



## LiUNA Mid-Atlantic Regional Organizing Coalition

### Lone Star Funds- Investor Advisory

#### Summary:

In November 2021, the Lone Star Funds acquired the Westfields Marriott Washington Dulles Airport hotel located at 14750 Conference Center Drive, Chantilly, VA 20151.<sup>1</sup> It is unclear which Lone Star fund owns the hotel, however outside data providers report the hotel may sit in Lone Star Real Estate Fund V.<sup>2</sup>

#### The Problem:

Approximately 30-35 construction laborers, and potentially more, are owed thousands of dollars of unpaid wages for their work at the hotel during an ongoing renovation. Lone Star's hiring of irresponsible contractors has subjected many of the workers to severe financial hardship, threats, and intimidation.

#### The Solution:

Lone Star Fund Investors should demand Lone Star:

- 1) Insist its contractors to pay all wages owed,
- 2) Allow workers to have access to a union representative to assist them & monitor the payment of such back wages.
- 3) Address their immediate financial hardship by setting up a hardship fund in an amount no less \$250,000 to get workers recently owed pay immediately.<sup>3</sup>

#### The Players:

Lone Star Funds	Owner
Axis Hospitality Construction	General Contractor
Upland Hospitality Group, LLC	Subcontractor
Vargas Demo & Painting, LLC	Subcontractor/Labor Broker

<sup>1</sup> <https://www.businesswire.com/news/home/20211103006131/en/Lone-Star-Funds-Affiliate-Acquires-Five-Hotels-From-Host>

<sup>2</sup> Preqin Report Retrieved July 12, 2023.

<sup>3</sup> Due to the lack of pay stubs, this is a rough estimate based on a 60 hour workweek and \$20/hour average base wage. For the workers who have not been paid for the last three weeks this would equal (\$800 base weekly salary + \$600 in overtime) x 35 workers x 3 weeks= equal \$147,000. just for the back pay for three weeks. For workers that have not received overtime after 40 hours for the duration of the project, it is estimated at a minimum \$100,000 should be offered for compensation however the true amount owed to workers may be much higher.

**Unpaid Wages-History**

On January 3, 2023, immigrant workers arrived in Virginia, primarily coming from Honduras and Venezuela, to begin demolition and remodeling work at the Marriott Hotel at 14750 Conference Center Drive, Chantilly, VA 20151 near Dulles International Airport. The workers, totaling approximately 30-35, were and remain housed by the company in a Motel 6 in Falls Church, VA (6652 Arlington Boulevard, Falls Church, VA 22042). The workers were hired by a subcontractor to complete the job: Upland Hospitality Group, LLC. Upland, in turn, relied on two labor brokers, Vargas Demo & Painting, LLC, from Austin, Texas and Chavez Remodeling, LLC from North Carolina. All of these subcontractors perform under the supervision of the general contractor, Axis Hospitality Construction. The workers agreed upon wages ranging from \$17/hour to \$23/hour, and they have consistently been working 60 to 70 hours each week, including weekend work.

Almost immediately upon beginning employment, the workers noticed serious discrepancies in their payments, both in terms of amounts and manner of payment. None of the workers were paid by either Chavez or Vargas on a consistent basis, occasionally being told that payments were being intentionally withheld for reasons unknown. Moreover, none of the workers have been paid overtime, and they are paid in cash or check on a seemingly arbitrary basis. The workers are also not receiving any form of benefits i.e. health insurance, life insurance, PTO, etc. Individual workers report that they are currently owed 2-3 weeks of payment, not including the overtime that they are also due.

**Threats & Intimidation**

After not receiving pay for multiple weeks, approximately 15 workers took concerted action on June 1, 2023 and refused to work until they were paid their back wages. They called the labor brokers who recruited them, Jose Vargas and Carlos Chavez, to tell them they needed their money before they would return to work. Chavez and Vargas responded by threatening the workers by saying they would call the police regarding the workers' immigration statuses on them if they do not report to work. They also threatened to evict them from the provided housing at the Motel 6 in Falls Church, VA. All of the conversations are recorded on video and audio.

On June 10, 2023, Wilson Mendez (a subcontracted worker with Vargas) and Armando Arturo Murillo (a subcontracted worker with Chavez) asked their brokers, Jose Vargas and Carlos Chavez, about overtime and regular pay that was owed to them for past work. Additionally, Mr. Mendez and Mr. Murillo asked about benefits that they believed they were owed.

The two workers were told that the subcontractors were waiting to get paid by Axis Hospitality before paying their employees. That same day, Mr. Vargas and Mr. Chavez told Mr. Mendez and

Mr. Murillo that their work was no longer needed on that job site. If the two workers wanted work, they would have to go to Mississippi to work on another job site according to the supervisors, both of whom knew that neither Mr. Murillo nor Mr. Mendez had access to a vehicle. Both Mr. Murillo and Mr. Mendez were fired thereafter and have still not received their back pay.

Workers again took concerted action to try to get their pay on July 12, 2023.

**Status:**

At this time, the 30 workers have still not received their overtime or back pay and have continued to be inconsistently paid by their employers. Without action by Lone Star, it is unlikely workers will get paid their wages on this project.