bangalore-based outsourcing center of British bank HSBC was arrested on charges that he was involved in siphoning off \$420,000 from customer accounts.” [Associated Press, 9/26/06]

- **The Perpetrator Accessed “Personal, Security And Debit Card Information” And “Passed Them On To Associates Involved In The Fraud.”** The Associated Press reported, “Police in Bangalore, India’s technology hub, have arrested an employee at a data processing center for allegedly siphoning \$420,000 from the accounts of 20 customers of United Kingdom-based bank HSBC... The arrest was made after HSBC Electronic Data Processing India Ltd. which handles the bank’s back-office work from outsourcing centers in India filed a complaint saying one of its employees accessed ‘personal, security and debit card information’ and passed them on to associates involved in the fraud. [...] The HSBC incident was brought to light by customers in Britain who complained that money had been transferred from their accounts between March and May [of 2006] without their knowledge, the Financial Express newspaper reported.” [Associated Press Financial Wire, 6/28/06]
- **Stolen Data Was Used For “Fraudulent Transactions Through ATMs, Debit Cards And Telephone Banking Services.”** The Financial Express reported, “The cyber crime police in Bangalore is hot on the heels of Nadeem Kashmiri, an employee of HSBC Electronic Data Processing Pvt Ltd (HDPL), a captive BPO outfit in Bangalore, for allegedly siphoning off an estimated 2,33,000 pounds (Rs 1.96 crore) from the accounts of 20 HSBC customers in the UK. [...] Kashmiri...accessed personal information, security information and debit card information of some customers and passed them on to ‘co-fraudsters,’ who held fraudulent transactions through ATMs, debit cards and telephone banking services at his behest.” [Financial Express, 6/27/06]
- **The Perpetrator “Joined HSBC Giving False Information About His Education And Work Experience.”** According to the Associated Press, “The report [in the Financial Express newspaper] quoted Puneet Dar, a senior official at HSBC’s outsourcing center, as saying the bank’s internal security team discovered that one of the staff leaked customer data, which led to the fraud. A report in The Hindu Business Line newspaper said the arrested employee had joined HSBC giving false information about his education and work experience.” [Associated Press Financial wire, 6/28/06]

## **2005: Police Launched Probe After Journalist Alleged He Bought Bank Account Details For 1,000 Brits From An Indian Call Center Worker**

**BBC: British Police Investigated Journalist's Claim That He "Bought Personal Details Including Passwords" Of 1,000 British Bank Customers.** The BBC reported, "Police are investigating reports that the bank account details of 1,000 UK customers, held by Indian call centres, were sold to an undercover reporter. The Sun claims one of its journalists bought personal details including passwords, addresses and passport data from a Delhi IT worker for £4.25 each. [...]The Sun alleged the computer expert told the reporter he could sell up to 200,000 account details, obtained from fraudulent call centre workers, each month. Details handed to the reporter had been examined by a security expert who had indicated they were genuine, the paper said. The information passed on could have been used to raid the accounts of victims or to clone credit cards." [BBC, [6/23/05](#)]

### **2005: Indian Call Center Worker Was Arrested In A "Well Thought Through And Very Organised" Fraud Scheme**

**Just Weeks After Massive Scheme Was Uncovered, A Western Indian Call Center Worker Was Arrested "In An Alleged Call-Centre Fraud Case."** The BBC reported, "The arrest...of a man in western India in an alleged call-centre fraud case went unreported. This was despite the high-profile reporting on the case in April [2005] when 16 others were arrested. [...] Police, who are still investigating the case, believe it was well thought through and very organised. Investigating officer Sanjay Yadav says the latest arrest just highlights how well-planned and widespread the fraud was." [BBC, [6/16/05](#)]

### **2003: Pakistani Transcription Subcontractor Threatened To Expose American Patients' Medical Records Over Pay Dispute**

**Pakistani Woman "Threatened To Post Patients' Records On The Internet Unless She Got A Raise."** The Boston Herald reported, "But the outsourcing industry was given a major scare recently when a Pakistani woman who works in Asia and transcribes medical notes about Americans, threatened to post patients' records on the Internet unless she got a raise. [...] The privacy of patients' health records is supposed to be covered by the U.S. Health Information Portability and Accountability Act, which prevents health-care companies from selling information to, for instance, telemarketing firms. A similar law applies to financial information. But [Electronic Privacy Information Center attorney Chris] Hoofnagle and others say companies can legally transfer that information – as opposed to selling it to a third-party – to overseas firms if those companies are providing direct vendor services for U.S. corporations. That was the type of work the Pakistani woman was doing when she used Americans' medical records as a means to try to squeeze a raise out of her employer. She was working for an outsourcing company under contract by the University of California-San Francisco Medical Center." [Boston Herald, 11/30/03]

### **2004: Indian Call Center Workers Tried To Extort An American Company By Threatening To Release Private Medical Information**

**Indian Call Center Workers "Threatened To Release...Patient Health Information" In Extortion Plot.** According to Health Data Management, "Another case [during the fall of 2004] involved Heartland Information Services, a medical transcription company based in Toledo, Ohio, with several offices in India. Two unhappy employees in India allegedly attempted to extort unspecified concessions; if the company didn't deliver, they threatened to release what they called patient health information. According to published reports and a release prepared by Heartland, an e-mail conveying the threat was traced to an Internet cafe in a neighborhood where the two men lived. And though offices in Bangalore had been broken into, Heartland officials contend no patient records were stolen. The suspects were confronted by Indian authorities, admitted to the crime and were scheduled to go on trial." [Health Data Management, February 2005]

## **2004: 83 Percent Of Indian Outsourcing Companies Had Information-Security Breaches**

**PricewaterhouseCoopers Study: “83 Percent Of 150 Indian Companies Surveyed Had Information-Security Breaches In 2004.”** According to the Washington Times, “A PricewaterhouseCoopers study found that 83 percent of 150 Indian [outsourcing] companies surveyed had information-security breaches in 2004.” [Washington Times, 5/28/05]

## **2004: Nearly 100 Indian Call Center Workers Were Caught Misleading U.S. Credit Card Customers With Fake Offers To Bolster Sales**

**After Workers At India’s Largest Call Center Were Accused Of Misleading U.S. Credit Card Company Customers With Unauthorized Offers, Capital One Terminated Its Contract With The Center.** According to Bank Technology News, “In March [2004], Capital One cancelled its telemarketing contract with India’s largest call center, Wipro Spectramind, after an Indian worker was accused of misleading U.S. credit card company customers with unauthorized offers. The offers were uncovered during a routine internal inspection in January [2004]. Nearly 30 Indian employees were fired and another 65 resigned after being accused of offering incentives like free gifts or membership discounts.” [Bank Technology News, May 2004]

- **Indian Call Center “Representatives Were Instructed To Lie By Their Supervisors To Better Bolster Sales Figures.”** According to Competition Forum, “Capital One Financial Services made a decision to move overseas via a third party outsourcing provider. Their call center was located in Mumbai India and for two months a group of 60 call center representatives falsified the benefits of credit cards and outright lied about free gifts and memberships to U.S. customers. These representatives were instructed to lie by their supervisors to better bolster sales figures (Brubaker, 2004). Situations like these leave a sour taste in the mouths of consumers and tarnish the reputation of a service provider.” [Competition Forum, 2010]

## **Associated Press: “Customers’ Private Information” Has Been Sold By Workers At Overseas Call Centers**

**Associated Press: Incidents Have Been Discovered Where “Customers’ Private Information Was Sold” By Employees At Overseas Call Centers.** The Associated Press reported, “[In 2006], outsourcing centers in India process[ed] about 8 percent of U.S. banking transactions, as financial institutions have increasingly shifted back office work and other software-related jobs to India, where wages are low. But there have been concerns about data security...including incidents in which customers’ private information was sold.” [Associated Press, 9/26/06]

## **Indian Call Centers Subcontracted Work Outside Of India, Where Workers Penetrated An “American Company’s Information Database”**

**In An “Unpublicized Data-Theft Case,” A Large American Tech Company’s Information Database Was Penetrated By Subcontractors Of An Indian Call Center In A Third Country.** According to CFO The Magazine for Senior Financial Executives, “Indian Prime Minister Manmohan Singh, apparently stung by the fallout from two highly publicized incidents of data theft, has promised to tighten that country’s data-security laws. But better laws won’t provide the total solution, says Larry Ponemon of the Ponemon Institute, a research and consulting firm that specializes in information security and privacy issues. He points out that U.S. companies that tap overseas firms to handle customer service (and the requisite data) need to understand just how the work will be handled. In an unpublicized data-theft case now under

investigation, a large U.S.-based technology multinational contracted with a call center in India without knowing that that company in turn subcontracted a portion of the work to firms outside India, where employees of the subcontractor apparently managed to penetrate the American company's information database. 'The U.S. company had no knowledge of the sub-outsourcers,' notes Ponemon. He cautions that growing outsourcing industries in Eastern Europe and Latin America have been targeted by criminals seeking access to customer data." [CFO The Magazine for Senior Financial Executives, September 2005]

### **2003: Indian Outsourcing Employee Stole Intellectual Property & Attempted To Sell Trade Secrets To A Foreign Competitor**

#### **Massachusetts-Based Software Maker Prosecuted Programmer At Its Indian Outsourcing Partner Company For Intellectual Property Theft & Scheme To Sell Trade Secrets To Indian Competitors.**

According to Bank Technology News, "In September [2003], SolidWorks Corp., a Concord, MA-based software maker prosecuted a programmer at its Indian outsourcing partner, Geometric Software Solutions Co., after he allegedly stole SolidWorks' intellectual property and tried to sell it to company competitors in India. The FBI helped Indian authorities arrest the employee, who is now awaiting trial." [Bank Technology News, May 2004]

## Indian Call Center Companies Are Using Subcontractors In Developing Countries, Putting Americans' Private Data Further At Risk

### KEY FINDINGS

- ▶ As American companies look to less developed countries for call center off-shoring, Indian call center companies are sub-outsourcing call center work, at times without their American customer's knowledge
- ▶ In the final years of the Mubarak regime, Egypt made a concerted effort to land sub-outsourced work. Major American companies are also going directly to Egypt for call center work
- ▶ Indian call center companies are also sub-outsourcing work to developing countries like Mexico, the Czech Republic, China, Thailand and Saudi Arabia, where data security is threatened by each government's instabilities

**In An Effort "To Beat Back Emerging Rivals, Indian Companies Are Hiring Workers And Opening Offices In Developing Countries."** The New York Times reported, "India is outsourcing outsourcing. One of the constants of the global economy has been companies moving their tasks – and jobs – to India. But rising wages and a stronger currency here, demands for workers who speak languages other than English, and competition from countries looking to emulate India's success as a back office – including China, Morocco and Mexico – are challenging that model. Many executives here acknowledge that outsourcing, having rained most heavily on India, will increasingly sprinkle tasks around the globe. [...] To fight on the shifting terrain, and to beat back emerging rivals, Indian companies are hiring workers and opening offices in developing countries themselves, before their clients do." [New York Times, 9/25/07]

**Outsourcing Consultant: "Indian Vendors Are Learning To Outsource Without Indians."** The New York Times reported, "Some analysts compare the strategy to Japanese penetration of auto manufacturing in the United States in the 1970s. Just as the Japanese learned to make cars in America without Japanese workers, Indian vendors are learning to outsource without Indians, said Dennis McGuire, chairman of TPI, a Texas-based outsourcing consultancy." [New York Times, 9/25/07]

**In An "Unpublicized Data-Theft Case," A Large American Tech Company's Information Database Was Penetrated By Subcontractors Of An Indian Call Center In A Third Country.** According to CFO The Magazine for Senior Financial Executives, "Indian Prime Minister Manmohan Singh, apparently stung by the fallout from two highly publicized incidents of data theft, has promised to tighten that country's data-security laws. But better laws won't provide the total solution, says Larry Ponemon of the Ponemon Institute, a research and consulting firm that specializes in information security and privacy issues. He points out that U.S. companies that tap overseas firms to handle customer service (and the requisite data) need to understand just how the work will be handled. In an unpublicized data-theft case now under investigation, a large U.S.-based technology multinational contracted with a call center in India without knowing that that company in turn subcontracted a portion of the work to firms outside India, where employees of the subcontractor apparently managed to penetrate the American company's information database. 'The U.S. company had no knowledge of the sub-outsourcers,' notes Ponemon. He cautions that growing outsourcing industries in Eastern Europe and Latin America have been targeted by criminals seeking access to customer data." [CFO The Magazine for Senior Financial Executives, September 2005]

**Indian Call Center Companies Outsourced Work From American Companies To Egypt In The Last Years Of The Mubarak Regime**

**In The Final Years Of Hosni Mubarak's Regime, Egypt Made A Concerted Effort To Land Sub-Outsourcing Work From Indian Companies.** In 2007, FinancialWire reported, "Wipro's (NYSE: WIT) decision to establish a center at Egypt, has more to it than just being a strategic endeavor to expand globally. Satyam (NYSE: SAY) too has signed an agreement to establish a support center in the country. The proactive stance of the Egyptian government spurred on these decisions. The government has zeroed in on advantages of its geographic location and its workforce with multi-lingual and IT skills and is now looking to reap the benefits. Riding the Indian Outsourcing Wave an Egyptian delegation recently visited India to promote Egypt as a sub-outsourcing destination. The country is looking to tap the call center and business process outsourcing opportunities that have grown to a phenomenal level in India. Indian outsourcing companies are directing their efforts towards moving up the value chain, establishing global presence and increasing the spectrum of services. Egypt hopes to fill the gap by taking up services which are towards the lower end in the value chain." [FinancialWire, 9/4/07]

- **Egypt Chose "To Dwell On" The "Novel Concept" Of Sub-Outsourcing.** According to FinancialWire, "The idea of sub-outsourcing appears to be a novel concept that Egypt has chosen to dwell on. Hitherto, it was only competition with India that other countries have looked at." [FinancialWire, 9/4/07]
- **Arrangement Allowed India & Egypt To "Work In Tandem," With Egypt Getting "A Directly Entry In To The Big League Of The Indian Outsourcing Industry."** According to FinancialWire, "This is a new opportunity that will allow both countries to work in tandem. While Indian companies rake in the benefits attached to a new destination, without concerns of interference, testing out viability on their own, etc., Egypt gets a direct entry in to the big league of the Indian outsourcing industry." [FinancialWire, 9/4/07]

**Mubarak's Regime "Sent A High-Level Delegation To India To Convince The IT Behemoth To Sub-Outsource Its Outsourcing To Egypt."** Agence France Presse reported, "Egypt has set its sights on grabbing a share of the multi-billion dollar Indian-dominated call centre market and is looking to an unexpected corner for a helping hand – India. As it makes its pitch to the world, touting a multilingual workforce over India's English-speakers, a time zone shared with Europe and proximity to the US, Egypt is marketing its edge over India to India itself. The government has sent a high-level delegation to India to convince the IT behemoth to sub-outsource its outsourcing to Egypt." [Agence France Presse, 8/5/07]

**Indian Industry Giants Sipro & Satyam "Signed Agreements To Set Up Support Centres In Egypt."** Agence France Presse reported, "Several cooperation agreements and memoranda of understanding were signed between [India and Egypt], and Indian industry giants such as Wipro and Satyam have signed agreements to set up support centres in Egypt." [Agence France Presse, 8/5/07]

## **American Companies Are Also Going Directly To Egypt For Call Center Work**

**American Companies Such as Cisco, Microsoft, Oracle & General Motors Had Call Centers In Egypt.** According to FinancialWire, "Showcasing Egypt the Ministry for Communication and Information Technology (MCIT) is working to provide state-of-the-art national telecommunication and improve Egypt's global competitiveness. The government is targeting \$1.1bn of the global outsourcing market by 2010. AT Kearney has ranked Egypt at 12th position in the list of top offshore outsourcing destinations. Some of the other benefits that the country has to offer are a workforce with good IT skills, good telecom facilities and infrastructure comparable to the western countries. Some of the companies that are utilizing services from this country include Cisco, Microsoft, Oracle, Neuf Telecom (France) and General Motors." [FinancialWire, 9/4/07]

**Microsoft, General Motors, Oracle, Vodafone, Ericsson & Alcatel Outsourced Call Center Work To Egypt.** Agence France Presse reported, "Far from the clutter of Cairo, the government has allocated a vast expanse of desert to the highly marketed 'Smart Village,' a gated compound built with state of the art

technological services. The lush techno park already houses industry giants Microsoft, Vodafone, Ericsson and Alcatel among others. [...] At the 16,000-square-metre (170,000-square-foot) space equipped with 'cutting edge fault tolerant IT infrastructure,' 1,200 agents offer customer and technical support to General Motors, Microsoft and Oracle among others, in eight languages including English, French, German and Hebrew." [Agence France Presse, 8/5/07]

**Egypt Was An Attractive Destination For Outsourcing Because It Had "Lower Wages As Compared To The Continuously Rising Indian Wage Rates."** According to FinancialWire, "Egypt also has the advantage of lower wages as compared to the continuously rising Indian wage rates, which have become a cause for concern. The continuing strength of Indian Rupee has reduced profitability as well. [FinancialWire, 9/4/07]

## **Top Indian Outsourcing Companies Are Using Subcontractors In Developing Countries Like China, Saudi Arabia & Thailand**

**Indian Outsourcing Company Infosys – Which Handled Work For Bank Of America & Goldman Sachs – Planned Offices In Mexico, The Czech Republic, Thailand & China.** The New York Times reported, "For its part, Infosys is building a whole archipelago of back offices – in Mexico, the Czech Republic, Thailand and China... The company seeks to become a global matchmaker for outsourcing: any time a company wants work done somewhere else, even just down the street, Infosys wants to get the call. It is a peculiar ambition for a company that symbolizes the flow of tasks from the West to India. Most of Infosys's 75,000 employees are Indians, in India. They account for most of the company's \$3.1 billion in sales in the year that ended March 31 [2007], from work for clients like Bank of America and Goldman Sachs. 'India continues to be the No. 1 location for outsourcing,' S. Gopalakrishnan, the company's chief executive, said in a telephone interview. And yet the company opened a Philippines office in August [2007] and, a month earlier, bought back offices in Thailand and Poland from Royal Philips Electronics, the Dutch company. In each outsourcing hub, local employees work with little help from Indian managers." [New York Times, 9/25/07]

- **Infosys Claimed It Could "Clone Its Indian Back Offices In Other Nations And Groom Chinese, Mexican Or Czech Employees To Be More Productive."** The New York Times reported, "Infosys says its outsourcing experience in India has taught it to carve up a project, apportion each slice to suitable workers, double-check quality and then export a final, reassembled product to clients. The company argues it can clone its Indian back offices in other nations and groom Chinese, Mexican or Czech employees to be more productive than local outsourcing companies could make them. 'We have pioneered this movement of work,' Mr. Gopalakrishnan said. 'These new countries don't have experience and maturity in doing that, and that's what we're taking to these countries.'" [New York Times, 9/25/07]

**Infosys Sub-Outsourced Project For An American Bank To Workers In Mexico.** The New York Times reported, "Though work that bypasses India remains a small part of the Infosys business, it is growing. The company can be highly secretive, but executives agreed to describe some of the new projects on the condition that clients not be identified. In one project, an American bank wanted a computer system to handle a loan program for Hispanic customers. The system had to work in Spanish. It also had to take into account variables particular to Hispanic clients: many, for instance, remit money to families abroad, which can affect their bank balances. The bank thought a Mexican team would have the right language skills and grasp of cultural nuances. But instead of going to a Mexican vendor, or to an American vendor with Mexican operations, the bank retained three dozen engineers at Infosys, which had recently opened shop in Monterrey, Mexico." [New York Times, 9/25/07]

- **New York Times: The "New Outsourcing" Was Exemplified By An American Companies Paying "An Indian Vendor 7,000 Miles Away To Supply It With Mexican" Workers.** The New York Times reported, "Such is the new outsourcing: A company in the United States pays an Indian vendor 7,000

miles away to supply it with Mexican engineers working 150 miles south of the United States border.”  
[New York Times, 9/25/07]

**2007: Indian Outsourcing Company Tata Consultancy Service Had 5,000 Workers In Brazil, Chile And Uruguay & Announced Plans To Open Offices In Mexico.** The New York Times reported, “In May [2007] Tata Consultancy Service... announced a new back office in Guadalajara, Mexico; Tata already has 5,000 workers in Brazil, Chile and Uruguay.” [New York Times, 9/25/07]

**2007: Cognizant Technology Solutions, Which Had “Most Of Its Operations In India,” Opened Offices In China.** The New York Times reported, “Cognizant Technology Solutions, with most of its operations in India, has now opened back offices in Phoenix and Shanghai.” [New York Times, 9/25/07]

**2007: Indian Outsourcing Company Wipro Had “Outsourcing Offices In Canada, China, Portugal, Romania And Saudi Arabia.”** The New York Times reported, “Wipro, another Indian technology services company, has outsourcing offices in Canada, China, Portugal, Romania and Saudi Arabia, among other locations.” [New York Times, 9/25/07]

## American Consumer Data Is Compromised By Foreign Call Centers Because Of Lax Security & Laws

### KEY FINDINGS

- ▶ It's extremely expensive and difficult to conduct proper background checks on foreign call center workers
- ▶ Up to one quarter of all foreign call center applicants provide false or incorrect information
- ▶ Foreign call centers often lack the type of security measures common in the United States
- ▶ Dealing with a variety foreign laws complicates the ability to identify and prosecute fraud
- ▶ Due to off-shoring, U.S. customer data is subject to warrantless federal surveillance

### The Difficulty & Cost Of Conducting Proper Background Checks In Foreign Nations Threatens American Consumers

**The Ability To Run Background Checks On Indian Call Center Workers Was Complicated Because “No Central Criminal Databases Exist And Credit Agencies Remain Relatively New.”** According to US Banker, “NASSCOM, the industry trade group [representing Indian call centers], has heard more complaints from outsourcers than anyone... For example, background checks of personnel remains a nagging concern. No central criminal databases exist and credit agencies remain relatively new, so any background checks must be done in person, which is often invasive. ‘Sometimes they’ll just ride around the [potential employee’s] neighborhood and talk to the constable,’ says [C. Steven] Crosby, [senior managing director of PricewaterhouseCoopers]. ‘None of this stuff is documented.’” [US Banker, December 2006]

**While “Background Checks Can Cost Between \$30 And \$1,000 Per Employee” Abroad, Similar Background Checks In U.S. Cost “\$100 Or Less,” Given “The Difficulty In Obtaining Information In Many Countries.”** According to InformationWeek, “Depending on the difficulty of obtaining information in a particular country and the degree of thoroughness an employer requests, background checks can cost between \$30 and \$1,000 per employee. That compares with \$100 or less for similar background check in the United States, largely because of the difficulty in obtaining information in many countries.” [InformationWeek, 7/18/05]

**The “Lack Of A Standard Identifier Like The U.S. Social Security Number” Significantly “Complicates” The Ability Of Companies To Perform Background Checks On Overseas Call Center Workers.** Information Week reported, ““The lack of a standard identifier like the U.S. Social Security number also complicates matters overseas. India has a PAN number – basically a tax identification number – but only issues such a number to workers, making them useless for checking recent graduates or people with spotty work records. China has an identifier of sorts, ‘but it doesn’t get you much,’ [director of marketing and strategic development at Hill & Associates Charles] Champagne says. Hong Kong has ID card numbers, but they’re held in strict confidence. And some countries dictate to an employer how long they can store an employee’s background check, how it is transferred to the United States, and how it’s used.” [InformationWeek, 7/18/05]

**Security Official: Verifying A Call Center Applicant’s Criminal Background Was “The Most Challenging Task” Because “There’s No Standardised Process Of Data Storage In Police Stations.”** The BBC reported, “But verifying an applicant's criminal background remains the most challenging task for companies such as

Mr Bhura's [that perform background checks on call center applicants] and he admits it: 'It's a grey area: there's no central data of criminals, there's no standardised process of data storage in police stations. It's a continuous challenge.'" [BBC, [6/16/05](#)]

**Security Official: "10-25% Of Applicants To Call Centres Provide False And Incorrect Information."**

The BBC reported, "Yogesh Bhura, whose company" was responsible for "background screening of new employees" at one Indian call center company revealed "that 10-25% of applicants to call centres provide false and incorrect information. 'Fake degrees and documents are a major concern of our clients,' he says." [BBC, [6/16/05](#)]

## Foreign Call Centers Lack Necessary Security

**New York State Department Of Labor: "Data Security Concerns Are Of Critical Concern" At Off-Shore Call Centers Because Of Deficiencies In "Other Nations' Legal Systems."** In a September 2010 report on the off-shoring of technical jobs, the New York State Department of Labor and Empire State Development found, "Data security issues are of critical concern, especially in medical and financial fields. Other nations' legal systems (especially in developing countries such as India) require reform to match that of the U.S., with respect to privacy and computer security." [New York State Department of Labor, [September 2010](#)]

**Survey Found Nearly Half Of Indian Call Centers "Did Not Have A Certified Information-Security Personnel On Staff."** The Washington Times reported, "A [National Association of Software and Services Companies] survey on information security, done jointly with Evalueserve, noted that almost 50 percent of the technology and business outsourcing companies studied did not have certified information-security personnel on staff." NASSCOM, as the organization is known, represents Indian call centers. [Washington Times, 5/28/05]

**PricewaterhouseCoopers Executive Cautioned That Many Firms Engaged In Data Outsourcing Have Not "Adopted The Best Practices Of Intense Scrutiny Of All Who Enter And Exit A Center."** According to US Banker, "But security at outsourcing centers remains uneven, says [PricewaterhouseCoopers executive C. Steven] Crosby, who notes that firms haven't all adopted the best practices of intense scrutiny of all who enter and exit a center. Therefore, he suggests banks ask their outsourcers: Do you know where our data is right now? 'People just need to understand the risk they might be exposing their information to,' he says. 'It's unclear if India is fully grappling with this issue.'" [US Banker, December 2006]

**2005: 80% Of Foreign Call Center Companies Didn't "Use Integrated Security Management Tools."** The BBC reported, "According to industry estimates, 80% of BPO [business process outsourcing] companies don't use integrated security management tools." [BBC, [6/16/05](#)]

**2005: "To Its Horror," A Security Management Company Found "The Digital IDs Of...Former Employees Still Existed" At Indian Call Centers, Allowing For Potential Misuse.** The BBC reported, "[Security management company] Ilantus surveyed seven call centres in Bangalore and to its horror found that the digital IDs of the former employees still existed, which potentially can be misused." [BBC, [6/16/05](#)]

## Data Security Experts Highlighted The Dangers Of Overseas Call Centers

**Experts Argued That Sending Investment Banking & Accounting Work Made Americans' Personal Bank Accounts "Increasingly Susceptible To Theft And Fraud."** According to the Christian Science Monitor, "But as more accounting and investment banking is being sent overseas, the result is that Americans' personal bank accounts are increasingly susceptible to theft and fraud, some experts say." [Christian Science Monitor, 1/6/06]

**Internet Security Company Executive Called Off-Shoring “Access To Sensitive Data” “An Incredibly Risky Proposition.”** According to the Christian Science Monitor, “If you think about the scenario, you have the lowest-paid contractors furthest away from the main office all with access to sensitive data,’ says Paul Bilden, vice president at Covelight, an Internet security company in Cary, N.C. ‘It’s an incredibly risky proposition.” [Christian Science Monitor, 1/6/06]

## **Dealing With Foreign Laws Makes It Difficult To Apprehend Those Responsible For Security Crimes At Foreign Call Centers**

**Washington Times: “Companies Have To Put Faith In Foreign Laws And Police To Catch And Punish Criminals.”** The Washington Times reported, “With global outsourcing contracts totaling \$163 billion in 2004...companies have to put faith in foreign laws and police to catch and punish criminals.” [Washington Times, 5/28/05]

**The “Lack Of A U.S.-India Treaty That Requires Judgments Rendered In U.S. Courts To Be Valid In India” Was A Key Problem For Data Security.** According to US Banker, “Already, U.S. financial firms compel Indian outsourcers to comply with U.S. laws in the handling of consumer data, and specifically name the U.S. as the jurisdiction and venue for dispute adjudication. However, one key problem is the lack of a U.S.-India treaty that requires judgments rendered in U.S. courts to be valid in India, and such judgments often need to be submitted to Indian courts. Many banks have been protected by arbitration clauses, which require disagreements to be resolved before even hitting the courts.” [US Banker, December 2006]

### **Relevant Nations Overseas Often Lack Sufficient Notification Laws Regarding Data Breaches.**

Overseas call centers are often not subject to data breach reporting laws, meaning that it is difficult to evaluate their security. For example, a 2009 survey of Data Breach notification laws throughout the world by Alana Maurushat of the University of New South Wales found that India’s data breach notification laws lack specific definitions of “personal data” and many of the rules governing reporting of data breaches. [Alana Maurushat, <http://law.bepress.com/cgi/viewcontent.cgi?article=1153&context=unswwps>].

As Philip Alexander, an information officer at a major financial institution, noted in 2007 on TechTarget, “Simply put, there just isn’t too much risk in committing data theft in many overseas countries, particularly if the victims are foreigners, (in this context, that would be you and me).” [[Philip Alexander](#), 2007].

**While India has taken some steps to improve its data privacy laws, the Indian government specifically carved out outsourcing companies from these regulations.** On April 11, 2011 India adopted new rules governing data privacy called the *Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011* [See [PC World](#) recap]. Yet as the [Times of India reported](#) in August 2011, “After the angst expressed by the \$14-billion Indian BPO industry over the new data protection rules this year, the government has finally relented. It has clarified that the new rules won’t apply to outsourcing providers located in India” [Times of India, August 26, 2011].

**As of 2011, the Philippines has surpassed India as top destination for U.S. off-shored call centers – yet has a lack of legal protections to guard against data breaches.** According to the [New York Times](#), “More Filipinos — about 400,000 — than Indians now spend their nights talking to mostly American consumers, industry officials said, as companies like AT&T, JPMorgan Chase and Expedia have hired call centers here, or built their own. The jobs have come from the United States, Europe and, to some extent, India as outsourcers followed their clients to the Philippines. India, where offshore call centers first took off in a big way, fields as many as 350,000 call center agents, according to some industry estimates. The Philippines, which has a population one-tenth as big as India’s, overtook India this year, according to Jojo Uligan, executive director of the Contact Center Association of the Philippines.” [New York Times, 11/26/11].

Unfortunately, the Philippines currently has no law governing data protection or breach notification. A law is under consideration currently in the legislature that would make the Philippines compliant with OECD standards [[Inside Privacy](#), 3/14/11].

## **Due to Off-Shoring, U.S. Customer Data Subject to Warrantless Federal Surveillance**

**Warrantless Data Collection by US Government at Offshore Call Centers.** Another underappreciated aspect of the off-shoring trend is that when U.S. customers' financial information is sent overseas, it loses the protection of the 4<sup>th</sup> amendment. This means that as long as an individual's data isn't specifically "targeted," the data can be collected and analyzed by U.S. federal agencies without a warrant.

In June of 2011, a federal class action lawsuit was brought against American Express charging that "American Express routes customers' calls to foreign call centers without their permission or knowledge, subjecting them to intrusive, warrantless snooping by the U.S. government." [[Courthouse News](#), June 2011]. In August of 2011, a similar class action lawsuit was brought against Bank of America, claiming violations of the federal Right to Financial Privacy Act and other local consumer protection laws. The suit seeks \$100 per class member for "each electronic transfer for data overseas, along with other damages, including treble damages" [Fulton County Daily Report, August 16, 2011].

# Sending Call Center Jobs Overseas Has Devastated American Communities & Families

## KEY FINDINGS

- ▶ Companies have taken millions in incentives from local taxpayers to open call centers in the U.S., only to off-shore their operations a short time later and leave local communities devastated and still paying the bill
- ▶ Individuals and families have been destroyed by companies off-shoring their call center operations

## **Companies Closed U.S. Call Centers Built With Millions In Incentives From Local Taxpayers, Threatening Local Communities**

### **Small Oregon Town Resorted To “Publicly Begging” A Company “For Mercy” After It Announced It Would Close Its Call Center There**

**1998: Milton-Freewater, OR, Took Out A \$2.2 Million Loan To Provide Sykes Enterprises With “A Multimillion-Dollar Incentive Package” To Open A Call Center In The City.** The St. Petersburg Times reported, “Like many agricultural and mining communities desperate for even low-paying jobs, Milton-Freewater and state officials took a risk in 1998 and signed a multimillion-dollar incentive pact with Sykes, which handles technical and support calls for clients. Land, roads and utilities were only part of the package. Strapped for cash, town officials took out a 20-year, \$2.2-million loan from Baker-Boyer National Bank of nearby Walla Walla, Wash., and gave the money to Sykes. The city would gradually pay off the loan with property taxes; Sykes would become its biggest employer and taxpayer.” [St. Petersburg Times, 3/27/04]

**2004: Sykes Enterprises – Milton-Freewater’s Top Employer & Taxpayer – Shocked The City By Announcing It “Would Close Its Facility There And Lay Off All 264 Workers.”** The Seattle Post-Intelligencer reported, “Officials in Milton-Freewater, where Sykes was both the top employer and taxpayer, also knew about the closures elsewhere. But Deputy City Manager Linda Hall said the town felt secure. The March [2004] announcement that Sykes would close its facility there and lay off all 264 workers came as a shock.” [Seattle Post-Intelligencer, 8/23/04]

- **Sykes Moved A Total Of 1,200 Oregon Call Center Jobs To Asia.** The Sunday Oregonian reported, “Sykes Enterprises...shipped 1,200 call-center jobs from Klamath Falls and Milton-Freewater offshore to Asia.” [Sunday Oregonian, 9/19/04]
- **Still Owing The Bank \$2.6 Million Borrowed To Finance Incentives For Sykes, The City Begged The Company “For Mercy,” Asking It To Donate The Facility & Land Back To The Town.** The St. Petersburg Times reported, “Sykes Enterprises...announced plans to close call centers in 10 small U.S. towns amid a rapid overseas expansion. One of those communities, a town in the mountains of northeastern Oregon, is publicly begging the Tampa company for mercy. ‘You asked us to dig deep into our pockets to provide Sykes with generous incentives to entice you,’ said Delphine Palmer, city manager of Milton-Freewater, Ore., in a March 9 [2004] letter. ‘I am asking you personally to (help) our small rural American city cope with this major loss.’ Palmer’s request: that Sykes donate its 42,000-square-foot building and land parcel back to the town. In January [2004], Sykes sold its only other Oregon call center, in Klamath Falls, for \$4-million.” [St. Petersburg Times, 3/27/04]

- **Sykes Enterprises “Refused” The City’s Plea, Saying It “Never Guaranteed Milton-Freewater A Particular Number Of Jobs, Wage Level Or Length Of Stay.”** The Seattle Post-Intelligencer reported, “City Manager Delphine Palmer said the community deserved to get the building and land free of charge because of incentives it offered the company in 1998. Among other goodies, the city took out a 20-year, \$2.2 million loan from a local bank and gave the cash to Sykes. Sykes refused. After all, [company spokesman Jeff] Tucker said, the company never guaranteed Milton-Freewater a particular number of jobs, wage level or length of stay.” [Seattle Post-Intelligencer, 8/23/04]

## **Four Years After A Florida County Gave Millions In Incentives To Lure A Call Center, The Company Bolted To Asia & Laid Off Nearly 200**

**2000: Putnam County Made An Unprecedented Public Commitment To Entice Sykes Enterprises To Open A Call Center In Palatka, FL, Including A \$3 Million Cash Grant.** The St. Petersburg Times reported, “Putnam County has never spent more money to recruit a business than it did for Sykes. Incentives included a \$3-million cash grant taken from county reserves, a five-year break from local property taxes and a 22-acre site. Sykes also reportedly received incentives from the state government. Its company-owned building sits alone in the county’s new business park. County Commissioner Linda Myers was among those who voted ‘yeah’ on the Sykes incentives in 2000.” [St. Petersburg Times, 7/10/04]

**2004: Sykes Laid Off Nearly 200 Workers & Closed Its Palatka Call Center As The Company Continued Its “Furious Expansion Overseas.”** The St. Petersburg Times reported, “Nearly 200 workers in Palatka will be laid off in September and October [2004] as the Tampa company continues a drastic scaling back of its U.S. operations and a furious expansion overseas. Sykes handles customer service calls for clients such as American Express and Microsoft Corp. via a global network of call centers. Built just four years [prior] with a combination of company and taxpayer dollars, the Putnam County facility is the eighth Sykes closure announced in 2004.” [St. Petersburg Times, 7/10/04]

## **Travelocity Off-Shored Its Call Center In Southwest Virginia Despite A Nearly \$2 Million Taxpayer Investment**

**Travelocity Announced It Was “Closing A Call Center With About 250 Jobs In Dickenson County In Southwest Virginia” And Sending “Most Of The Business To India.”** According to the Richmond Times Dispatch, “Travelocity, which provides airfares and travel services over the Internet, recently announced it is closing a call center with about 250 jobs in Dickenson County in Southwest Virginia later this year and sending most of the business to India. It estimated it could save \$10 million from the move.” [Richmond Times Dispatch, 3/23/04]

- **Local Economic Development Officials Gave Travelocity A \$250,000 Loan & Used \$1.6 Million In Government Funding For A Day-Care Center.** According to the Los Angeles Times, “Local development officials were so happy to land Travelocity that they loaned the company \$250,000 for employee training. They also rounded up \$1.6 million in government funding to build a day-care center. The goal: keeping the employees – and therefore Travelocity – happy. A few years later, the company’s promises are remembered with weariness and the money with regret.” [Los Angeles, Times, 3/28/04]

## **American Families & Communities Have Been Devastated By The Off-Shoring Of Call Centers**

**Travelocity Announced It Was “Closing A Call Center With About 250 Jobs In Dickenson County In Southwest Virginia” And Sending “Most Of The Business To India.”** According to the Richmond Times Dispatch, “Travelocity, which provides airfares and travel services over the Internet, recently announced it is

closing a call center with about 250 jobs in Dickenson County in Southwest Virginia later this year and sending most of the business to India. It estimated it could save \$10 million from the move.” [Richmond Times Dispatch, 3/23/04]

- **Travelocity’s Decision To Close Its Clintwood Call Center Threatened The Town “With Collapse.”** According to the Los Angeles Times, “The Travelocity call center brought 250 jobs to a community wounded by the decline of coal mining, its mainstay for a century. It plugged the town’s 1,500 residents into the global high-tech economy, offering the prospect of a secure future. That illusion crumbled [in February 2004] when Travelocity fired Clintwood, saying it would close the call center by year-end and move all the jobs to India. The Internet, far from being the town’s salvation, is threatening it with collapse.” [Los Angeles Times, 3/28/04]
- **29-Year-Old Former Travelocity Call Center Worker Greg Owens: “I Figured It Would Be Here Forever, Like Wal-Mart. Most Of Us Are Just Praying For Something Else To Come In.”** According to the Los Angeles Times, “Opened fewer than three years ago, the center is the largest private employer in the county. ‘I figured it would be here forever, like Wal-Mart,’ said Greg Owens, 29, who joined Travelocity after being laid off from a job at a private school in northern Virginia. ‘Most of us are just praying for something else to come in.’ The closing of the call center in Clintwood and two others in nearby towns demonstrates American companies’ increasing efforts to outsource jobs to India, the Philippines, Russia, Malaysia and other far-flung places.” [Los Angeles Times, 3/28/04]
- **Responding To The Call Center Closure, Local College Professor Lewis Loflin Predicted “The Working Class Will Simply Be Ruined” If Trade Inequities Are Not Addressed.** According to the Los Angeles Times, “More than a quarter of the 2.25 million call-center jobs in the U.S. are expected to go offshore. The towns are painfully learning that they need to develop jobs, companies and resources that can’t be easily relocated. But that isn’t a simple mission for low-wage, low-skilled workforces like those in Appalachia. Like much of rural America, the area has seen a brain drain for decades. Some critics see no hope. ‘Unless we can reverse some of these trade inequalities, the working class will simply be ruined. They’ll flip burgers, go on welfare or sell drugs,’ said Lewis Loflin, an adjunct professor at Virginia Highlands Community College in nearby Abingdon who runs a website criticizing the region’s failed efforts at economic development.” [Los Angeles Times, 3/28/04]
- **College Student Amanda Rose Left Another Job To Take A Position At The Travelocity Call Center Just Days Before The Closure Was Announced.** According to the Los Angeles Times, “Amanda Rose, a 19-year-old college student, left a clothing store for Travelocity. But before she could start, the Internet company announced the shutdown. Her old job already had been filled. ‘I had a pretty good job, then here comes this great job, and two days later I have nothing,’ Rose said. ‘It’s hard to find a job in Dickenson County. It’s so hard. There aren’t any opportunities for younger people.’” [Los Angeles Times, 3/28/04]
- **Travelocity’s Move Overseas Prompted Concerns That More Young People Would Leave The Area, “Further Eroding The Fabric Of The Community.”** According to the Los Angeles Times, “The disappearance of Travelocity will send more young people like [college student Amanda] Rose to such cities as Knoxville, Tenn., and Roanoke, Va., further eroding the fabric of the community.” [Los Angeles Times, 3/28/04]
- **Commenting On The Closure Of The Travelocity Call Center, Retired English Teacher Bill Deel Said The Area Was “Becoming More And More Third World.”** According to the Los Angeles Times, “‘We’re becoming more and more Third World here,’ said Bill Deel, a retired English teacher. ‘The best and the brightest leave.’” [Los Angeles Times, 3/28/04]

- **Off-Shoring Was Hurting Clintwood So Badly That Residents Joked That The Only Secure Jobs Were At The New State Prison, Because “They’re Not Going To Be Shipping The Convicts To India Anytime Soon.”** According to the Los Angeles Times, “The joke among the town’s citizens is that the only secure jobs are at the new state prison, because they’re not going to be shipping the convicts to India anytime soon.” [Los Angeles Times, 3/28/04]
- **Former Call Center Worker: “An Hour Of Indian Labor: \$1.50. Roaming Gnome: \$80 Million. Costing 250 Employees Their Jobs: PRICELESS.”** According to the Los Angeles Times, “Some workers at the call center don’t understand how the company can afford the ‘roaming gnome’ [advertisement] but not them. One created a computer screen-saver that parodies a popular MasterCard ad: ‘An hour of Indian labor: \$1.50. Roaming gnome: \$80 million. Costing 250 employees their jobs: PRICELESS.’” [Los Angeles Times, 3/28/04]
- **Former Travelocity Agent Charlie Dotson Said He Would Resort To Working In The Coal Mines, Even Though It “Killed His Uncle In An Accident” & “Gave Both His Grandfathers Black Lung Disease.”** According to the Los Angeles Times, “In the short term, Travelocity agent Charlie Dotson knows what he’ll probably have to do – the job that killed his uncle in an accident and that gave both his grandfathers black lung disease. It’s something he has tried to avoid, but now he’s 30, with two children and too few options. ‘I’ll go work in the mines,’ Dotson said. ‘It’s the only job here where you can make a decent living.’” [Los Angeles Times, 3/28/04]

**Omaha Man Who Lost His Call Center Job Applied For A Spot “In Clinical Research Trials...Testing New Drugs” To Keep “Himself, His Wife And 3-Year-Old Daughter Afloat.”** The Associated Press reported, “When Ricardo Vega lost his job at a call center... his focus remained on keeping himself, his wife and 3-year-old daughter afloat. ‘I was trying to find anything I could just to get an income source,’ the Omaha man said. For Vega, 25, that meant taking a job that doesn’t rely on his work experience or skills, but rather his good health and availability. Vega is among a growing group applying and in some cases competing for spots in clinical research trials that pay participants sometimes upward of thousands of dollars in exchange for a few weekends or more committed to testing new drugs. At a time when unemployment levels nationwide have reached a 15-year high, research centers and those familiar with the industry say interest is up among those wanting to participate in studies testing everything from pain medication to cancer drugs.” [Associated Press State & Local Wire, 1/4/09]

**The 2011 Closure Of A Call Center In Virginia’s Henry County Resulted In 631 Layoffs, Worsening “A Chronic Problem Of Double-Digit Unemployment In The Region.”** According to the Roanoke Times, “A Henry County call center will terminate all 631 employees and shut down [during the summer of 2011] after seven years of taking calls for telecommunications companies. StarTek Inc., citing a change in a major client’s needs, announced the closure to employees and local officials...with a promise to help displaced workers find new employment. The announcement, which takes effect July 22 [2011], worsens a chronic problem of double-digit unemployment in the region.” [Roanoke Times, 5/24/11]

- **Local Community: Laid Off Workers Were Sent To The Philippines To Train Their Eventual Replacements.** According to the Roanoke Times, “It’s been one step forward, one step back. Mary Martin is a community activist in Southside. She also manages a small tobacco store. She said several StarTek employees stopped in the store [following announcement of the call center closure]. ‘They were very upset,’ Martin said. ‘They knew that when StarTek built that new facility in the Philippines that this was coming. Some of the people from the Collinsville office went over there and did some training. I told them they were training someone else to take their job.’” [Roanoke Times, 5/24/11]

**Call Center Worker Tim Smith “Fell Off The Corporate Ladder” When “EarthLink Shipped Smith’s Job And 1,300 Jobs Held By His Colleagues Overseas.”** The Patriot News reported, “In six years, Tim Smith rose from a call center employee to project manager at Mindspring and its successor, EarthLink Inc., the

nation's third-largest Internet service provider. But he fell off the corporate ladder [in March 2004] when EarthLink shipped Smith's job and 1,300 jobs held by his colleagues overseas." [Patriot News, 4/1/04]

- **Smith Was "Upset With The Federal Government For Not Taking Steps To Protect American Workers."** The Patriot News reported, "Smith, one of 400 Harrisburg-area residents laid off by EarthLink, isn't angry with the company, which has said it needed to 'outsource' in order to remain competitive. Instead, he's upset with the federal government for not taking steps to protect American workers." [Patriot News, 4/1/04]

**Virginia Food Stamp Recipients Were Forced To Talk With Call Center Workers In India When Seeking Answers About The Program.** According to the Richmond Times Dispatch, "When food-stamp recipients in Virginia have a question about the program, they get answers from someone in India. J.P. Morgan Chase & Co., a giant bank-holding company that administers a key part of the program for the social-services departments in Virginia and 37 other states, has outsourced its call center to the Asian nation. Maurice Jones, commissioner of the Virginia Department of Social Services, estimates that six or seven jobs could be created in Virginia to handle the 10,000 calls a month that are now made to India by Virginia's 195,000 food-stamp recipients." [Richmond Times Dispatch, 3/23/04]

- **State Social Service Commissioner Maurice Jones Recognized "The Irony That Someone In Virginia Might Be Receiving Food Stamps Because He Lost A Job Through Outsourcing."** According to the Richmond Times Dispatch, "[Commissioner of the Virginia Department of Social Services Maurice] Jones said he recognizes the irony that someone in Virginia might be receiving food stamps because he lost a job through outsourcing. 'In an ideal world, I wish we could have a call center in Virginia staffed by present or former food-stamp clients,' he said." [Richmond Times Dispatch, 3/23/04]

**From 2004 To 2009, Washington's Yakima County Saw A 29% Drop In Administrative Support Jobs, The "Lion's Share" Of Which Were Call Center Jobs.** The Yakima Herald-Republic reported, "Jessica Garehime has spent most of the past seven years working at call centers. The 31-year-old Yakima resident liked dealing with customers over the phone rather than face-to-face. 'I've got great computer skills,' she said. 'I've got that happy voice.' But out of the three Yakima call centers she's worked at, only one – Costco, where she currently works – is still around. In the past few years, the call center and back-office industry, once seen as a key economic generator for the hundreds of jobs it brought to the Yakima Valley, has dwindled amid layoffs and closures, including the April 12 [2011] closure of the Whirlpool call center in downtown Yakima, leaving 160 people jobless. In 2009, Yakima County had an annual average of 1,487 jobs in the administrative and support-service sector, well below the 2,009 jobs the county had in 2007 and the 2,093 jobs in 2004, according to the latest data available from the state Employment Security Department. A lion's share of the loss was from the call center and back-office industry, said Don Meseck, regional economist for state Employment Security." [Yakima Herald-Republic, 4/25/11]

- **Call Center Jobs Were Seen As "Economic Revivers" In The Early 2000s, But Companies Using "Cheaper Off-Shore Facilities" "Dashed" That Potential.** The Yakima Herald-Republic reported, "It's a contrast from the early 2000s, when business and community leaders saw call centers and back-office firms as major economic revivers for the double-digit percentage unemployment rates facing the county. [...] That potential was dashed when ClientLogic shut down in April 2004 and left more than 300 people jobless. The closure came after its top customer, Earthlink, opted to hire call center companies with cheaper off-shore facilities." [Yakima Herald-Republic, 4/25/11]

**Kansas City Star Told The Story Of A Missouri Family Facing Foreclosure After The Father – A Former Call Center Manager Who Lost His Job – Couldn't Find Good Work With Facilities Being Off-Shored.** The Kansas City Star reported, "As they stoically watch the calendar count down to the January day their home will be foreclosed, a mother and father surmise about what went wrong. 'I often wonder, "Where have I failed,"' said John Eller, a father to eight children. He's seated in the family room of the tidy home on the

edge of a Lee's Summit cul-de-sac, waiting to report to the job that pays a fraction of the corporate salary he once earned. [...] He has a business degree and was once a senior-level director at Sprint. But about seven years ago he became part of Sprint's shedding of workers. His expertise was managing call centers, work that was outsourced. [...] For a time he worked as a baker at a grocery. The 5 a.m. to 1 p.m. shift left plenty of time to send out resumes. But mostly, all he heard from prospective employers was 'We're going in a different direction.' [...] They've learned the 'humbling' of food stamps and having the children's Christmas provided by their church." [Kansas City Star, 1/8/09]

**Laid-Off Florida Call Center Employee: "I Got Outsourced."** The South Florida Business Journal reported, "The number of jobs Office Depot will actually create with its new headquarters is growing less clear, but Tom Friedman already knows firsthand about job cuts. When the 65-year-old showed up to work on the morning of Sept. 14 [2006], Office Depot maintenance crews were setting up chairs in the lobby for some sort of meeting. Three hours later, the Office Depot salesman learned the chairs were for him and the other 250 call center workers who managed business accounts. They were all out of a job as of Nov. 17 [2006]. 'I got outsourced,' said Friedman, a Boca Raton resident whose job function was managing accounts in Tennessee and western North Carolina." [South Florida Business Journal, 12/25/06]

- **Several Of The 250 Laid-Off Call Center Workers Sued Office Depot, Alleging They Were "Shorted On Overtime Pay."** The South Florida Business Journal reported, "Office Depot slashed the 250 call center jobs as it sought to collect \$15.2 million in state and county incentives to retain 1,750 corporate jobs and create 430 new ones at a \$210 million corporate headquarters now under construction along Military Trail in Boca Raton. 'I think it's disgraceful,' [Friedman] said. Friedman and two other employees filed a lawsuit against Office Depot in October, claiming they were shorted on overtime pay. Office Depot declined to comment on the pending suit." [South Florida Business Journal, 12/25/06]

**Middle-Aged Pennsylvania Woman With Three Children Was Forced To Go Back To School & Pursue A New Career Several Years After Her Call Center Job Was Outsourced.** The Pittsburgh Tribune Review reported, "Kelly Hall has been through this before. In 2005, she lost her job as a baggage call center representative at Pittsburgh International Airport when US Airways outsourced her job. Now her term as an elected union representative is about to expire, leaving her jobless once again. Her solution: Quit the airline industry altogether, go back to school, get her teaching credential and start a new career – at age 47. 'It's scary,' said Hall, a mother of three who lives in Stowe. 'Is it a good time for anybody (to lose their job)? No. Not with the economy and with Christmas coming. But I don't have a choice in this.'" [Pittsburgh Tribune Review, 11/7/08]