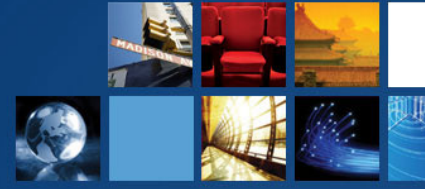




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LAW BLOG



U.S. Employee Files Lawsuit Against Infosys Claiming the Indian Outsourcing Giant Is Committing Fraud by Using Incorrect Visas

March 1, 2011 3:48 PM | *Posted by Akiba Stern, Ken Adler and Steve Semerdjian*

A U.S. employee of [Infosys Technologies](#), one of India's largest IT outsourcing providers, has filed a lawsuit against the company, claiming that Infosys has been circumventing [U.S. visa laws](#) to send Indian individuals to work in the U.S. for its clients.

According to the complaint, Infosys employs over 15,000 foreign nationals in the U.S. and is therefore heavily dependent on [H-1B visas](#) which allow skilled individuals to work in the U.S. on a full-time basis. The plaintiff, Jack "Jay" Palmer, claims that after the U.S. restricted the availability of H-1B visas, Infosys began to send unskilled workers to work full-time in the U.S. using [B-1 visas](#). Individuals entering the U.S. on a B-1 visa are prohibited from working full-time in the U.S. Palmer also claims that Infosys failed to withhold federal or state income taxes from its employees working in the U.S.

As we [noted earlier](#), the U.S. recently doubled the fees for obtaining H-1B visas, making it more expensive for outsourcing providers outside the U.S. to obtain visas to send workers to the U.S.

Lessons Learned / Practice Tips

Regardless of the merits of this case, this lawsuit highlights the importance of companies including the following provisions when negotiating or renewing an outsourcing agreement:

- Requiring the service provider to comply with applicable laws;
- Requiring the service provider to comply with the customer's code of conduct;
- Having and exercising sufficient audit rights to incentivize proper service provider behavior and to confirm that service provider personnel are being charged properly; and
- Limiting turnover on the customer account.

A copy of the complaint in *Palmer v. Infosys Technologies Limited Inc.* is available [here](#).

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